

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**Report on Agreed-Upon Procedures
Applied to Measure M2 Status Report**

Year Ended June 30, 2023

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

**Report on Agreed-Upon Procedures
Applied to Measure M2 Status Report**

Year Ended June 30, 2023

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers' Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated in Attachment A on the Measure M2 Status Report of the Authority. The Orange County Local Transportation Authority ("OCLTA" or "Authority") and the Taxpayers' Oversight Committee of the Authority ("TOC") (the specified parties) are responsible for the Measure M2 Status Report.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the Authority. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and the associated findings are contained in Attachment A.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Measure M2 Status Report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Authority and the TOC and is not intended to be, and should not be, used by anyone other than the specified parties.


Crowe LLP

Costa Mesa, California
December 20, 2023

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS
Year ended June 30, 2023

The procedures and associated findings are as follows:

The Measure M2 Status Report is separated into three sections: Section A describes the procedures applied to Schedule 1; Section B describes the procedures applied to Schedule 2; and Section C describes the procedures applied to Schedule 3. All amounts are reported in thousands.

A. We obtained Schedule 1 and performed the following procedures:

1. Compared Year to Date June 30, 2023 amounts (Column A) to the audited trial balances of the OCLTA Special Revenue Fund (Fund 17) and the OCLTA Debt Service Fund (Fund 72) and additional detailed information from the underlying accounting records.
2. Compared Period from Inception to June 30, 2023 amounts (Column B) by adding the prior year's Period from Inception to June 30, 2022 amounts with Year to Date June 30, 2023 amounts (Column A).
3. Re-computed totals and subtotals.

B. We obtained Schedule 2 and performed the following procedures:

1. Compared Year to Date June 30, 2023 (Columns C.1 and C.2) to Schedule 1, Column A. For professional services, non-project related amounts, we compared the sum of this caption allocated to Revenues and to Bond Revenues at June 30, 2023 (C.1 and C.2) to Schedule 1, Column A. For Environmental Cleanup, we agreed this amount to the project job ledger.
2. Compared Period from Inception through June 30, 2023 amounts (Columns D.1 and D.2) to Schedule 1, Column B. For professional services, non-project related, and other non-project related amounts, we compared the total of the amounts allocated to Revenues and to Bond Revenues at June 30, 2023 (D.1 and D.2) to Schedule 1, Column B. For Environmental Cleanup, we agreed this amount to the project job ledger.
3. Compared forecast amounts (Column E.1 and E.2) to Measure M2 Forecast Model Schedule.
4. Re-computed totals and subtotals.

C. We obtained Schedule 3 and performed the following procedures:

1. Compared Net Revenues Inception to June 30, 2023 (Column I) and Total Net Revenues Inception to March 31, 2041 (Column H) amounts to Schedule 2, Column D.1 and Column F.1, Net Revenues (Totals), respectively.
2. Recalculated Net Revenues Inception to June 30, 2023 (Column I) and Total Net Revenues Inception to March 31, 2041 (Column H) amounts, by mode and project description, based on the Measure M2 Transportation Investment Plan (Investment Plan).
3. Reconciled Expenditures Inception to June 30, 2023 (Column J) to Schedule 1, Column B. Agreed Environmental Cleanup to Schedule 2, Column D.1. Agreed Oversight and Annual Audits to the summary of Measure M2 administrative costs inception to June 30, 2023. Agreed Column J, by project description, to the project job ledger by fiscal year.

(Continued)

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS
Year ended June 30, 2023

4. Selected a sample of 40 expenditures from Column J and compared them to invoices and supporting documentation to determine whether the sampled expenditures were properly accrued and classified.
5. Agreed Reimbursements Inception to June 30, 2023 (Column K) to Schedule 1, Column B. Agreed Oversight and Annual Audits line item to summary of Measure M2 administrative costs inception to June 30, 2023.
6. Agreed Column K to the supporting revenue summary by project and fiscal year. Selected a sample of 40 reimbursements from Column K and agreed them to supporting invoices and remittance advices to determine whether the sampled reimbursements were properly calculated.
7. Recalculated the net M2 cost (Column L) by subtracting Column K from Column J.
8. Recalculated Total Net Revenues Inception to March 31, 2041 (Column H.1) and the Net Revenues Inception to June 30, 2023 (Column I.1) for Environmental Cleanup (2% of revenues) and Oversight and Annual Audits (1% of revenues) by multiplying sales taxes and operating interest per Schedule 2, Column F.1 and Column D.1 by 2% and 1%, respectively.
9. Recalculated Total Net Revenues Inception to March 31, 2041 (Column H.1) and the Net Revenues Inception to June 30, 2023 (Column I.1) for Collect Sales Taxes (1.5% of sales taxes) by multiplying Sales Taxes per Schedule 2, Column F.1 and Column D.1 by 1.5%.
10. Re-computed total and subtotals.

