

**ORANGE COUNTY LOCAL  
TRANSPORTATION AUTHORITY**

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

Year Ended June 30, 2013

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**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES TO THE  
MEASURE M2 STATUS REPORT**

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee (Committee) of the Orange County Local Transportation Authority (OCLTA), solely to assist you with your review of the Measure M2 Status Report, and to ascertain that the amounts have been derived from the audited financial statements or other published documents, Board of Director approved documents or internal documents, for the year ended June 30, 2013. The Measure M2 Status Report consists of the following three schedules (Schedules): Schedule of Revenues, Expenditures and Changes in Fund Balance (Schedule 1); Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service) (Schedule 2); and Schedule of Revenues and Expenditures (Schedule 3). Management of the OCLTA is responsible for the Measure M2 Status Report. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The following summary of procedures related to the Measure M2 Status Report is separated into three sections: Section A describes our procedures applied to Schedule 1; Section B describes our procedures applied to Schedule 2; and Section C describes our 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, 2013 amounts (Column A) to the audited trial balances of the OCLTA special revenue fund 17 and the OCLTA debt service fund 72 and additional detailed information from the underlying accounting records.
2. Compared period from inception through June 30, 2013 amounts (Column B) by adding the prior year's period from inception through June 30, 2012 amounts with year to date June 30, 2013 amounts (Column A).
3. Re-computed totals and subtotals.

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

1. Compared year ended June 30, 2013 (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 tax revenues and to bond revenues at June 30, 2013 (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, 2013 amounts (Columns D.1 and D.2) to Schedule 1, Column B. For professional services, non-project related amounts, we compared the total of the amounts allocated to tax revenues and to bond revenues at June 30, 2013 (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 tax revenues program to date actual (Column H) and total net tax revenues (Column I) amounts to Schedule 2, Column D.1 and Column F.1, net tax revenues (Totals), respectively.
  2. Recalculated net tax revenues program to date actual (Column H) and total net tax revenues (Column I) amounts, by mode and project description, based on the Measure M2 Transportation Investment Plan (Investment Plan).
  3. Compared the project budget (Column J) for each project to total net tax revenues (Column I).
  4. Compared the estimate at completion (Column K) to total net tax revenues (Column I).
  5. Recalculated the variance total net tax revenues to estimate at completion (Column L) by subtracting Column K from Column I and the variance project budget to estimate at completion (Column M) by subtracting Column K from Column J.
  6. Reconciled expenditures through June 30, 2013 (Column N) 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 through June 30, 2013. Agreed Column N, by project description to the project job ledger by fiscal year.
  7. We haphazardly selected a sample of forty (40) expenditures from Column N and compared them to invoices and supporting documentation. We concluded that the sampled expenditures were properly accrued and classified.
  8. Agreed reimbursements through June 30, 2013 (Column O) to Schedule 1, Column B. Agreed oversight and annual audits to summary of Measure M2 administrative costs through June 30, 2013.
  9. Agreed Column O to the supporting revenue summary by project and fiscal year. We haphazardly selected a sample of forty (40) reimbursements from Column O and compared them to invoices and remittance advices. We concluded that the sampled reimbursements were properly calculated.
  10. Recalculated the net project cost (Column P) by subtracting Column O from Column N.
  11. Recalculated the Percent of Budget Expended (Column Q) by dividing Column P by Column J.
  12. Recalculated revenues program to date actual (Column H.1) and the total revenues (Column I.1) for environmental cleanup (2% of revenues) and oversight and annual audits (1% of revenues) by multiplying total tax revenues per Schedule 2, Column D.1 and Column F.1 by 2% and 1%, respectively.

13. Recalculated revenues program to date actual (Column H) and total revenues (Column I.1) for collect sales taxes (1.5% of sales taxes) by multiplying sales taxes per Schedule 2, Column D.1 and Column F.1 by 1.5%.

