

## **MEETING AGENDA**

- 1. Welcome**
- 2. Approval of Minutes for June 22, 2021**
- 3. Public Comments\***
- 4. Action Items**
  - A. External Auditor Communication/Annual Audit and Agreed-upon Procedures Reports - Crowe LLP  
Kathy Lai, Partner and A. J. Johnson, Senior Auditor
    - OCLTA Annual Financial and Compliance Report
    - OCLTA AUP Related to Article XIII-B
    - Measure M2 Status Report AUP, Year Ended June 30, 2021
  - B. Review of Second Quarter Measure M2 Revenue and Expenditure Report  
Sean Murdock, Director, Finance and Administration
- 5. Presentation Items**
  - A. Measure M2 Triennial Performance Assessment Update  
Francesca Ching, Manager, Measure M2 Program Management Office
- 6. Adjournment**

*The next TOC Audit Subcommittee meeting is scheduled for April 12, 2022*

\*Public Comments: At this time, members of the public may address the Taxpayer Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person, unless different time limits are set by the Chairman, subject to the approval of the TOC.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

**Measure M Taxpayer Oversight Committee  
Audit Subcommittee  
Orange County Transportation Authority  
550 S. Main Street, Orange CA  
Teleconference  
June 22, 2021 @ 4:00 p.m.**

**SPECIAL MEETING MINUTES**

**Committee Members Present:**

Frank Davies, County of Orange Auditor-Controller  
Mark Kizzar, Second District Representative  
Tuan Nguyen, Third District Representative  
Larry Lang, Fourth District Representative  
Michael Pascual, Fourth District Representative

**Orange County Transportation Authority Staff Present:**

Christina Byrne, Department Manager, Public Outreach  
Francesca Ching, Section Manager, M2 Program Management Office  
Jared Hill, Associate Community Relations Specialist, Public Outreach  
Alice Rogan, Director, External Affairs  
Janet Sutter, Executive Director, Internal Audit  
Benjamin Torres, Department Manager, Accounting and Financial Reporting

**Recorder:**

Teri Lepe, Executive Assistant, Internal Audit

**1. Welcome**

Mr. Frank Davies called the Orange County Transportation Authority (OCTA) Taxpayer's Oversight Committee (TOC) Audit Subcommittee (AS) meeting to order at 4:02 p.m.

Mr. Davies stated for the record that Governor Gavin Newsom's executive order authorizes local legislative bodies to hold public meetings via teleconferencing and make public meetings accessible telephonically or electronically to all members of the public to promote social distancing due to the novel coronavirus (COVID-19). Mr. Davies further stated this meeting is accessible to the public through OCTA's website.

Ms. Alice Rogan, Director, External Affairs, conducted an attendance roll call and announced full attendance by AS members.

**2. Approval of the Minutes for April 13, 2021**

*A motion was made by Mr. Larry Lang, seconded by Mr. Mark Kizzar, and following a roll call vote, declared passed 5-0, to approve the TOC AS meeting minutes of April 13, 2021.*

### **3. Presentation Item**

#### **A. Quarterly M2 Revenue and Expenditure Report as of March 31, 2021**

Mr. Benjamin Torres, Manager, Accounting and Financial Reporting, presented the Quarterly M2 Revenue and Expenditure Report as of March 31, 2021, on behalf of Mr. Sean Murdock, Director, Finance and Administration. Mr. Torres relayed that sales tax receipts were up 28 percent when compared to the third quarter of fiscal year (FY) 2019-20. This increase brought the overall sales tax growth for FY 2020-21, through March 31<sup>st</sup>, to 2.3 percent.

M2 expenditures for the third quarter of FY 2020-21, were close to \$85 million. \$53 million were in the Freeway Mode, driven by the Interstate 405 Project with \$42 million of total expenditures, and \$6 million for the Interstate 5 South Project. \$23 million was spent in the Streets and Roads Mode driven by \$18 million for the Local Fair Share Program. \$9 million was spent in the Transit Mode, driven by \$5 million for the OC Streetcar project, and \$3.5 million for Senior Mobility, Fare Stabilization, and Senior Non-Emergency Medical Transportation programs.

### **4. Action Item**

#### **A. Jurisdictions Approved for Fiscal Year 2020-21 Measure M2 Agreed-Upon Procedures - Revised**

Ms. Janet Sutter, Executive Director, Internal Audit, informed AS members that the City of Aliso Viejo (Aliso Viejo), which had been selected by the AS for audit of the Senior Mobility Program for FY 2020-21, did not actually run any operations during the fiscal year due to the pandemic. As such, Ms. Sutter is returning this item to the AS with a request to revise the schedule of selected cities and remove Aliso Viejo from the list of cities to be audited and/or allow AS members to select an additional city for audit. This item was then opened for discussion.

*A motion was made by Mr. Michael Pascual, seconded by Mr. Tuan Nguyen, and following a roll call vote, declared passed 5-0, to accept the proposed revision to the Jurisdictions Approved for Fiscal Year 2020-21 Measure M2 Agreed-Upon Procedures by removing Aliso Viejo from the schedule, and leaving the schedule as is, without selection of an additional city for audit.*

### **5. Public Comments**

Ms. Rogan informed the TOC AS that no public comments had been submitted before the deadline.

### **6. Adjournment**

The Measure M TOC AS special meeting adjourned at 4:19 p.m. The next regularly scheduled meeting will be at **4 p.m. on Tuesday, October 12, 2021**, in Conference Room 08 of the 550 Building, OCTA Headquarters.

Orange County Local Transportation Authority  
(A Component Unit of the Orange  
County Transportation Authority)

ANNUAL FINANCIAL AND  
COMPLIANCE REPORT

Year Ended June 30, 2021

Orange County Local Transportation Authority  
(A Component Unit of the Orange County Transportation Authority)

Audited Financial Statements

Year Ended June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Orange County Local Transportation Authority  
Orange, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Orange County Local Transportation Authority (OCLTA), a component unit of the Orange County Transportation Authority (OCTA), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise OCLTA's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of OCLTA as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the Local Transportation Authority Special Revenue Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OCLTA's basic financial statements. The budgetary comparison schedule for the Local Transportation Authority Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule for the Local Transportation Authority Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of OCLTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OCLTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCLTA's internal control over financial reporting and compliance.



Crowe LLP

Costa Mesa, California  
November 22, 2021

**Orange County Local Transportation Authority**  
**Management's Discussion and Analysis**  
**(unaudited)**  
**For the Fiscal Year Ended June 30, 2021**

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As management of the Orange County Local Transportation Authority (OCLTA), we offer readers of the OCLTA's financial statements this narrative overview and analysis of the OCLTA's Measure M financial activities for the fiscal year (FY) ended June 30, 2021. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- Total net position of the OCLTA was \$388,034 as of June 30, 2021. The net position of the OCLTA is restricted for transportation projects, Environmental Mitigation Program and debt service.
- Net position decreased by \$151,791 during FY 2020-21. This decrease was primarily due to program expenses exceeding general and program revenues. In FY 2020-21, Measure M program expenses increased by \$53,778 mainly related to I-405 Improvement Project. Sales tax revenue increased by \$27,381 compared to FY 2019-20 due to the economic recovery. In FY 2020-21, unrestricted investment earnings decreased by \$36,820 or 68.3 percent resulting from reduced cash balances and unfavorable investment performance.
- OCLTA's governmental funds reported combined ending fund balances of \$1,039,864 reflecting a decrease of \$171,005 from the prior year. The decrease is primarily due to the increased capital expenditures related to the I-405 Improvement project in the current year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the OCLTA's basic financial statements, which are comprised of three components including government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements. Because the OCLTA is a governmental activity of the Orange County Transportation Authority (OCTA), governmental funds are used to account for its Measure M program activities. The basic financial statements include only the activities of the OCLTA.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the OCLTA's finances using the accrual basis of accounting, in a manner similar to a private-sector business.

The statement of net position presents information on all of the OCLTA's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the OCLTA is improving or deteriorating.

## Orange County Local Transportation Authority Management's Discussion and Analysis

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The statement of activities presents information showing how the OCLTA's net position changed during the FY. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements can be found on pages 10-11 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with Measure M finance-related legal requirements. The OCLTA uses governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental funds financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the FY. Such information may be useful in evaluating the OCLTA's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term impact of the OCLTA's near-term financing decisions. Both the governmental funds balance sheet and related statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The OCLTA maintains two individual governmental funds which are considered to be major funds. Information is presented separately in the governmental funds balance sheet and in the related statement of revenues, expenditures and changes in fund balances for the OCLTA's major governmental funds.

The governmental funds financial statements and related reconciliations to governmental activities can be found on pages 12-15 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-31 of this report.

The OCLTA adopts an annual budget for its two funds. A budgetary comparison schedule has been provided for the LTA special revenue fund as required supplementary information on page 32 and the LTA debt service fund as other supplementary information on page 34 to demonstrate compliance with the annual appropriated budget.