Results: Procedure C.4. Identified the following expenditures with a service period that fell during the fiscal year 2022 and were improperly included in the fiscal year 2023 expenditures: 1) Expenditure in the amount of \$44,180 with a service period that fell during the fiscal year 2022 that management identified as part of their fiscal year 2022 year-end cut-off procedure and deemed to be immaterial for accrual in the prior period, thus reported in the fiscal year 2023 expenditures. 2) Expenditure in the amount of \$20,725 with a service period of that fell during the fiscal year 2022 and invoiced received by management outside of the prior period's year-end cut-off procedure, thus reported in the fiscal year 2023 expenditures. The two expenditures identified above were within management's threshold of passed adjustments for fiscal year 2022. No other exceptions were found as a result of these procedures.

Measure M2
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of June 30, 2023
(Unaudited)

(\$ in thousands)	Quarter Ended June 30, 2023	Year to Date June 30, 2023	Period from Inception to June 30, 2023
		(A)	(B)
Revenues:			
Sales taxes	\$ 136,344	\$ 439,123	\$ 3,941,058
Other agencies' share of Measure M2 costs:			
Project related	11,796	47,524	838,086
Non-project related	-	-	454
Interest:			
Operating:			
Project related	812	1,598	5,097
Non-project related	5,776	13,245	83,316
Bond proceeds	5,151	8,028	95,246
Debt service	232	671	1,758
Commercial paper	-	-	393
Capital grants	-	-	-
Right-of-way leases			
Project related	91	199	1,665
Non-project related	-	-	17
Proceeds on sale of assets held for resale	-	-	13,428
Donated assets held for resale			
Project related	-	-	2,071
Non-project related	-	-	-
Miscellaneous:			
Project related	-	-	331
Non-project related	-	-	129
Total revenues	<u>160,202</u>	<u>510,388</u>	<u>4,983,049</u>
Expenditures:			
Supplies and services:			
Sales tax administration fees	1,000	3,518	38,899
Professional services:			
Project related	25,881	51,019	538,841
Non-project related	783	1,884	37,930
Administration costs:			
Project related	2,991	11,968	117,214
Non-project related:			
Salaries and Benefits	1,106	4,421	40,350
Other	1,714	6,854	67,454
Other:			
Project related	297	467	6,308
Non-project related	47	84	5,374
Payments to local agencies:			
Project related	32,626	94,766	1,328,214
Non-project related	-	-	-
Capital outlay:			
Project related	154,136	264,641	2,241,891
Non-project related	100	100	131
Debt service:			
Principal payments on long-term debt	-	19,935	95,485
Interest on long-term debt and commercial paper	-	34,950	319,576
Total expenditures	<u>220,681</u>	<u>494,607</u>	<u>4,837,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,479)</u>	<u>15,781</u>	<u>145,382</u>
Other financing sources (uses):			
Transfers out:			
Project related	(19,903)	(51,495)	(497,412)
Non-project related	-	-	-
Transfers in:			
Project related	6,682	12,014	348,683
Non-project related	453	453	453
Bond proceeds	-	-	804,625
Payment to refunded bond escrow agent	-	-	(45,062)
Total other financing sources (uses)	<u>(12,768)</u>	<u>(39,028)</u>	<u>611,287</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (73,247)</u>	<u>\$ (23,247)</u>	<u>\$ 756,669</u>

Measure M2
Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)
as of June 30, 2023
(Unaudited)