14. Re-computed total and subtotals.

Results: All of the above procedures were performed without exception.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Measure M2 Status Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. The Notes to the Measure M2 Status Report (Notes) have been provided by the OCLTA to describe the purpose, format, and content of the schedules. We were not engaged to and did not perform any procedures on the Notes.

This report is intended solely for the information and use of OCTLA's management, the Board of Directors, and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than these specified parties.



Laguna Hills, California  
December 20, 2013

**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of June 30, 2013**  
**(Unaudited)**

<i>(\$ in thousands)</i>	Year to Date June 30, 2013	Period from Inception to June 30, 2013
	(A)	(B)
Revenues:		
Sales taxes	\$ 264,974	\$ 578,228
Other agencies' share of Measure M2 costs:		
Project related	97,064	156,028
Interest:		
Operating:		
Non-project related	1,042	1,527
Bond proceeds	6,863	16,208
Debt service	15	33
Commercial paper	-	393
Right-of-way leases	114	352
Miscellaneous		
Project related	13	13
Non-project related	7	7
	<u>370,092</u>	<u>752,789</u>
Total revenues		
Expenditures:		
Supplies and services:		
State Board of Equalization (SBOE) fees	2,661	5,773
Professional services:		
Project related	32,335	161,238
Non-project related	2,531	8,270
Administration costs:		
Project related	7,012	19,734
Non-project related	5,499	23,948
Other:		
Project related	253	721
Non-project related	89	3,499
Payments to local agencies:		
Project related	89,167	226,278
Capital outlay:		
Project related	110,138	230,698
Non-project related	-	31
Debt service:		
Principal payments on long-term debt	6,410	6,410
Interest on long-term debt and commercial paper	22,509	49,707
	<u>278,604</u>	<u>736,307</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	<u>91,488</u>	<u>16,482</u>
Other financing sources (uses):		
Transfers out:		
Project related	(2,821)	(5,882)
Transfers in:		
Project related	5,421	31,923
Bond proceeds	-	358,593
	<u>2,600</u>	<u>384,634</u>
Total other financing sources (uses)		
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 94,088</u>	<u>\$ 401,116</u>

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)**  
**as of June 30, 2013**  
**(Unaudited)**

(\$ in thousands)	Year Ended June 30, 2013 (actual) (C.1)	Period from Inception through June 30, 2013 (actual) (D.1)	Period from July 1, 2013 through March 31, 2041 (forecast) (E.1)	Total (F.1)
<b>Tax revenues:</b>				
Sales taxes	\$ 264,974	\$ 578,228	\$ 14,948,573	\$ 15,526,801
Operating interest	1,042	1,527	700,722	702,249
Total tax revenues	<u>266,016</u>	<u>579,755</u>	<u>15,649,295</u>	<u>16,229,050</u>
<b>Administrative expenditures:</b>				
SBOE fees	2,661	5,773	224,319	230,092
Professional services, non-project related	2,126	5,021	101,634	106,655
Administration costs, non-project related	5,499	23,948	142,759	166,707
Transfers out, non-project related	-	-	20,925	20,925
Other, non-project related	89	3,499	26,903	30,402
Capital outlay, non-project related	-	31	-	31
Environmental cleanup	1,960	3,943	312,986	316,929
Total expenditures	<u>12,335</u>	<u>42,215</u>	<u>829,526</u>	<u>871,741</u>
<b>Net tax revenues</b>	<u>\$ 253,681</u>	<u>\$ 537,540</u>	<u>\$ 14,819,769</u>	<u>\$ 15,357,309</u>
	(C.2)	(D.2)	(E.2)	(F.2)
<b>Bond revenues:</b>				
Proceeds from issuance of bonds	\$ -	\$ 358,593	\$ 1,450,000	\$ 1,808,593
Interest revenue from bond proceeds	6,863	16,208	26	16,234
Interest revenue from debt service funds	15	33	55	88
Interest revenue from commercial paper	-	393	-	393
Total bond revenues	<u>6,878</u>	<u>375,227</u>	<u>1,450,081</u>	<u>1,825,308</u>
<b>Financing expenditures and uses:</b>				
Professional services, non-project related	405	3,249	-	3,249
Bond debt principal	6,410	6,410	1,450,058	1,456,468
Bond debt and other interest expense	22,509	49,707	1,077,174	1,126,881
Other, non-project related	-	-	-	-
Total financing expenditures and uses	<u>29,324</u>	<u>59,366</u>	<u>2,527,232</u>	<u>2,586,598</u>
<b>Net bond revenues (debt service)</b>	<u>\$ (22,446)</u>	<u>\$ 315,861</u>	<u>\$ (1,077,151)</u>	<u>\$ (761,290)</u>