**Orange County Local Transportation Authority  
Management's Discussion and Analysis**

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**Government-wide Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of the OCLTA's financial position. At June 30, 2021, the OCLTA's assets and deferred outflows of resources exceeded liabilities by \$388,034, a \$151,791 decrease from June 30, 2020. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the OCLTA's governmental activities.

Table 1  
Orange County Local Transportation Authority  
Net Position

	Governmental Activities	
	2021	2020
Current and other assets	\$ 1,165,671	\$ 1,319,159
Assets held for resale	10,940	10,476
Capital Assets, net	7,300	—
Total assets	1,183,911	1,329,635
Deferred outflows of resources		
Deferred charge on refunding	1,360	1,430
Current liabilities	116,645	99,430
Long-term liabilities	680,592	691,810
Total liabilities	797,237	791,240
Total net position	\$ 388,034	\$ 539,825

Total assets decreased by \$145,724, or 11.0 percent, from June 30, 2020. This decrease is primarily due to a decrease in cash and investments, which resulted primarily from the increased cash outflows related to the I-405 Improvement Project during the fiscal year.

Total liabilities increased by \$5,997, or 0.8 percent, from June 30, 2020. This increase is primarily due to the increased accounts payable related to I-405 Improvement Projects. The increase was offset by decreased long-term liability resulting from principal payments during the fiscal year.

Total net position from governmental activities decreased by \$151,791 or 28.1 percent. This decrease results from Measure M program expenses exceeding general and program revenues. Compared to the prior year, total revenues decreased whereas total expenses increased.

**Orange County Local Transportation Authority  
Management's Discussion and Analysis**

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Table 2  
Orange County Local Transportation Authority  
Changes in Net Position

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 1,144	\$ 1,195
Operating grants and contributions	74,229	77,975
General revenues:		
Sales taxes	345,345	317,964
Unrestricted investment earnings	17,051	53,871
Other miscellaneous revenue	1,250	(67)
Total revenues	<u>439,019</u>	<u>450,938</u>
Measure M program expenses	590,810	537,032
Change in net position	(151,791)	(86,094)
Net position – beginning	539,825	625,919
Net position – end of year	<u>\$ 388,034</u>	<u>\$ 539,825</u>

OCLTA expenses shown on the statement of activities consist of:

	Governmental Activities	
	2021	2020
Supplies and services	\$ 92,497	\$ 83,941
Contributions to other local agencies	97,544	93,577
Infrastructure	334,648	266,035
Interest expense	32,518	32,376
Contributions to other OCTA funds	33,603	61,103
Total expenses	<u>\$ 590,810</u>	<u>\$ 537,032</u>

Total revenues decreased by \$11,919, or 2.6 percent, from FY 2019-20 primarily due to a decrease in unrestricted investment earnings. In FY 2020-21, the unrestricted investment earnings decreased by \$36,820 or 68.3 percent resulting from reduced cash balances along with unfavorable investment performance. This is, however, offset by the increase in sales tax revenue, which ultimately financed a significant portion of the OCLTA's net costs, by \$27,381 or 8.6 percent from the prior year.

Program expenses increased by \$53,778 primarily due to an increase in expenses related to the I-405 Improvement Project.

**Orange County Local Transportation Authority  
Management's Discussion and Analysis**

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**Financial Analysis of the OCLTA's Funds**

As of June 30, 2021, the OCLTA's governmental funds reported combined ending fund balances of \$1,039,864, a decrease of \$171,005 compared to FY 2019-20. The majority of fund balances, 94.9 percent, are restricted for transportation projects funded by the Measure M Program. The remaining fund balances are restricted for the Environmental Mitigation Program and for debt service on M2 sales tax revenue bonds issued to accelerate funding for transportation projects.

OCLTA's major governmental funds include the following significant changes:

The LTA fund balance decreased by \$173,094 primarily due to an increase in capital expenditures related to the I-405 Improvement Project.

The LTA Debt Service fund balance slightly increased by \$2,089, due to the excess of interest income and transfers in from LTA fund over the required debt service payments.

**Capital Asset and Debt Administration**

**Capital Assets**

As of June 30, 2021, the OCLTA had \$7,300 net of accumulated depreciation invested in capital assets, including building and improvements and machinery.

A summary of the OCLTA's capital assets, net of depreciation, follows:

	Governmental Activities	
	2021	2020
Building and improvements	\$ 7,300	\$ —
Machinery	21	21
Total capital assets	7,321	21
Less accumulated depreciation	(21)	(21)
Total capital assets, net	\$ 7,300	\$ —

More detailed information about the OCLTA's capital assets is presented in note 5 to the financial statements.

OCTA has outstanding capital expenditure commitments, the most significant of which are: \$442,888 for the I-405 Improvement Project, \$204,062 for the I-5 Freeway Widening Construction Project and \$13,480 for the Anaheim Canyon Metrolink Improvement Project.

**Debt Administration**

As of June 30, 2021, the OCLTA had \$618,625 in sales tax revenue bonds compared to \$626,690 as of the prior fiscal year.

## Orange County Local Transportation Authority Management's Discussion and Analysis

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The OCLTA maintains an "AA+" rating from Standard & Poor's Corporation (S&P), an "AA+" rating from Fitch Ratings (Fitch) and an "Aa2" rating from Moody's Investors Services (Moody's) for its 2010 M2 Sales Tax Revenue Bonds. The 2019 M2 Sales Tax Revenue Bonds have an "AA+" rating from S&P and an "AA+" from Fitch.

Additional information on the OCLTA's long-term debt can be found in note 6 to the financial statements.

### **Economic and Other Factors**

The OCLTA is responsible for administering Measure M, the half-cent transportation sales tax, which originally passed in 1990 and was delivered as promised to the residents of Orange County, with over \$4 billion invested in improvements to freeways, streets and roads and transit services. Measure M1 (M1) ended in March 2011, and collection of sales tax under Measure M2 (M2) began in April 2011. M2 was overwhelmingly approved by the voters of Orange County in 2006 because of the tangible results that were realized through M1. The passage of M2 has allowed for the continuation of transportation improvements through March 31, 2041. Allocation of M2 funds remains the same as the original M1 with 43 percent slated for freeway improvements, 32 percent for streets and roads, and 25 percent for transit projects and programs.

Although revenue collection for M2 projects did not begin until April 2011, OCTA began delivering projects early based on the five-year M2 Early Action Plan (EAP) adopted in 2007 and subsequent M2020 Plan adopted in 2012. Both delivery plans were developed to accelerate M2 freeway, streets and roads, transit, and environmental projects. In response to lower actual sales tax revenue, a new forecasting methodology was adopted in March 2016. This prompted the need to revisit the assumptions built into the M2020 plan. A new program/project delivery framework covering FY 2016-17 through FY 2025-26, called the Next 10 Plan, was adopted by the Board of Directors on November 14, 2016. The Next 10 Plan has been annually reviewed and updated, with the latest version adopted by the Board of Directors in the spring of 2021.

OCTA anticipates that sales tax revenues for M2 will increase in FY 2021-22. Based on the forecast provided by MuniServices, LLC., sales tax revenue is estimated to increase by 3.6 percent for M2 in FY 2021-22. Sales tax for the M2 Program is estimated to be \$13.2 billion over the life of the measure.

The OCLTA adopted its FY 2021-22 annual budget on June 14, 2021. Approximately \$665.6 million in M2 funds are budgeted to improve transportation within Orange County. These funds will provide improvements to freeways and streets and roads throughout Orange County, as well as support rail and bus transit programs. These funds include \$334.6 million to make improvements along Interstate 405, Interstate 5, State Route 55, State Route 91, and State Route 57. Approximately \$141.5 million is budgeted to improve streets and roads, including \$54 million to fund the Local Fair Share Program, \$43.4 million for Regional Traffic Signal Synchronization, and \$44.1 million for the Regional Capacity Program. In addition, the M2 transit budget consists of \$63.7 million in bus and rail projects, including \$35.5 million to continue the OC Streetcar project.