<i>(\$ in thousands)</i>	Quarter Ended June 30, 2023 (actual)	Year to Date June 30, 2023 (actual) (C.1)	Period from Inception through June 30, 2023 (actual) (D.1)	Period from July 1, 2023 through March 31, 2041 (forecast) (E.1)	Total (F.1)
Revenues:					
Sales taxes	\$ 136,344	\$ 439,123	\$ 3,941,058	\$ 11,091,283	\$ 15,032,341
Operating interest	5,776	13,245	83,316	429,302	512,618
Subtotal	<u>142,120</u>	<u>452,368</u>	<u>4,024,374</u>	<u>11,520,585</u>	<u>15,544,959</u>
Other agencies share of M2 costs	-	-	454	-	454
Miscellaneous	-	-	129	-	129
Total revenues	<u>142,120</u>	<u>452,368</u>	<u>4,024,957</u>	<u>11,520,585</u>	<u>15,545,542</u>
Administrative expenditures:					
Sales tax administration fees	1,000	3,518	38,899	97,713	136,612
Professional services	783	1,884	34,155	97,299	131,454
Administration costs:					
Salaries and Benefits	1,106	4,421	40,350	113,172	153,522
Other	1,714	6,854	67,454	191,198	258,652
Other	47	84	2,354	6,722	9,076
Capital outlay	100	100	131	-	131
Environmental cleanup	515	1,347	49,306	221,790	271,096
Total expenditures	<u>5,265</u>	<u>18,208</u>	<u>232,649</u>	<u>727,894</u>	<u>960,543</u>
Net revenues	<u>\$ 136,855</u>	<u>\$ 434,160</u>	<u>\$ 3,792,308</u>	<u>\$ 10,792,691</u>	<u>\$ 14,584,999</u>
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 804,625	\$ -	\$ 804,625
Interest revenue from bond proceeds	5,151	8,028	95,246	66,351	161,597
Interest revenue from debt service funds	232	671	1,758	2,795	4,553
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>5,383</u>	<u>8,699</u>	<u>902,022</u>	<u>69,146</u>	<u>971,168</u>
Financing expenditures and uses:					
Professional services	-	-	3,775	-	3,775
Payment to refunded bond escrow	-	-	45,062	-	45,062
Bond debt principal	-	19,935	95,485	590,235	685,720
Bond debt and other interest expense	-	34,950	319,576	366,103	685,679
Other	-	-	3,020	-	3,020
Total financing expenditures and uses	<u>-</u>	<u>54,885</u>	<u>466,918</u>	<u>956,338</u>	<u>1,423,256</u>
Net bond revenues (debt service)	<u>\$ 5,383</u>	<u>\$ (46,186)</u>	<u>\$ 435,104</u>	<u>\$ (887,192)</u>	<u>\$ (452,088)</u>

Measure M2
Schedule of Revenues and Expenditures Summary
as of June 30, 2023
(Unaudited)