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Revenues and Expenditures**  
**as of June 30, 2013**  
**(Unaudited)**

Description	Net Tax Revenues Program to Date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures through June 30, 2013	Reimbursements through June 30, 2013	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
<i>(\$ in thousands)</i>										
<b>Freeways (43% of Net Tax Revenues)</b>										
I-5 Santa Ana Freeway Interchange Improvements	\$ 21,187	\$ 605,310	\$ 604,916	\$ 604,916	\$ 394	\$ -	\$ 1,457	\$ -	\$ 1,457	0.2%
I-5 Santa Ana/San Diego Freeway Improvements	53,428	1,526,412	1,435,842	1,435,842	90,570	-	35,587	7,864	27,723	1.9%
SR-22 Garden Grove Freeway Access Improvements	5,409	154,547	154,547	154,547	-	-	4	-	4	0.0%
SR-55 Costa Mesa Freeway Improvements	16,499	471,369	470,158	470,158	1,211	-	5,276	13	5,263	1.1%
SR-57 Orange Freeway Improvements	11,662	333,178	322,928	322,928	10,250	-	34,699	7,574	27,125	8.4%
SR-91 Riverside Freeway Improvements	40,964	1,170,309	1,165,504	1,165,504	4,805	-	21,990	5,993	15,997	1.4%
I-405 San Diego Freeway Improvements	62,773	1,793,392	1,298,568	1,298,568	494,824	-	18,168	636	17,532	1.4%
I-605 Freeway Access Improvements	902	25,758	25,758	25,758	-	-	21	-	21	0.1%
All Freeway Service Patrol	6,762	193,185	193,185	193,185	-	-	30	-	30	0.0%
Freeway Mitigation	11,557	330,182	318,944	318,944	11,238	-	33,366	1,204	32,162	10.1%
Subtotal Projects	231,143	6,603,642	5,990,350	5,990,350	613,292	-	150,598	23,284	127,314	
Net (Bond Revenue)/Debt Service	-	-	613,292	613,292	(613,292)	-	14,331	-	14,331	
<b>Total Freeways</b>	<b>\$ 231,143</b>	<b>\$ 6,603,642</b>	<b>\$ 6,603,642</b>	<b>\$ 6,603,642</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 164,929</b>	<b>\$ 23,284</b>	<b>\$ 141,645</b>	<b>29.0%</b>
<b>Street and Roads Projects (32% of Net Tax Revenues)</b>										
Regional Capacity Program	\$ 53,755	\$ 1,535,750	\$ 1,490,313	\$ 1,490,313	\$ 45,437	\$ -	\$ 237,497	\$ 96,706	\$ 140,791	9.4%
Regional Traffic Signal Synchronization Program	21,501	614,274	614,155	614,155	119	-	3,199	272	2,927	0.5%
Local Fair Share Program	96,757	2,764,316	2,764,316	2,764,316	-	-	89,028	-	89,028	3.2%
Subtotal Projects	172,013	4,914,340	4,868,784	4,868,784	45,556	-	329,724	96,978	232,746	
Net (Bond Revenue)/Debt Service	-	-	45,556	45,556	(45,556)	-	15,425	-	15,425	
<b>Total Street and Roads Projects</b>	<b>\$ 172,013</b>	<b>\$ 4,914,340</b>	<b>\$ 4,914,340</b>	<b>\$ 4,914,340</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 345,149</b>	<b>\$ 96,978</b>	<b>\$ 248,171</b>	<b>50.8%</b>