**Orange County Local Transportation Authority  
Management's Discussion and Analysis**

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**Contacting the OCLTA's Management**

This financial report is designed to provide a general overview of the OCLTA's finances for all those with an interest in the OCLTA's finances and to demonstrate OCLTA accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance and Administration Division of the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Statement of Net Position**  
**June 30, 2021**

<i>(amounts expressed in thousands)</i>	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 465,703
Receivables:	
Interest	1,325
Operating grants	10,545
Other	261
Due from other OCTA funds	54,860
Due from other governments	97,248
Condemnation deposits	13,582
Note receivable	2,807
Restricted investments	519,181
Other assets	159
Assets held for resale	10,940
Capital Assets, net:	
Depreciable and amortizable	7,300
<b>Total Assets</b>	<b>1,183,911</b>
 <b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	1,360
<b>Total Deferred Outflows of Resources</b>	<b>1,360</b>
 <b>Liabilities</b>	
Accounts payable	74,376
Accrued interest payable	13,191
Due to other OCTA funds	7,307
Due to other governments	21,607
Unearned revenue	147
Other liabilities	17
Noncurrent liabilities:	
Due within one year	8,455
Due in more than one year	672,137
<b>Total Liabilities</b>	<b>797,237</b>
 <b>Net Position</b>	
Net investment in capital assets	7,300
Restricted for:	
Transportation projects	341,171
Debt service	20,382
Environmental Mitigation Program	19,181
<b>Total Net Position</b>	<b>\$ 388,034</b>

See accompanying notes to the financial statements

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Statement of Activities**  
**For Year Ended June 30, 2021**

<i>(amounts expressed in thousands)</i>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Program				
Governmental activities:				
Measure M program	\$ 590,810	\$ 1,144	\$ 74,229	\$ (515,437)
General revenues:				
Sales taxes				345,345
Unrestricted investment earnings				17,051
Other miscellaneous revenue				1,250
Total general revenues				363,646
Change in net position				(151,791)
Net position - beginning				539,825
<b>Net position - ending</b>				<b>\$ 388,034</b>

See accompanying notes to the financial statements

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Balance Sheet - Governmental Funds**  
**June 30, 2021**

<i>(amounts expressed in thousands)</i>	LTA	LTA Debt Service	Total OCLTA
<b>Assets</b>			
Cash and investments	\$ 447,440	\$ 18,263	\$ 465,703
Receivables:			
Interest	1,325	—	1,325
Operating grants	10,545	—	10,545
Other	261	—	261
Due from other OCTA funds	54,860	—	54,860
Due from other governments	95,123	2,125	97,248
Condemnation deposits	13,582	—	13,582
Note receivable	2,807	—	2,807
Restricted investments	519,181	—	519,181
Other assets	159	—	159
<b>Total Assets</b>	<b>\$ 1,145,283</b>	<b>\$ 20,388</b>	<b>\$ 1,165,671</b>
<b>Liabilities</b>			
Accounts payable	\$ 74,376	\$ —	\$ 74,376
Due to other OCTA funds	7,307	—	7,307
Due to other governments	21,601	6	21,607
Unearned revenue	147	—	147
Other liabilities	17	—	17
<b>Total Liabilities</b>	<b>103,448</b>	<b>6</b>	<b>103,454</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - grant reimbursements	16,405	—	16,405
Unavailable revenue - reimbursements from others	5,948	—	5,948
<b>Total Deferred Inflows of Resources</b>	<b>22,353</b>	<b>—</b>	<b>22,353</b>
<b>Fund Balances</b>			
Nonspendable:			
Condemnation deposits	13,582	—	13,582
Other assets - prepaids	159	—	159
Restricted for:			
Debt service	—	20,382	20,382
Environmental Mitigation Program	19,181	—	19,181
Transportation projects	986,560	—	986,560
<b>Total Fund Balances</b>	<b>1,019,482</b>	<b>20,382</b>	<b>1,039,864</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,145,283</b>	<b>\$ 20,388</b>	<b>\$ 1,165,671</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2021**

*(amounts expressed in thousands)*

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Amounts reported for governmental activities in the Statement of Net Position (page 10) are different because:

<b>Total fund balances (page 12)</b>		<b>\$ 1,039,864</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		7,300
Assets held for resale are not financial resources and, therefore, are not reported in the funds.		10,940
Earned but unavailable revenue is not available to liquidate current liabilities and, therefore, is reported as a deferred inflow of resources in the funds.		22,353
Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds.		(13,191)
Deferred outflows of resources related to deferred charge on refunding are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		1,360
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ (618,625)	
Plus unamortized bond issuance premium	<u>(61,967)</u>	<u>(680,592)</u>
<b>Net position of governmental activities (page 10)</b>		<b><u><u>\$ 388,034</u></u></b>

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2021**

<i>(amounts expressed in thousands)</i>	LTA Debt		
	LTA	Service	Total OCLTA
<b>Revenues</b>			
Sales taxes	\$ 345,345	\$ —	\$ 345,345
Contributions from other agencies	55,725	—	55,725
Contributions from other OCTA funds	16,258	—	16,258
Interest	11,330	7,851	19,181
Miscellaneous	2,476	—	2,476
<b>Total Revenues</b>	<b>431,134</b>	<b>7,851</b>	<b>438,985</b>
<b>Expenditures</b>			
Current:			
General government:			
Supplies and services	92,497	—	92,497
Transportation:			
Contributions to other local agencies	97,544	—	97,544
Contributions to other OCTA funds	33,603	—	33,603
Capital outlay	342,504	—	342,504
Debt service:			
Principal payments on long-term debt	—	8,065	8,065
Interest	2	35,775	35,777
<b>Total Expenditures</b>	<b>566,150</b>	<b>43,840</b>	<b>609,990</b>
<b>Deficiency of revenues</b>			
<b>under expenditures</b>	<b>(135,016)</b>	<b>(35,989)</b>	<b>(171,005)</b>
<b>Other financing sources (uses)</b>			
Transfers in	5,757	43,835	49,592
Transfers out	(43,835)	(5,757)	(49,592)
<b>Total other financing sources (uses)</b>	<b>(38,078)</b>	<b>38,078</b>	<b>—</b>
<b>Net change in fund balances</b>	<b>(173,094)</b>	<b>2,089</b>	<b>(171,005)</b>
Fund balances - beginning	1,192,576	18,293	1,210,869
<b>Fund balances - ending</b>	<b>\$ 1,019,482</b>	<b>\$ 20,382</b>	<b>\$ 1,039,864</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balance of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2021**

*(amounts expressed in thousands)*

Amounts reported for governmental activities in the Statement of Activities (page 11) are different because:

**Net change in fund balances - total governmental funds (page 14)** **\$ (171,005)**

Governmental funds report capital outlays as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense, or allocated to appropriate functional expense when the cost does not meet capitalization criteria based on the ownership of the assets. This is the amount by which capital outlays exceeded depreciation in the current period. 8,135

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (94)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (150)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments	\$	8,065	
Change in accrued interest		175	
Amortization of premium and deferred charge on refunding		3,083	11,323

**Change in net position of governmental activities (page 11)** **\$ (151,791)**

See accompanying notes to the financial statements.

**Orange County Local Transportation Authority**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Notes to The Financial Statements**  
**Year Ended June 30, 2021**  
(in thousands)

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

In November 1990, Orange County voters approved the Revised Traffic Improvement and Growth Management Ordinance, known as Measure M. This implemented a one-half of one percent retail transaction and use tax to fund a specific program of transportation improvements in Orange County. The Orange County Local Transportation Authority (OCLTA) is responsible for administering the proceeds of the Measure M sales tax program. The original Measure M Program (M1) commenced on April 1, 1991 for a period of 20 years.

On November 7, 2006, Orange County voters approved the renewal of Measure M for a period of 30 more years from April 1, 2011 to March 31, 2041. Renewed Measure M (M2) allocates funds to freeway, street and road, transit, and environmental improvements.

On June 20, 1991, under the authority of Senate Bill 838, the Orange County Transportation Authority (OCTA) was formed as a special district by merging several agencies and funds, including the OCLTA, a component unit of the OCTA. Accordingly, the OCLTA's financial activities are included with the financial activities of the OCTA for financial reporting purposes.

The OCTA governing board (Board) consists of 17 voting members and one non-voting member and also serves as the OCLTA governing board. Measure M requires that an 11-member Taxpayer's Oversight Committee (TOC) monitor the use of Measure M funds and ensure that all revenues collected from Measure M are spent on voter-approved transportation projects.

These financial statements include only the activities of the OCLTA, a component unit of the OCTA. These financial statements are not intended to present the activities of the OCTA.

**Basis of Presentation**

The OCLTA's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

*Government-wide Statements:* The statement of net position and the statement of activities report information on all of the OCLTA. The effect of significant interfund activity has been removed from these statements. The OCLTA provides only governmental activities which are supported principally by sales taxes.

The statement of activities demonstrates the degree to which the OCLTA Measure M program expenses are offset by program revenues. Program expenses include direct and indirect expenses, which are identifiable with Measure M. Interest expense related to the sales tax revenue bonds is reported as a direct expense of the Measure M program. The borrowings are considered essential to the creation or continuing existence of the Measure M program. For the fiscal year ended June 30, 2021, interest expense of \$32,518 was included in Measure M program costs. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by Measure M; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the Measure M program. Taxes, investment earnings and other items are not reported as program revenues and instead are reported as general revenues.