Project	Description	(J) - (K) = (L)				
		Total Net Revenues Inception to March 31, 2024 (actual) + (forecast)	Net Revenues Inception to June 30, 2023 (actual)	Expenditures Inception to June 30, 2023 (actual)	Reimbursements Inception to June 30, 2023 (actual)	Net M2 Cost Inception to June 30, 2023 (actual)
	(G)	(H)	(I)	(J)	(K)	(L)
(\$ in thousands)						
Freeways (43% of Net Revenues)						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 574,870	\$ 149,474	\$ 10,908	\$ 8,786	\$ 2,122
B	I-5 Santa Ana/SR-55 to El Toro	367,183	95,473	30,174	19,114	11,060
C	I-5 San Diego/South of El Toro	766,900	199,405	358,167	52,953	305,214
D	I-5 Santa Ana/San Diego Interchange Upgrades	315,567	82,052	2,942	527	2,415
E	SR-22 Garden Grove Freeway Access Improvements	146,775	38,164	5	-	5
F	SR-55 Costa Mesa Freeway Improvements	447,664	116,399	106,814	43,049	63,765
G	SR-57 Orange Freeway Improvements	316,423	82,274	55,115	13,714	41,401
H	SR-91 Improvements from I-5 to SR-57	171,238	44,524	34,959	824	34,135
I	SR-91 Improvements from SR-57 to SR-55	509,432	132,460	56,959	54,296	2,663
J	SR-91 Improvements from SR-55 to County Line	430,785	112,010	18,404	16,937	1,467
K	I-405 Improvements between I-605 to SR-55	1,312,169	341,182	1,472,131	294,970	1,177,161
L	I-405 Improvements between SR-55 to I-5	391,034	101,674	9,243	6,954	2,289
M	I-605 Freeway Access Improvements	24,463	6,361	6,301	16	6,285
N	All Freeway Service Patrol	183,469	47,705	6,362	-	6,362
	Freeway Mitigation	313,577	81,535	60,537	5,943	54,594
	Subtotal Projects	6,271,549	1,630,692	2,229,021	518,083	1,710,938
	Net (Bond Revenue)/Debt Service	-	-	157,169	-	157,169
	Total Freeways	\$ 6,271,549	\$ 1,630,692	\$ 2,386,190	\$ 518,083	\$ 1,868,107
	%					50.5%
Street and Roads Projects (32% of Net Revenues)						
O	Regional Capacity Program	\$ 1,458,518	\$ 379,236	\$ 809,195	\$ 507,884	\$ 301,311
P	Regional Traffic Signal Synchronization Program	583,382	151,688	108,614	19,302	89,312
Q	Local Fair Share Program	2,625,300	682,615	665,109	77	665,032
	Subtotal Projects	4,667,200	1,213,539	1,582,918	527,263	1,055,655
	Net (Bond Revenue)/Debt Service	-	-	46,051	-	46,051
	Total Street and Roads Projects	\$ 4,667,200	\$ 1,213,539	\$ 1,628,969	\$ 527,263	\$ 1,101,706
	%					29.8%

Measure M2
Schedule of Revenues and Expenditures Summary
as of June 30, 2023
(Unaudited)

Project	Description	Total Net Revenues Inception to March 31, 2041 (actual) + (forecast)	Net Revenues Inception to June 30, 2023 (actual)	Expenditures Inception to June 30, 2023 (actual)	Reimbursements Inception to June 30, 2023 (actual)	(J) - (K) = (L) Net M2 Cost Inception to June 30, 2023 (actual)
(G)		(H)	(I)	(J)	(K)	(L)
	<i>(\$ in thousands)</i>					
	Transit Projects (25% of Net Revenues)					
R	High Frequency Metrolink Service	\$ 1,454,637	\$ 365,638	\$ 433,363	\$ 98,964	\$ 334,399
S	Transit Extensions to Metrolink	1,287,518	334,773	194,320	2,133	192,187
T	Metrolink Gateways	74,547	37,739	98,220	60,956	37,264
U	Expand Mobility Choices for Seniors and Persons with Disabilities	505,737	125,732	122,558	88	122,470
V	Community Based Transit/Circulators	291,623	75,826	18,720	1,537	17,183
W	Safe Transit Stops	32,188	8,369	1,454	26	1,428
	Subtotal Projects	3,646,250	948,077	868,635	163,704	704,931
	Net (Bond Revenue)/Debt Service	-	-	25,754	-	25,754
	Total Transit Projects	\$ 3,646,250	\$ 948,077	\$ 894,389	\$ 163,704	\$ 730,685
	%					19.7%

Measure M2 Program

\$ 14,584,999 \$ 3,792,308 \$ 4,909,548 \$ 1,209,050 \$ 3,700,498

Project	Description	Total Net Revenues Inception to March 31, 2041 (actual) + (forecast)	Net Revenues Inception to June 30, 2023 (actual)	Expenditures Inception to June 30, 2023 (actual)	Reimbursements Inception to June 30, 2023 (actual)	Net M2 Cost Inception to June 30, 2023 (actual)
(G)		(H.1)	(I.1)	(J)	(K)	(L)
	<i>(\$ in thousands)</i>					
	Environmental Cleanup (2% of Revenues)					
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 310,899	\$ 80,487	\$ 49,306	\$ 311	\$ 48,995
	Net (Bond Revenue)/Debt Service	-	-	-	-	-
	Total Environmental Cleanup	\$ 310,899	\$ 80,487	\$ 49,306	\$ 311	\$ 48,995
	%					1.2%