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Revenues and Expenditures**  
**as of June 30, 2013**  
**(Unaudited)**

Description	Net Tax Revenues Program to Date Actual (G)	Total Net Tax Revenues (H)	Project Budget (I)	Estimate at Completion (J)	Variance Total Net Tax Revenues to Est at Completion (K)	Variance Project Budget to Est at Completion (L)	Expenditures through June 30, 2013 (M)	Reimbursements through June 30, 2013 (N)	Net Project Cost (O)	Percent of Budget Expended (P)
<i>(\$ in thousands)</i>										
<b>Transit Projects (25% of Net Tax Revenues)</b>										
High Frequency Metrolink Service	\$ 48,121	\$ 1,374,810	\$ 1,346,658	\$ 1,346,658	\$ 28,152	\$ -	\$ 133,380	\$ 67,393	\$ 65,987	4.9%
Transit Extensions to Metrolink	47,452	1,355,695	1,314,008	1,314,008	41,687	-	724	311	413	0.0%
Metrolink Gateways	10,753	307,200	274,597	274,597	32,603	-	11,368	146	11,222	4.1%
Expand Mobility Choices for Seniors and Persons with Disabilities	16,124	460,665	460,665	460,665	-	-	14,796	17	14,779	3.2%
Community Based Transit/Circulators	10,748	307,065	307,065	307,065	-	-	12	10	2	0.0%
Safe Transit Stops	1,186	33,892	33,892	33,892	-	-	5	-	5	0.0%
Subtotal Projects	134,384	3,839,327	3,736,885	3,736,885	102,442	-	160,285	67,877	92,408	
Net (Bond Revenue)/Debt Service	-	-	102,442	102,442	(102,442)	-	6,566	-	6,566	
<b>Total Transit Projects</b>	<b>\$ 134,384</b>	<b>\$ 3,839,327</b>	<b>\$ 3,839,327</b>	<b>\$ 3,839,327</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 166,851</b>	<b>\$ 67,877</b>	<b>\$ 98,974</b>	<b>20.2%</b>
<b>Measure M2 Program</b>	<b>\$ 537,540</b>	<b>\$ 15,357,309</b>	<b>\$ 15,357,309</b>	<b>\$ 15,357,309</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 676,929</b>	<b>\$ 188,139</b>	<b>\$ 488,790</b>	

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Revenues and Expenditures**  
**as of June 30, 2013**  
**(Unaudited)**

Description (G)	Revenues Program to Date Actual (H.1)	Total Revenues (I.1)	Project Budget (J)	Estimate at Completion (K)	Variance Total Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through June 30, 2013 (N)	Reimbursements through June 30, 2013 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
<b>Environmental Cleanup (2% of Revenues)</b>										
Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 11,595	\$ 324,581	\$ 324,581	\$ 324,581	\$ -	\$ -	\$ 3,944	\$ 177	\$ 3,767	1.2%
<b>Total Environmental Cleanup</b>	<b>\$ 11,595</b>	<b>\$ 324,581</b>	<b>\$ 324,581</b>	<b>\$ 324,581</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,944</b>	<b>\$ 177</b>	<b>\$ 3,767</b>	<b>0.6%</b>
<b>%</b>				<b>2.0%</b>					<b>0.6%</b>	
<b>Taxpayer Safeguards and Audits</b>										
Collect Sales Taxes (1.5% of Sales Taxes)	\$ 8,673	\$ 232,902	\$ 232,902	\$ 232,902	\$ -	\$ -	\$ 5,773	\$ -	\$ 5,773	2.5%
<b>%</b>				<b>1.5%</b>					<b>1.0%</b>	
Oversight and Annual Audits (1% of Revenues)	\$ 5,798	\$ 162,291	\$ 162,291	\$ 162,291	\$ -	\$ -	\$ 10,138	\$ 4,340	\$ 5,798	3.6%
<b>%</b>				<b>1.0%</b>					<b>1.0%</b>	

See Notes to Measure M2 Status Report (Unaudited)

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2013

### 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. On November 7, 2006 (inception), 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 proceeds of the M1 sales tax program, which commenced on April 1, 1991 for a period of 20 years, and the M2 sales tax program, which commenced on April 1, 2011 for a period of 30 years. This report includes only the activities of M2 and is not intended to present the activities of M1. Under M2, funds are required to be distributed to freeways, streets and roads projects, transit projects and environmental cleanup.