Year Ended June 30, 2021  
(in thousands)

*Fund Financial Statements:* The fund financial statements provide information about the OCLTA's governmental funds. The OCLTA considers all of its Measure M funds as major governmental funds. They are comprised of the following:

- *Local Transportation Authority (LTA) Fund* - This special revenue fund accounts for revenues received and expenditures made for the implementation of the Orange County Traffic Improvement and Growth Management Plan. Financing is provided by a one-half percent sales and use tax assessed for 20 years pursuant to Measure M, which became effective April 1, 1991, and was renewed for an additional 30 years from April 1, 2011 to March 31, 2041. The Measure M ordinance requires that sales tax revenues only be expended on projects included in the ordinance. A decision to use the revenues for any other purpose must be put to the voters in another election.
- *LTA Debt Service Fund* - This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the OCLTA.

### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the OCLTA considers revenues to be available if they are collected within 90 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred; however, principal and interest expenditures on long-term debt of governmental funds are recorded only when payment is due.

Those revenues susceptible to accrual are sales taxes collected and held by the state at year-end on behalf of the OCLTA, intergovernmental revenues and interest revenue. In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the OCLTA; therefore, revenues are recognized based upon the expenditures incurred and availability criteria met. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible-to-accrual criteria are met.

### **Cash and Investments**

The OCLTA maintains cash and investments in a pool with other OCTA cash and investments and in accordance with the Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended July 1, 2021. The Policy complies with, or is more restrictive than, the California Government Code (Code). Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Pooled cash and investment earnings are allocated based on average daily dollar account balances.

Year Ended June 30, 2021  
(in thousands)

OCTA holds investments that are measured at fair value on a recurring basis. OCTA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs - other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are unobservable inputs.

OCLTA participates in the OCTA comingled investment pool which invests in U.S. government and U.S. agency securities, medium term notes, repurchase agreements, variable and floating rate securities, mortgage and asset-backed securities, and corporate notes which are carried at fair value based on quoted prices of similar assets. In addition, OCLTA invests in money market and mutual funds and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date, which are carried at amortized cost which approximates fair value.

The Policy requires that assets in the portfolio consist of the following investments, with maximum permissible concentrations based on book value, and may be more restrictive than applicable state statutes for the following investment types: OCTA notes and bonds, U.S. treasuries, federal agencies, municipal debt, banker's acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, medium-term notes, money market and mutual funds, mortgage or asset-backed securities, supranationals, Local Agency Investment Fund (LAIF), Orange County Investment Pool (OCIP), investment pools, variable and floating rate securities, bank deposits and derivatives.

Investment of debt proceeds held by trustees are governed by provisions of the indentures for each obligation, rather than the general provisions of the California Government Code or OCTA's investment policy. The investment of these debt proceeds is in accordance with the Permitted Investments section and applicable account restrictions outlined in the indenture of each debt obligation. Under certain indentures, guaranteed investment contracts are allowed.

In addition, OCTA has restricted investments held by the California Community foundation (CCF). The amount invested in the CCF investment pool is a restricted asset as approved for funding by the OCTA Board of Directors in October of 2014. The CCF is headquartered in Los Angeles, California. CCF is a community foundation and holds a 501 (c) 3 status, which meets California State Government Code requirements for community foundations. Legislation providing for OCTA to use a qualified organization to hold and manage the endowment is provided in Government Code §§65965-65968. An investment committee is responsible for oversight of the foundation's investment pools. The Endowment Pool is a diversified pool invested for long- term growth and appreciation while providing a relatively predictable stream of distributions that keeps the pace with inflation over time. The pool includes a mix of asset classes including equities, fixed income, hedge funds and real assets. The target asset allocation is approximately 50% equities, 22% fixed income, 14% hedge funds and 14% real assets.

The purpose of the agreement between CCF and OCTA is to provide for the establishment of a fund within the CCF to receive and hold M2 Environmental Mitigation Program contributions made by OCTA during the endowment funding period for use in establishing the permanent endowment pursuant to the conservation plan. OCTA is the beneficiary of the fund and, therefore, has reported a restricted asset in the financial statements.

Year Ended June 30, 2021  
(in thousands)

The CCF shall hold, administer, invest, and reinvest the fund in accordance with the CCF's proposal and the objectives set forth in the Scope of Work of the Request for Proposal, each of which is incorporated into the agreement by reference, and in compliance with all applicable state and federal laws, including, but not limited to, Sections 65965, 65966, 69667, and 65968 of the California Government Code and the Uniform Prudent Management of Institutional Funds Act, California Probate Code Section 18501 et seq. The agreement shall remain in place in full force and effect through December 31, 2029.

The fair value of OCTA's investment in this pool is reported in the accompanying financial statements at amounts based upon OCTA's pro-rata share of the fair value provided by the CCF for the entire CCF portfolio (in relation to the amortized cost of that portfolio).

#### **Due To/From Other OCTA Funds**

During the course of operations, numerous transactions occur between individual funds involving goods provided or services rendered and transfers of revenues from funds authorized to receive the revenue to funds authorized to expend it. Outstanding interfund balances are reported as due to/from other funds. Any residual balances outstanding between the Measure M Program governmental activities and other OCTA funds are reported in the government-wide financial statements as due to/from other OCTA funds.

#### **Contributions To/From Other OCTA Funds**

Transfers between OCLTA and other OCTA funds are reported as program expenses and revenues in the statement of activities and as revenues and expenditures in the statement of revenues, expenditures and changes in fund balances.

#### **Administrative Services Costs**

OCTA allocates indirect costs related to administrative services from certain funds to benefiting funds. For fiscal year 2020-21, \$22,622 of administrative services were charged to the OCLTA and are reported as general government expenditures in the statement of revenues, expenditures and changes in fund balances and as program expenses in the statement of activities.

#### **Assets Held for Resale**

OCLTA holds title to property in connection with the purchase of rights-of-way for infrastructure not held by OCLTA. These assets are reported as assets held for resale in the governmental activities column in the government-wide financial statements except in cases in which OCLTA has entered into a sales contract prior to the issuance of the financial statements. In these cases, the assets held for resale are reported in the governmental funds financial statements. Proceeds received will be reimbursed to the fund in which the initial expenditure was recorded.

#### **Capital Assets**

Capital assets including land, right-of-way improvements, and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the OCLTA as assets with an initial, individual cost of more than \$5 and a useful life exceeding one year. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

Year Ended June 30, 2021  
(in thousands)

Freeway construction and certain purchases of right-of-way property, for which title vests with the California Department of Transportation (Caltrans), are included in capital outlay. Infrastructure consisting primarily of freeway construction and right-of-way acquisition is not recorded as a capital asset in those instances where the OCLTA does not intend to maintain or operate the property when complete.

Right-of-way improvements and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Useful Life</u>
Buildings and improvements	10-30 years
Machinery and equipment	3-10 years

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element; deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

OCLTA has one item reported as deferred outflow of resources. This item is the deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This item is reported in the government-wide statement of net position. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. OCLTA has one type of deferred inflow, unavailable revenue which occurs only under a modified accrual basis of accounting. Accordingly, the item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for grant reimbursements and reimbursements from others. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **Long-Term Debt**

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts in the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Year Ended June 30, 2021  
(in thousands)

### Contributions to Other Agencies

Contributions to other agencies primarily represent sales tax revenues received by the OCLTA and disbursed to cities for competitive projects, the local fair share program, and the senior mobility program, and to other agencies for projects which are in accordance with the Measure M ordinance.

### Net Position

In the government-wide financial statements, net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources and is classified into three categories:

- *Net investment in capital assets* - This balance reflects the net position of the OCLTA that is invested in capital assets, net of related debt. This net position is generally not accessible for other purposes.
- *Restricted net position* - This balance represents net position that is not accessible for general use because use is subject to restrictions enforceable by third parties. The OCLTA government-wide statement of net position reports net position restricted for debt service, Environmental Mitigation Program and transportation projects funded by the Measure M Program.
- *Unrestricted net position* - This balance represents the net position that is available for general use.

### Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the OCLTA is bound to honor constraints on the specific purposes for which amounts can be spent.

The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2021, OCLTA reported nonspendable balance for condemnation deposits and other assets - prepaids.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. As of June 30, 2021, OCLTA reported restricted fund balance for debt service, Environmental Mitigation Program and transportation projects.
- *Committed* - amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board, as the highest level of decision-making authority, has the ability to commit fund balances through the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the Board removes or modifies the use through the adoption of a subsequent resolution.

Year Ended June 30, 2021  
(in thousands)

- *Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This classification also includes residual amounts assigned for specific projects. The Board establishes and modifies assignments of fund balance through the adoption of the budget and subsequent budget amendments. The Board retains the authority to assign fund balance.