Taxpayer Safeguards and Audits

Collect Sales Taxes (1.5% of Sales Taxes)	\$ 225,485	\$ 59,116	\$ 38,899	\$ -	\$ 38,899
%					1.0%

Oversight and Annual Audits (1% of Revenues)	\$ 155,450	\$ 40,244	\$ 40,350	\$ 106	\$ 40,244
%					1.0%

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2023

Measure M2 Summary

In November 1990, Orange County voters approved the Revised Traffic Improvement and Growth Management Ordinance, known as Measure M (M1). This implemented a one-half of one percent retail transaction and use tax to fund a specific program of transportation improvements in Orange County for 20 years. On November 7, 2006, Orange County voters approved the renewal of Measure M, known as Renewed Measure M (M2) for a period of 30 more years from April 1, 2011 to March 31, 2041. In August 2007, the Orange County Local Transportation Authority Board of Directors approved the M2 Early Action Plan to advance the completion of projects prior to the start of sales tax collection in April 2011. A Plan of Finance was adopted in November 2007 identifying a tax-exempt commercial paper program as the preferred method of funding Early Action Plan projects.

The Orange County Local Transportation Authority (OCLTA) is responsible for administering the M2 sales tax program, which commenced on April 1, 2011 for a period of 30 years. The M1 sales tax program was completed and closed out in June 2015.

Demonstrating accountability for the receipt and expenditure of M2 funds is accomplished through the issuance of annual reports on M2 activities. The reports for M2 activities through June 30, 2023 are included as Schedules 1-3. The following is a summary of the purpose, format and content of each schedule. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Schedule 1—Schedule of Revenues, Expenditures and Changes in Fund Balance

This schedule presents a summary of revenues, expenditures and changes in fund balance of the combined M2 special revenue and debt service funds. Such financial information is derived from the trial balance with additional detailed information from the underlying accounting records. The schedule is presented for the latest fiscal year and for the period from inception through the latest fiscal year.

Year to Date June 30, 2023 (Column A)

This column presents the revenues, expenditures, and other financing sources (uses) of the combined M2 special revenue and debt service funds for the fiscal year ended June 30, 2023. Amounts for individual revenue sources, expenditures by major object, and other financing sources (uses) are derived from the trial balance, while detailed amounts for certain revenue sources and expenditures by major object are obtained from the general ledger.

The net change in fund balance of (\$23,247) agrees with the combined change in fund balances of (\$30,388) in the M2 special revenue fund and \$7,141 in the M2 debt service fund in the trial balance for the year ended June 30, 2023.

Non-project related revenues, expenditures, and other financing sources (uses) are included in the net revenues and net bond revenues (debt service) calculations in Schedule 2.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2023

Period from Inception through June 30, 2023 (Column B)

This column presents the revenues, expenditures, and other financing sources (uses) of the combined M2 special revenue and debt service funds for the period from inception through June 30, 2023. Amounts for individual revenue sources, expenditures by major object, and other financing sources (uses) are summarized from the trial balance, while detailed amounts for certain revenue sources and expenditures by major object are obtained and summarized from the general ledger.

The net fund balance of \$756,669 agrees with the combined ending fund balances of \$725,365 in the M2 special revenue fund and \$31,304 in the M2 debt service fund, as presented in the trial balance for the year ended June 30, 2023.

Non-project related revenues, expenditures, and other financing sources (uses) are included in the net revenues and net bond revenues (debt service) calculations in Schedule 2. Project related revenues and other financing sources are presented as “Reimbursements” (Column K) in Schedule 3. Project related expenditures and other financing uses are included as “Expenditures” (Column J) in Schedule 3.

Schedule 2—Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)

This schedule presents calculations of net revenues and of net bond revenues (debt service), which are allocated in Schedule 3 to transportation projects specified in the Orange County Transportation Investment Plan (Investment Plan). Actual revenues, expenditures, and other financing sources (uses) in this schedule were obtained from non-project related amounts on Schedule 1. Environmental cleanup expenditures were obtained from the project job ledger. Forecast amounts were obtained from the Orange County Transportation Authority Forecast Model. The schedule is presented for the latest fiscal year, for the period from inception through the latest fiscal year, for subsequent years going forward, and for the combined total of actual and forecast amounts for the period from inception going forward.