Demonstrating accountability for the receipt and expenditure of M2 funds is accomplished by the issuance of annual reports on M2 activities. The reports for M2 activities through June 30, 2013 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, 2013 (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, 2013. 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 \$94,088 agrees with the combined change in fund balances of \$87,116 in the M2 special revenue fund and \$6,972 in the M2 debt service fund in the trial balance for the year ended June 30, 2013.

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## Notes to Measure M2 Status Report (Unaudited)

### Year Ended June 30, 2013

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

#### Period from Inception through June 30, 2013 (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, 2013. 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 \$401,116 agrees with the combined ending fund balances of \$382,142 in the M2 special revenue fund and \$18,974 in the M2 debt service fund, as presented in the trial balance for the year ended June 30, 2013.

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

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

This schedule presents calculations of net tax 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 Tax Revenues

##### Year Ended June 30, 2013 (actual) (Column C.1)

This column presents net tax revenues, consisting of total tax revenues less total administrative expenditures, capital outlay, and environmental cleanup, for the year ended June 30, 2013. Tax revenues, administrative expenditures, and capital outlay for the year ended June 30, 2013 were obtained from Column A in Schedule 1. Environmental cleanup expenditures were obtained from project amounts accumulated in the project job ledger. Tax revenues, administrative expenditures, and capital outlay utilized in the calculation of net tax revenues are non-project and non-financing related. Tax revenues consist of sales taxes and operating interest. Administrative expenditures include State Board of Equalization (SBOE) fees,

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**Notes to Measure M2 Status Report (Unaudited)**

**Year Ended June 30, 2013**

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 Inception through June 30, 2013 (actual) (Column D.1)

This column presents net tax revenues, consisting of total cumulative tax revenues less total cumulative administrative expenditures, capital outlay, and environmental cleanup, for the period from inception through June 30, 2013. Tax revenues, administrative expenditures, and capital outlay for the period from inception through June 30, 2013 were obtained from Column B in Schedule 1. Environmental cleanup expenditures were obtained from project amounts accumulated in the project job ledger. Total net tax revenues for the period from inception through June 30, 2013 are presented in Schedule 3 as "Net Tax Revenues Program to Date Actual" (Column H). Tax revenues, administrative expenditures, and capital outlay utilized in the calculation of net tax revenues are non-project and non-financing related. Tax revenues consist of sales taxes and operating interest. Administrative expenditures include SBOE 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, 2013 through March 31, 2041 (forecast) (Column E.1)

This column presents net tax revenues, consisting of total projected tax revenues less total projected administrative expenditures and environmental cleanup expenditures, for subsequent years from July 1, 2013 through March 31, 2041. Tax revenues and administrative expenditures for subsequent years from July 1, 2013 through March 31, 2041 were obtained from the Orange County Transportation Authority Forecast Model, which is updated quarterly. Tax revenues and administrative expenditures utilized in the calculation of net tax revenues for subsequent years from July 1, 2013 through March 31, 2041 are non-project and non-financing related. Tax revenues consist of projected sales taxes and operating interest. Administrative expenditures consist of projected SBOE fees, professional services, administration costs, transfers out, and other expenditures.

Total (Column F.1)

This column presents total net tax revenues, calculated as the sum of columns D.1 and E.1. Total net tax revenues are presented in Schedule 3 as "Total Net Tax Revenues" (Column I).

Calculation of Net Bond Revenues (Debt Service)

Year Ended June 30, 2013 (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, 2013. Bond revenues and financing expenditures and uses for the year ended June 30, 2013 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.