When both restricted and unrestricted resources are available for use, it is the OCLTA’s policy to use restricted resources first and then unrestricted resources as they are needed. When using unrestricted fund balance amounts, the OCLTA applies the default established by GASB 54, whereby the committed amounts would be reduced first followed by the assigned amounts.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

## 2. Cash and Investments

Cash and investments are comprised of the following at June 30, 2021:

Investments:	
With OCTA Commingled Investment Pool	\$ 894,269
With Trustee	71,434
With CA Community Foundation	19,181
Total Cash and Investments	<u>\$ 984,884</u>

Total deposits and investments are reported in the financial statements as:

Unrestricted Cash and Investments	\$ 465,703
Restricted Cash and Investments	519,181
Total Cash and Investments	<u>\$ 984,884</u>

As of June 30, 2021, OCLTA had the following investments:

Investment	Fair Value	Interest Rate	Maturity Range	Weighted Average Maturity (Years)
OCTA Commingled Investment Pool	\$ 894,269	*	*	*
Money Market Funds **	71,434	0.010%-0.030%	7/1/21	.003
CA Community Foundation Investment Fund	<u>19,181</u>	N/A	N/A	N/A
Total Investments	<u>\$ 984,884</u>			

Year Ended June 30, 2021  
(in thousands)

\* Refer to the OCTA Comprehensive Annual Financial Report for information related to the OCTA Commingled Investment Pool.

\*\* Money market funds and commercial paper are measured at amortized cost which approximates fair value.

The Portfolio Weighted Average Maturity is 1.750 years.

As of June 30, 2021, OCLTA had \$894,269 invested in the OCTA's Commingled Investment Pool (CIP). Refer to the OCTA's Comprehensive Annual Financial Report for details on valuation techniques and fair value hierarchy, interest rate risk, variable rate notes and custodial credit risk. Deposits and withdrawals in OCTA's CIP are made on the basis of \$1.00 (absolute dollars) and not fair value. Accordingly, the OCLTA's investment in OCTA's CIP at June 30, 2021 is uncategorized, not defined as Level 1, Level 2, or Level 3 input.

As of June 30, 2021, OCLTA had \$19,181 invested in the CA Community Foundation (CCF) investment fund. The amount invested is valued using significant unobservable inputs and, therefore, classified as Level 3. Unobservable inputs used by CCF include the foundations own assumptions, market comparable rates, capitalization and occupancy rates.

### Credit Risk

The Policy sets minimum acceptable credit ratings for investments from any of the three NRSROs: Standard & Poor's (S&P), Moody's Investor Service (Moody's), and Fitch Rating's (Fitch).

For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F1 (Fitch), while an issuer of long-term debt shall be rated no less than an "A" by an NRSRO.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2021. (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U. S. government):

Investments	S&P	Moody's	% of Portfolio
OCTA Commingled Investment Pool	NR	NR	90.80 %
CA Community Foundation	NR	NR	1.95 %
Held by Trustee:			
Money Market Funds	AAA	Aaa	7.25 %
Total			<u>100.00 %</u>

### 3. Due From/To Other Governments

Amounts due from other governments as of June 30, 2021 in the fund financial statements are \$97,248 and are comprised of \$68,549 of sales taxes, \$26,574 of project reimbursements, and \$2,125 representing the interest receivable on Build America Bonds.

Amounts due to other governments as of June 30, 2021 are \$21,607 and are comprised of \$21,601 for transportation projects and \$6 for other miscellaneous transactions.

Year Ended June 30, 2021  
(in thousands)

#### 4. Related Party Transactions and Interfund Transfers

##### Related party transactions:

As of June 30, 2021, OCLTA has \$54,860 receivable from other OCTA funds and comprised of \$50,851 for I-405 Improvement Project and \$4,009 for SR-91 Improvement Project.

As of June 30, 2021, OCLTA owes \$7,307 to other OCTA funds as follows:

	Amount	Explanation
General Fund	\$ 667	Placentia Rail Station and ARTIC
OCUTT	56	Local Fair Share funds withheld from City of Placentia
General Capital Project	6,516	OC Streetcar project
OC Streetcar	8	OC Streetcar project
OCTD	60	Mission Viejo Transit Circle & iShuttle operations
<b>Total</b>	<u>\$ 7,307</u>	

##### Contributions from Other OCTA Funds:

During fiscal year 2020-21, OCLTA received \$16,258 which is comprised of \$15,577 from the 91 EL Fund for freeway improvements, \$587 from OCTD for iShuttle project and \$94 from General Fund to transfer proceeds related to sales of land.

##### Contributions to Other OCTA Funds:

During fiscal year 2020-21, OCLTA made contributions to the following funds:

- \$24,521 to the General Capital Projects Fund for the OC Streetcar project.
- \$585 to the OC Streetcar Fund for the OC Streetcar project.
- \$8,497 to the OCTD Fund for La Habra service, iShuttle, Commuter Rail, Fare Stabilization and Senior Mobility Program.

##### Interfund Transfers:

During fiscal year 2020-21, the LTA Fund transferred \$43,835 to the LTA Debt Service Fund for debt service payments. Additionally, the LTA Debt Service Fund transferred \$5,757 in excess interest earnings to the LTA Fund.

Year Ended June 30, 2021  
(in thousands)

## 5. Capital Assets

Capital assets activity for the OCLTA governmental activities for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ —	\$ 7,300	\$ —	\$ 7,300
Machinery and equipment	21	—	—	21
Total capital assets, being depreciated	21	7,300	—	7,321
Less accumulated depreciation for:				
Machinery and equipment	(21)	—	—	(21)
Total accumulated depreciation	(21)	—	—	(21)
Total capital assets, being depreciated, net	—	7,300	—	7,300
Total governmental activities capital assets, net	\$ —	\$ 7,300	\$ —	\$ 7,300

## 6. Long-Term Debt

### Sales Tax Revenue Bonds

On December 9, 2010, OCLTA issued \$293,540 in Measure M2 Sales Tax Revenue Bonds, 2010 Series A (Taxable Build America Bonds) and \$59,030 in 2010 Series B (Tax-Exempt Bonds), to finance and refinance the costs of certain transportation projects located in Orange County, to restructure the Tax Exempt Commercial Paper (TECP) Program, and to fund capitalized interest and costs of issuance related to the 2010 Series Bonds. A reserve fund is not required in connection with the 2010 Series Bonds per the bond indenture. The transaction closed on December 23, 2010. A total of \$75,000 was used to refund outstanding TECP. The Measure M sales tax is the source of revenue for repaying this debt.

On February 12, 2019, OCLTA issued \$376,690 in Measure M2 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2019 (the "Series 2019 Bonds"), i) to refinance costs of certain transportation projects located in Orange County, consisting of the general purpose lanes of the I-405 Improvement Project; ii) to refund and defease \$43,540 of the 2010 Series A Bonds, which resulted in gross cumulative cash flow savings of approximately \$2,867 and net present value cumulative savings of approximately \$2,584; and to fund costs of issuance related to the Series 2019 Bonds. A reserve fund is not required in connection with the Series 2019 Bonds per the bond indenture. The transaction closed on February 26, 2019.

The OCLTA's outstanding debt obligations related to M2 Sales Tax Revenue Bonds contain a provision that in the event of default, bondholders have the right to sue in order to force the OCLTA to cure the event of default, which may result in financial related consequences.

Orange County Local Transportation Authority  
Notes to The Financial Statements

Year Ended June 30, 2021  
(in thousands)

A summary of the bonds outstanding is as follows:

	2010 Series A (Taxable Build America Bonds)		2019 Series B (Tax-Exempt Bonds)		Total
Issuance date	12/9/10		2/12/19		
Original issue amount	\$	293,540	\$	376,690	\$ 670,230
Original issue premium		—		69,342	69,342
<b>Net Bond Proceeds</b>	<b>\$</b>	<b>293,540</b>	<b>\$</b>	<b>446,032</b>	<b>\$ 739,572</b>
Issuance costs	\$	1,905	\$	970	\$ 2,875
Interest rates	5.56%-6.91%		3.00%-5.00%		
Maturity range	2021-2041		2021-2041		
Final maturity	2041		2041		
Bonds outstanding	\$	250,000	\$	368,625	\$ 618,625
Plus unamortized premium		—		61,967	61,967
<b>Total</b>	<b>\$</b>	<b>250,000</b>	<b>\$</b>	<b>430,592</b>	<b>\$ 680,592</b>

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 8,455	\$ 35,371
2023	19,935	34,949
2024	20,920	33,952
2025	21,950	32,906
2026	23,630	31,722
2027-2031	136,155	136,435
2032-2036	171,770	92,653
2037-2041	215,810	38,435
Total	\$ 618,625	\$ 436,423

### Changes in Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Measure M program activities:					
Sales tax revenue bonds	\$ 626,690	\$ —	\$ (8,065)	\$ 618,625	\$ 8,455
Unamortized premium	65,120	—	(3,153)	61,967	—
Total Measure M program activities long-term liabilities	<b>\$ 691,810</b>	<b>\$ —</b>	<b>\$ (11,218)</b>	<b>\$ 680,592</b>	<b>\$ 8,455</b>

Year Ended June 30, 2021  
(in thousands)

### Pledged Revenue

OCLTA has debt issuances outstanding that are repaid and secured by the pledging of certain revenues. For the year ended June 30, 2021, debt service payments in relation to the pledged gross revenue net of the local fair share program and other expenses as required by the debt agreement, are indicated in the following table:

Description of Pledged Revenue	Annual Amount of Net Pledged Revenue	Annual Debt Service Payments	Pledged Revenue Coverage
Measure M2 Net Sales Tax Revenue	\$ 262,280	\$ 43,840	5.98

### Line of Credit (Direct Borrowing)

On July 26, 2017, OCTA and the Department of Transportation Build America Bureau Credit Programs Office (Bureau) executed a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan of up to \$628,930 for eligible project costs for the I-405 Improvement Project. The Bureau required OCTA to secure a \$900,000 line of credit secured by future M2 debt issuances to be committed at the time of closing on the TIFIA loan. The OCTA Board of Directors selected Bank of America N.A. (BANA) to provide a \$900,000 line of credit to meet the Bureau's requirement.