Calculation of Net Revenues

Year to Date June 30, 2023 (actual) (Column C.1)

This column presents net revenues, consisting of total revenues less total administrative expenditures, capital outlay, and environmental cleanup, for year ended June 30, 2023. Revenues, administrative expenditures, and capital outlay for the year ended June 30, 2023 were obtained from Column A in Schedule 1. Environmental cleanup expenditures were obtained from project amounts accumulated in the project job ledger. Revenues, administrative expenditures, and capital outlay utilized in the calculation of net revenues are non-project and non-financing related. Revenues consist of sales taxes, operating interest, and other agencies’ share of M2 costs. Administrative expenditures include sales tax administration fees, professional services, administration costs, and other expenditures. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2023

Period from Inception through June 30, 2023 (actual) (Column D.1)

This column presents net revenues, consisting of total cumulative revenues less total cumulative administrative expenditures, capital outlay, and environmental cleanup, for the period from inception through June 30, 2023. Revenues, administrative expenditures, and capital outlay for the period from inception through June 30, 2023 were obtained from Column B in Schedule 1. Environmental cleanup expenditures were obtained from project amounts accumulated in the project job ledger. Total net revenues for the period from inception through June 30, 2023 are presented in Schedule 3 as “Net Revenues inception to June 30, 2023” (Column I). Revenues, administrative expenditures, and capital outlay utilized in the calculation of net revenues are non-project and non-financing related. Revenues consist of sales taxes, operating interest, other agencies’ share of M2 costs, and miscellaneous revenue. Administrative expenditures include sales tax administration fees, professional services, administration costs, and other expenditures. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

Period from July 1, 2023 through March 31, 2041 (forecast) (Column E.1)

This column presents net revenues, consisting of total projected revenues less total projected administrative expenditures and environmental cleanup expenditures, for subsequent years from July 1, 2023 through March 31, 2041. Revenues and administrative expenditures for subsequent years from July 1, 2023 through March 31, 2041 were obtained from the Orange County Transportation Authority Forecast Model, which is updated quarterly. Revenues and administrative expenditures utilized in the calculation of net revenues for subsequent years from July 1, 2023 through March 31, 2041 are non-project and non-financing related. Revenues consist of projected sales taxes and operating interest. Administrative expenditures consist of projected sales tax administration fees, professional services, administration costs, and other expenditures.

Total (Column F.1)

This column presents total net revenues, calculated as the sum of columns D.1 and E.1. Total net revenues are presented in Schedule 3 as “Total Net Revenues inception to March 31, 2041” (Column H).

Calculation of Net Bond Revenues (Debt Service)

Year to Date June 30, 2023 (actual) (Column C.2)

This column presents net bond revenues (debt service), consisting of total bond revenues less total financing expenditures and uses, for year ended June 30, 2023. Bond revenues and financing expenditures and uses for the year ended June 30, 2023 were obtained from Column A in Schedule 1. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of interest revenue from bond proceeds and debt service funds.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2023

Financing expenditures and uses consist of professional services and bond debt and other interest expense. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

Period from Inception through June 30, 2023 (actual) (Column D.2)

This column presents net bond revenues (debt service), consisting of total cumulative bond revenues less total cumulative financing expenditures and uses, for the period from inception through June 30, 2023. Bond revenues and financing expenditures and uses for the period from inception through June 30, 2023 were obtained from Column B in Schedule 1. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of proceeds from issuance of bonds and interest revenue from bond proceeds, debt service funds, and commercial paper. Financing expenditures and uses consist of professional services and bond debt and other interest expense. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

Period from July 1, 2023 through March 31, 2041 (forecast) (Column E.2)

This column presents bond revenues (debt service), consisting of total projected bond revenues less total projected financing expenditures and uses, for subsequent years from July 1, 2023 through March 31, 2041. Bond revenues and financing expenditures and uses for subsequent years from July 1, 2023 through March 31, 2041 were obtained from the Orange County Transportation Authority Forecast Model. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of proceeds from issuance of bonds and interest revenue from bond proceeds and debt service funds. Financing expenditures and uses consist of bond debt principal and bond debt and other interest expense.

Total (Column F.2)

This column presents total net bond revenues (debt service), calculated as the sum of columns D.2 and E.2.