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**Year Ended June 30, 2013**

Bond revenues consist of interest revenue from bond proceeds and debt service funds. 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, 2013 (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, 2013. Bond revenues and financing expenditures and uses for the period from inception through June 30, 2013 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, 2013 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, 2013 through March 31, 2041. Bond revenues and financing expenditures and uses for subsequent years from July 1, 2013 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. The total net bond revenues (debt service) are presented in Schedule 3 as a component of "Project Budget" (Column J) and "Estimate at Completion" (Column K). Net bond revenues (debt service) are allocated to each mode in Schedule 3 based on bond and commercial paper proceeds used, and projected to be used, to fund the projects.

**Schedule 3—Schedule of Revenues and Expenditures**

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.

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**Year Ended June 30, 2013**

Project Description (Column G)

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

Net Tax Revenues Program to date Actual (Column H)

This column presents total M2 program net tax revenues for the period from inception through June 30, 2013, which agrees with net tax revenues in Column D.1 in Schedule 2. Such net tax revenues are allocated to each of the three modes based on the allocation percentages specified in M2. The net tax 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.

Total Net Tax Revenues (Column I)

This column presents total actual and projected net tax revenues (total net tax revenues) during the life of M2, which agree with total net tax revenues in Column F.1 in Schedule 2. Such total net tax revenues are allocated to each of the three modes based on the allocations specified in M2. The net tax 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.

Project Budget (Column J)

In accordance with M2, bond financing authority was approved as an alternative to the "pay as you go" financing method. As a result, certain freeways, street and roads, and transit mode projects are being accelerated using bond financing, while other projects are funded on the "pay as you go" financing method. Total project budget for each "pay as you go" project are based on the total net tax revenues presented in Column I. Total project budget for projects accelerated using bond financing are based on the total net tax revenues presented in Column I, less net (bond revenue)/debt service costs. The total net (bond revenue)/debt service project budget agrees with the total amount from Column F.2 in Schedule 2. Net (bond revenue)/debt service is allocated to each mode in Schedule 3 based on bond and commercial paper proceeds used, and projected to be used, to fund the projects.

Estimate at Completion (Column K)

Estimate at completion is based on the total net tax revenues less net (bond revenue)/debt service costs presented in Column J.

Variance Total Net Tax Revenues to Estimate at Completion (Column L)

This is a calculation of Column I minus Column K.

Variance Project Budget to Estimate at Completion (Column M)

This is a calculation of Column J minus Column K.

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Expenditures through June 30, 2013 (Column N)

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, SBOE fees and 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.1 in Schedule 2. Project related expenditures are comprised of professional services, administration costs, other expenditures, payments to local agencies, and capital outlay. Such expenditures are distributed to the projects based on project amounts accumulated in the project job ledger.

Reimbursements through June 30, 2013 (Column O)

This column presents total reimbursements for the period from inception through June 30, 2013, 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, and transfers in. 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.

Net Project Cost (Column P)

Net project cost is a calculation of Column N minus Column O. 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.

Percent of Budget Expended (Column Q)

Percent of budget expended is a calculation of Column P divided by Column J.

Revenues Program to date Actual (Column H.1)

The total environmental cleanup revenue for the period from inception through June 30, 2013, represents two percent (2%) of the tax revenues in Column D.1 in Schedule 2. The total oversight and annual audits revenues for the period from inception through June 30, 2013, represent one percent (1%) of the tax revenues in Column D.1 in Schedule 2. Tax revenues consist of all gross revenues generated from the transactions and use tax of one-half of one percent plus interest or other earnings. The total collect sales taxes revenue for the period from inception through June 30, 2013, represents one and one-half percent (1.5%) of the sales tax revenues in Column D.1 in Schedule 2.

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**Year Ended June 30, 2013**

Total Revenues (Column I.1)

The total environmental cleanup actual and projected revenues during the life of M2 represent 2% of total tax revenues 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 total tax revenues found in Column F.1 in Schedule 2.