The letter of credit was structured in two commitment tranches, the 2019 Credit Agreement, in an amount of \$400,000 and the 2021 Credit Agreement, in an amount of \$500,000. The 2019 Credit Agreement terminated in 2019. The 2021 Credit Agreement was amended, effective June 29, 2020, changing the expiration to June 28, 2021, and reducing the commitment fee from 36 basis points to 34 basis points. In lieu of maintaining the line of Credit, OCTA established and funded accounts under OCTA's Custody Account Agreement with approximately \$500,000 therefore eliminating the requirement to maintain the 2021 Credit Agreement.

In connection with the rate reset of OCTA's 2017 TIFIA Loan (2021 TIFIA Loan), which occurred on September 9, 2021, OCTA prepaid the amount of funds drawn to date on the 2017 TIFIA Loan, plus accrued interest, totaling \$314,000 (Prepayment), to the United States Department of Transportation to close the transaction. OCTA secured a \$315,000 bridge loan from BANA to fund the Prepayment. The bridge loan was secured by executing the First Amendment to the Amended and Restated 2021 Credit Agreement (Agreement). There were no amounts drawn on the bridge loan as of June 30, 2021. The unused portion of the loan at June 30, 2021 is \$315,000.

The payment obligations owed to BANA under the Agreement are payable and secured by a pledge of, lien on, and security interest in the M2 sales tax revenues, including earnings on such amounts, subject only to the provisions of the Master Indenture. The pledge, lien, and security interest shall be junior and subordinate only to the pledge of M2 sales tax revenues in favor of the Senior Lien Debt pursuant to the express terms of the Master Indenture.

Year Ended June 30, 2021  
(in thousands)

## **7. Commitments and Contingencies**

### **Purchase Commitments**

The OCLTA has various long-term outstanding contracts that extend over several years and rely on future years' revenues. Total commitments at June 30, 2021, were \$1,088,971, the majority of which relate to the expansion of Orange County's freeway and road systems.

### **Federal Grants**

The OCLTA receives federal grants for transportation projects and other reimbursable activities which are subject to audit by the grantor agency. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on the OCLTA's financial position or changes in financial position.

## **8. Effect of New Pronouncements**

### **GASB Statement No. 84**

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement was effective for OCLTA's fiscal year ending June 30, 2020, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The implementation of this Statement did not have a material effect on the financial statement.

### **GASB Statement No. 87**

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement was effective for OCLTA's fiscal year ending June 30, 2021, but was postponed by 18 months per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. OCLTA has not determined the effect of this Statement.

Year Ended June 30, 2021  
(in thousands)

### **GASB Statement No. 90**

In August 2018, GASB issued Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement was effective for OCLTA’s fiscal year ending June 30, 2020, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The implementation of this Statement did not have a material effect on the financial statement.

### **GASB Statement No. 91**

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement was effective for OCLTA’s fiscal year ending June 30, 2022, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. OCLTA has not determined the effect of this Statement.

### **GASB Statement No. 92**

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Paragraphs 4, 5, 11 and 13 of this Statement are effective immediately. The remaining paragraphs of this Statement were effective for OCLTA’s fiscal year ending June 30, 2021, but were postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The implementation of paragraphs 4, 5, 11 and 13 of this Statement did not have a material effect on the financial statements. OCLTA has not determined the effect of the remaining paragraphs of this Statement.

### **GASB Statement No. 93**

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap,

Year Ended June 30, 2021  
(in thousands)

(5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended, (7) providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement, except for paragraph 11b, are effective for OCLTA's fiscal year ending June 30, 2021. The requirement in paragraph 11b is effective for OCLTA's fiscal year ending June 30, 2022. GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponed the effective date of paragraphs 13 and 14 of this Statement by one year. The implementation of this Statement, except for paragraphs 11b, 13 and 14, did not have a material effect on the financial statements. OCLTA has not determined the effect of the remaining paragraphs of this Statement.

#### **GASB Statement No. 94**

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement is effective for OCLTA's fiscal year ending June 30, 2023. OCLTA has not determined the effect of this Statement.

#### **GASB Statement No. 96**

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). This Statement is effective for OCLTA's fiscal year ending June 30, 2023. OCLTA has not determined the effect of this Statement.

#### **GASB Statement No. 97**

In June 2020, GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Paragraphs 4 and 5 of this Statement are effective immediately, and the remaining paragraphs of this Statement are effective for OCLTA's fiscal year ending June 30, 2022. The implementation of paragraphs 4 and 5 of this Statement did not have a material effect on the financial statements. OCLTA has not determined the effect of the remaining paragraphs of this Statement.

Year Ended June 30, 2021  
(in thousands)

## **9. Subsequent Event**

In connection with the financial close for the 2021 TIFIA Loan, on September 9, 2021, OCTA paid \$314,000 to the United States Department of Transportation to prepay the 2017 TIFIA Loan and therefore terminate the Agreement. The interest rate for the 2021 TIFIA Loan is 1.95%.

The 2021 Bond Anticipation Notes (BANs) were issued on September 21, 2021, in a par amount of \$662,820, with a maturity date of October 15, 2024. The all in TIC is 0.34%. With the proceeds of 2021 BAN, OCTA paid off the bridge loan from BANA on September 30, 2021.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - LTA Fund (Budgetary Basis)**  
**Year Ended June 30, 2021**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Sales taxes	\$ 282,894	\$ 282,894	\$ 345,345	\$ 62,451
Fines	8	8	—	(8)
Contributions from other agencies	128,421	128,421	69,883	(58,538)
Contributions from other OCTA funds	36,410	36,410	16,258	(20,152)
Interest	11,300	11,300	11,330	30
Miscellaneous	3,830	3,830	2,476	(1,354)
<b>Total revenues</b>	<b>462,863</b>	<b>462,863</b>	<b>445,292</b>	<b>(17,571)</b>
<b>Expenditures:</b>				
Current:				
General government - supplies and services	231,174	244,354	161,312	83,042
Transportation:				
Contributions to other local agencies	161,456	161,276	97,561	63,715
Contributions to other OCTA funds	43,290	41,650	33,603	8,047
Capital outlay	815,450	914,510	780,469	134,041
Debt service:				
Interest	—	—	2	(2)
<b>Total expenditures</b>	<b>1,251,370</b>	<b>1,361,790</b>	<b>1,072,947</b>	<b>288,843</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(788,507)</b>	<b>(898,927)</b>	<b>(627,655)</b>	<b>271,272</b>
<b>Other financing sources (uses):</b>				
Transfers in	10,841	10,841	5,757	(5,084)
Transfers out	(43,840)	(43,840)	(43,835)	5
<b>Total other financing sources (uses)</b>	<b>(32,999)</b>	<b>(32,999)</b>	<b>(38,078)</b>	<b>(5,079)</b>
<b>Net change in fund balance</b>	<b>\$ (821,506)</b>	<b>\$ (931,926)</b>	<b>\$ (665,733)</b>	<b>\$ 266,193</b>

**Reconciliation to GAAP:**

Net change in fund balance (budgetary basis)	\$ (665,733)
Less: Estimated revenues for encumbrances outstanding at June 30	14,158
Add: Current year encumbrances outstanding at June 30	506,797
 Net change in fund balance (GAAP basis)	 \$ (173,094)

See accompanying notes to the required supplementary information.

**Orange County Local Transportation Authority**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2021**  
(in thousands)

**1. Budgetary Data**

The OCLTA establishes accounting control through formal adoption of an annual operating budget for the LTA and the debt service governmental funds. The budget is prepared in conformity with accounting principles generally accepted in the United States (GAAP) except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. The adopted budget can be amended by the Board to increase both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Division heads are authorized to approve appropriation transfers within major objects subject to approval by the Finance and Administration Division. Major objects are defined as Salaries and Benefits, Supplies and Services and Capital Outlay. Supplies and Services includes Contributions to Other Local Agencies, Debt Service and Transfers. Appropriation transfers between major objects require approval of the Board. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations, for budgeted funds, is at the major object level for the budgeted governmental funds. A Fourth Quarter Budget Status Report, June 2021 is available from the OCTA Finance and Administration Division. With the exception of accounts which have been encumbered, appropriations lapse at year end.