Schedule 3—Schedule of Revenues and Expenditures Summary

This schedule presents a summary of actual and projected revenues and expenditures, by mode and project description, as specified in the Investment Plan. Total M2 program amounts agree with amounts on Schedules 1 and 2. Amounts by mode and project description are based on proportionate calculations or are obtained from other documents.

Project Description (Column G)

This column presents project descriptions by mode in accordance with the Investment Plan.

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Total Net Revenues Inception to March 31, 2041 (actual) + (forecast) (Column H)

This column presents total actual and projected net revenues (total net revenues) during the life of M2, which agrees with total net revenues in Column F.1 in Schedule 2. Such total net revenues are allocated to each of the three modes based on the allocations specified in M2. The net revenues for each mode are allocated to each project based on the proportionate share of each project's estimated cost to the total estimated cost per mode as presented in the Investment Plan.

Net Revenues Inception to June 30, 2023 (actual) (Column I)

This column presents total M2 program net revenues for the period from inception through June 30, 2023, which agrees with net revenues in Column D.1 in Schedule 2. Such net revenues are allocated to each of the three modes based on the allocation percentages specified in M2.

The net revenues for each mode are allocated to each project based on the proportionate share of each project's estimated cost to the total estimated cost per mode as presented in the Investment Plan.

Expenditures Inception to June 30, 2023 (actual) (Column J)

This column presents total expenditures plus net (bond revenue)/debt service. Total expenditures, excluding oversight and annual audit expenditures, agree with the sum of project related expenditures including transfers out from Column B in Schedule 1. Oversight and annual audit expenditures agree with the administrative costs for salaries and benefits derived from the annual cost allocation plan. Total net (bond revenue)/debt service agrees with the total net bond revenue (debt service) expenditures from Column D.2 in Schedule 2. Project related expenditures are comprised of professional services, administration costs, other expenditures, payments to local agencies, capital outlay, and transfers out. Such expenditures are distributed to the projects based on project amounts accumulated in the project job ledger.

Reimbursements Inception to June 30, 2023 (actual) (Column K)

This column presents total reimbursements for the period from inception through June 30, 2023, which agrees with the sum of project related revenues from Column B in Schedule 1. Project related revenues consist of other agencies' share of Measure M2 costs, right-of-way leases, proceeds on sale of assets held for resale, donated assets held for resale, transfers in and miscellaneous revenue. Such revenues are distributed to the related projects based on project amounts accumulated in the project job ledger. Reimbursements for oversight and annual audits agree with the principal balance of the amount advanced from the Orange County Unified Transportation Trust (OCUTT) to cover administrative costs for salaries and benefits exceeding more than one percent of revenues.

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Year Ended June 30, 2023

Net M2 Cost Inception to June 30, 2023 (actual) (Column L)

Net M2 cost is a calculation of Column J minus Column K. For each mode, a percentage is calculated as the net project cost per mode divided by the total M2 Program net project cost. Such percentage can be compared to the required percentage included in M2 as an indication of the progress to date for each mode.

Total Net Revenues Inception to March 31, 2041 (actual) + (forecast) (Column H.1)

The total environmental cleanup actual and projected revenues during the life of M2 represent 2% of revenues (sales taxes and operating interest) found in Column F.1 in Schedule 2. The total collect sales taxes actual and projected revenues during the 30-year life of M2 represent 1.5% of sales tax revenues found in Column F.1 in Schedule 2. The total oversight and annual audits actual and projected revenues during the 30-year life of M2 represent 1% of revenues (sales taxes and operating interest) found in Column F.1 in Schedule 2

Net Revenues Inception to June 30, 2023 (actual) (Column I.1)

The total environmental cleanup revenue for the period from inception through June 30, 2023, represents two percent (2%) of revenues (sales taxes and operating interest) in Column D.1 in Schedule 2. The total oversight and annual audits revenues for the period from inception through June 30, 2023, represent one percent (1%) of the revenues (sales taxes and operating interest) in Column D.1 in Schedule 2. The total collect sales taxes revenue for the period from inception through June 30, 2023, represents one and one-half percent (1.5%) of the sales tax revenues in Column D.1 in Schedule 2.