There were no excess of expenditures over appropriations for fiscal year 2020-21.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
(A Component Unit of the Orange County Transportation Authority)  
Other Supplementary Information  
Budgetary Comparison Schedule - LTA Debt Service Fund (Budgetary Basis)  
Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Interest	\$ 5,540	\$ 5,540	\$ 7,851	\$ 2,311
<b>Total revenues</b>	<b>5,540</b>	<b>5,540</b>	<b>7,851</b>	<b>2,311</b>
<b>Expenditures:</b>				
Debt service:				
Principal payments on long-term debt	8,065	8,065	8,065	—
Interest on long-term debt	35,775	35,775	35,775	—
<b>Total expenditures</b>	<b>43,840</b>	<b>43,840</b>	<b>43,840</b>	<b>—</b>
<b>Deficiency of revenues under expenditures</b>	<b>(38,300)</b>	<b>(38,300)</b>	<b>(35,989)</b>	<b>2,311</b>
<b>Other financing sources:</b>				
Transfers in	43,840	43,840	43,835	(5)
Transfers out	(5,540)	(5,540)	(5,757)	(217)
<b>Total other financing sources</b>	<b>38,300</b>	<b>38,300</b>	<b>38,078</b>	<b>(222)</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,089</b>	<b>\$ 2,089</b>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Orange County Local Transportation Authority  
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Orange County Local Transportation Authority (OCLTA), a component unit of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise OCLTA's basic financial statements, and have issued our report thereon dated November 22, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OCLTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCLTA's internal control. Accordingly, we do not express an opinion on the effectiveness of OCLTA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2021-001 that we consider to be a significant deficiency.

(Continued)

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether OCLTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **OCLTA's Response to Finding**

OCLTA's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. OCLTA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Costa Mesa, California  
November 22, 2021

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
Year ended June 30, 2021

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**Finding 2021-001 – Financial Accounting and Reporting for Expense Accruals (Significant Deficiency)**

Criteria

Generally accepted accounting principles require entities to record liabilities and related expenses that result from exchange transactions when goods or services have been received in exchange for a promise to compensate the vendor or service provider. In addition, management should have internal controls to ensure that such liabilities and expenses are fairly stated.

Condition

During the fiscal year, management identified prior year errors in expense accruals related to the Local Transportation Authority (LTA) fund that were not previously corrected. Management inadvertently over accrued two invoices in the prior year for the same transaction. Conversely, management also identified utility construction costs that had been incurred in prior years but had not accrued because invoices had not been timely remitted by the utility companies. As a result of the delay in the receipt of the utility invoices, management estimated an amount to be accrued for utility costs for work performed in prior years. In addition, management updated their estimate for an amount to be accrued for the utility costs for work performed in the current year. The net impact of these transactions was under accruals of expense in the prior year for the LTA fund in the amount of \$14,433,346. Management elected to correct the prior year accruals in the current year.

Cause

Expense over accruals were caused by lack of controls surrounding the booking of estimates as project managers did not make accounting aware that actual invoices were subsequently posted related to items that were previously estimated. For the missed utility expense under accruals, management did not have internal controls in place to estimate the utility costs incurred relative to the progress of the utility construction projects given the delay between when the work is actually performed and the time the utility companies invoice OCTA for such costs

Effect

The net impact of these transactions was under accruals of expenses in the prior year for the LTA fund in the amount of \$14,433,346.

Recommendation

We recommend that management improve Project Managers understanding of the accrual process and importance of notifying accounting of the posting of invoices that are related to those already accrued for by management. We also recommend additional layers of review to accrual journal entries including recurring review of the entries for actual invoices up until the financial statements are issued. The review should include comparing all manually accrued invoices/estimates to the vouchers and retainage payable accounts to ensure there are no duplications. For the utility construction costs, Crowe recommends that management review their utility accrual analysis for all construction projects annually for completeness and accuracy, and adjust accordingly.

(Continued)

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
Year ended June 30, 2021

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Management's Response

Management agrees and has implemented a control to review all AP accounts specifically looking for duplications between the manual accrual account and the voucher and retainage payable accounts. In addition, the Accounting department will provide training on a yearly basis to all staff involved in the expense accruals process to ensure expense accruals are submitted in compliance with all rules and requirements. The Accounting department will work with Project Managers on the utility accrual analysis on a yearly basis prior to the closing of the fiscal year.

**ORANGE COUNTY LOCALTRANSPORTATION AUTHORITY**  
**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED UPON PROCEDURES RELATED TO**  
**ARTICLE XIII-B APPROPRIATIONS LIMIT CALCULATION.**

For the fiscal year ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Orange County Local Transportation Authority  
Orange, California

We have performed the procedures enumerated below on the Appropriations Limit Worksheet (Worksheet) of the Orange County Local Transportation Authority ("OCLTA" or "Authority") as of June 30, 2021. OCLTA's management is responsible for the preparation of the Worksheet.

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 performed and associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish OCLTA's appropriations limit and compared the 2020-2021 limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of OCLTA's Board of Directors. We compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of OCLTA's Board of Directors.

Finding: No exceptions were noted as a result of this procedure.

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2020-2021 appropriations limit.

Finding: No exceptions were noted as a result of this procedure.

3. We compared the current year information to the worksheets described in No. 1 above and to information provided by the California State Department of Finance.

Finding: No exceptions were noted as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by OCLTA's Board of Directors.

Finding: No exceptions were noted as a result of this procedure.

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(Continued)

We were engaged by OCLTA 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 Worksheet. 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 OCTLA's Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Costa Mesa, California  
November 19, 2021

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
APPROPRIATIONS LIMIT CALCULATIONS  
Year ended June 30, 2021

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	<u>Amount</u>	<u>Source</u>
A. Last year's limit	\$ 1,821,701,129	
B. Adjustment factors:		
1. Population change	1.0373	State Finance
2. Per capital change	1.0004	State Finance
Total adjustments [(B.1 × B.2) – 1.0]	0.03770	
C. Annual adjustment	<u>68,678,132</u>	A × B
D. This year's limit	<u>\$ 1,890,379,261</u>	A + C

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 21, 2021

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS  
Year ended June 30, 2021

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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, 2021 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 through June 30, 2021 amounts (Column B) by adding the prior year's Period from Inception through June 30, 2020 amounts with year to date June 30, 2021 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, 2021 (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, 2020 (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, 2021 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, 2021 (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 through June 30, 2021 (Column H) and Total Net Revenues (Column I) amounts to Schedule 2, Column D.1 and Column F.1, Net Revenues (Totals), respectively.
2. Recalculated Net Revenues through June 30, 2021 (Column H) and Total Net Revenues (Column I) amounts, by mode and project description, based on the Measure M2 Transportation Investment Plan (Investment Plan).
3. Reconciled Expenditures through June 30, 2021 (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 through June 30, 2021. Agreed Column J, by project description, to the project job ledger by fiscal year.

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(Continued)

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS  
Year ended June 30, 2021

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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 through June 30, 2021 (Column K) to Schedule 1, Column B. Agreed Oversight and Annual Audits line item to summary of Measure M2 administrative costs through June 30, 2021.
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 revenues through June 30, 2021 (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 sales taxes and operating interest per Schedule 2, Column D.1 and Column F.1 by 2% and 1%, respectively.
9. Recalculated Revenues through June 30, 2021 (Column H.1) 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%.
10. Re-computed total and subtotals.

Results: No exceptions were found as a result of these procedures.

**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of September 30, 2021**  
**(Unaudited)**

(\$ in thousands)	Quarter Ended Sept 30, 2021	Year to Date Sept 30, 2021 (A)	Period from Inception to Sept 30, 2021 (B)
<b>Revenues:</b>			
Sales taxes	\$ 100,684	\$ 100,684	\$ 3,177,721
Other agencies' share of Measure M2 costs:			
Project related	4,026	4,026	776,845
Non-project related	-	-	454
Interest:			
Operating:			
Project related	489	489	6,604
Non-project related	2,682	2,682	91,566
Bond proceeds	724	724	84,369
Debt service	-	-	1,063
Commercial paper	-	-	393
Right-of-way leases	117	117	1,495
Proceeds on sale of assets held for resale	11	11	12,212
Donated assets held for resale			
Project related	-	-	2,071
Miscellaneous:			
Project related	-	-	331
Non-project related	-	-	101
Total revenues	<u>108,733</u>	<u>108,733</u>	<u>4,155,225</u>
<b>Expenditures:</b>			
Supplies and services:			
Sales tax administration fees	831	831	33,192
Professional services:			
Project related	1,233	1,233	447,046
Non-project related	-	-	34,279
Administration costs:			
Project related	2,622	2,622	96,625
Non-project related:			
Salaries and Benefits	750	750	31,655
Other	1,532	1,532	55,483
Other:			
Project related	95	95	5,643
Non-project related	17	17	5,201
Payments to local agencies:			
Project related	18,260	18,260	1,154,974
Capital outlay:			
Project related	22,744	22,744	1,642,374
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	-	-	67,095
Interest on long-term debt and commercial paper	17,686	17,686	267,691
Total expenditures	<u>65,770</u>	<u>65,770</u>	<u>3,841,289</u>
Excess of revenues over expenditures	<u>42,963</u>	<u>42,963</u>	<u>313,936</u>
<b>Other financing sources (uses):</b>			
Transfers out:			
Project related	(8,491)	(8,491)	(326,516)
Transfers in:			
Project related	535	535	190,436
Bond proceeds	-	-	804,625
Payment to refunded bond escrow agent	-	-	(45,062)
Total other financing sources (uses)	<u>(7,956)</u>	<u>(7,956)</u>	<u>623,483</u>
Excess of revenues over expenditures and other sources	<u>\$ 35,007</u>	<u>\$ 35,007</u>	<u>\$ 937,419</u>

**Measure M2**  
**Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)**  
**as of September 30, 2021**  
**(Unaudited)**

<i>(\$ in thousands)</i>	Quarter Ended Sept 30, 2021 (actual)	Year to Date Sept 30, 2021 (actual)	Period from Inception through Sept 30, 2021 (actual)	Period from October 1, 2021 through March 31, 2041 (forecast)	Total
	(C.1)	(C.1)	(D.1)	(E.1)	(F.1)
<b>Revenues:</b>					
Sales taxes	\$ 100,684	\$ 100,684	\$ 3,177,721	\$ 9,997,084	\$ 13,174,805
Operating interest	2,682	2,682	91,566	141,415	232,981
Subtotal	<u>103,366</u>	<u>103,366</u>	<u>3,269,287</u>	<u>10,138,499</u>	<u>13,407,786</u>
Other agencies share of M2 costs	-	-	454	-	454
Miscellaneous	-	-	101	-	101
Total revenues	<u>103,366</u>	<u>103,366</u>	<u>3,269,842</u>	<u>10,138,499</u>	<u>13,408,341</u>
<b>Administrative expenditures:</b>					
Sales tax administration fees	831	831	33,192	97,326	130,518
Professional services	-	-	30,504	111,373	141,877
<b>Administration costs:</b>					
Salaries and Benefits	750	750	31,655	100,408	132,063
Other	1,532	1,532	55,483	175,277	230,760
Other	17	17	2,181	16,842	19,023
Capital outlay	-	-	31	-	31
Environmental cleanup	417	417	46,437	199,910	246,347
Total expenditures	<u>3,547</u>	<u>3,547</u>	<u>199,483</u>	<u>701,136</u>	<u>900,619</u>
Net revenues	<u>\$ 99,819</u>	<u>\$ 99,819</u>	<u>\$ 3,070,359</u>	<u>\$ 9,437,363</u>	<u>\$ 12,507,722</u>
<hr/>					
<b>Bond revenues:</b>					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 804,625	\$ 199,300	\$ 1,003,925
Interest revenue from bond proceeds	724	724	84,369	71,864	156,233
Interest revenue from debt service funds	-	-	1,063	3,586	4,649
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>724</u>	<u>724</u>	<u>890,450</u>	<u>274,750</u>	<u>1,165,200</u>
<b>Financing expenditures and uses:</b>					
Professional services	-	-	3,775	698	4,473
Payment to refunded bond escrow	-	-	45,062	-	45,062
Bond debt principal	-	-	67,095	833,445	900,540
Bond debt and other interest expense	17,686	17,686	267,691	461,472	729,163
Other	-	-	3,020	-	3,020
Total financing expenditures and uses	<u>17,686</u>	<u>17,686</u>	<u>386,643</u>	<u>1,295,615</u>	<u>1,682,258</u>
Net bond revenues (debt service)	<u>\$ (16,962)</u>	<u>\$ (16,962)</u>	<u>\$ 503,807</u>	<u>\$ (1,020,865)</u>	<u>\$ (517,058)</u>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of September 30, 2021**  
**(Unaudited)**

Project	Description	Net Revenues through Sept 30, 2021	Total Net Revenues	Expenditures through Sept 30, 2021	Reimbursements through Sept 30, 2021	Net M2 Cost
(G)	(H)	(I)	(J)	(K)	(L)	
(\$ in thousands)						
<b>Freeways (43% of Net Revenues)</b>						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 121,019	\$ 492,993	\$ 10,913	\$ 7,553	\$ 3,360
B	I-5 Santa Ana/SR-55 to El Toro	77,298	314,888	11,158	8,209	2,949
C	I-5 San Diego/South of El Toro	161,444	657,674	229,378	50,108	179,270
D	I-5 Santa Ana/San Diego Interchange Upgrades	66,431	270,622	2,674	527	2,147
E	SR-22 Garden Grove Freeway Access Improvements	30,898	125,871	5	-	5
F	SR-55 Costa Mesa Freeway Improvements	94,240	383,905	50,838	22,789	28,049
G	SR-57 Orange Freeway Improvements	66,612	271,356	51,572	12,432	39,140
H	SR-91 Improvements from I-5 to SR-57	36,048	146,849	34,958	824	34,134
I	SR-91 Improvements from SR-57 to SR-55	107,243	436,876	33,030	31,248	1,782
J	SR-91 Improvements from SR-55 to County Line	90,687	369,430	15,919	14,404	1,515
K	I-405 Improvements between I-605 to SR-55	276,231	1,125,284	1,029,518	146,375	883,143
L	I-405 Improvements between SR-55 to I-5	82,318	335,340	9,200	6,954	2,246
M	I-605 Freeway Access Improvements	5,150	20,978	3,088	16	3,072
N	All Freeway Service Patrol	38,623	157,338	6,110	-	6,110
	Freeway Mitigation	66,013	268,916	57,339	7,440	49,899
	Subtotal Projects	1,320,255	5,378,320	1,545,700	308,879	1,236,821
	Net (Bond Revenue)/Debt Service	-	-	129,498	-	129,498
	<b>Total Freeways</b>	<b>\$ 1,320,255</b>	<b>\$ 5,378,320</b>	<b>\$ 1,675,198</b>	<b>\$ 308,879</b>	<b>\$ 1,366,319</b>
	<b>%</b>					<b>48.4%</b>
<b>Street and Roads Projects (32% of Net Revenues)</b>						
O	Regional Capacity Program	\$ 307,040	\$ 1,250,788	\$ 793,597	\$ 506,844	\$ 286,753
P	Regional Traffic Signal Synchronization Program	122,810	500,293	87,317	10,544	76,773
Q	Local Fair Share Program	552,665	2,251,390	529,540	77	529,463
	Subtotal Projects	982,515	4,002,471	1,410,454	517,465	892,989
	Net (Bond Revenue)/Debt Service	-	-	37,943	-	37,943
	<b>Total Street and Roads Projects</b>	<b>\$ 982,515</b>	<b>\$ 4,002,471</b>	<b>\$ 1,448,397</b>	<b>\$ 517,465</b>	<b>\$ 930,932</b>
	<b>%</b>					<b>32.9%</b>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of September 30, 2021**  
**(Unaudited)**

Project	Description	Net Revenues through Sept 30, 2021	Total Net Revenues	Expenditures through Sept 30, 2021	Reimbursements through Sept 30, 2021	Net M2 Cost
(G)		(H)	(I)	(J)	(K)	(L)
	(\$ in thousands)					
<b>Transit Projects (25% of Net Revenues)</b>						
R	High Frequency Metrolink Service	\$ 293,634	\$ 1,247,460	\$ 319,359	\$ 98,813	\$ 220,546
S	Transit Extensions to Metrolink	271,042	1,104,142	141,221	2,133	139,088
T	Metrolink Gateways	34,048	63,930	98,220	60,956	37,264
U	Expand Mobility Choices for Seniors and Persons with Disabilities	100,698	433,707	96,248	88	96,160
V	Community Based Transit/Circulators	61,391	250,088	14,360	1,323	13,037
W	Safe Transit Stops	6,776	27,604	1,179	26	1,153
	Subtotal Projects	767,589	3,126,931	670,587	163,339	507,248
	Net (Bond Revenue)/Debt Service	-	-	21,220	-	21,220
	<b>Total Transit Projects</b>	<b>\$ 767,589</b>	<b>\$ 3,126,931</b>	<b>\$ 691,807</b>	<b>\$ 163,339</b>	<b>\$ 528,468</b>
	<b>%</b>					<b>18.7%</b>

**Measure M2 Program**      **\$ 3,070,359**      **\$ 12,507,722**      **\$ 3,815,402**      **\$ 989,683**      **\$ 2,825,719**

Project	Description	Revenues through Sept 30, 2021	Total Revenues	Expenditures through Sept 30, 2021	Reimbursements through Sept 30, 2021	Net M2 Cost
(G)		(H.1)	(I.1)	(J)	(K)	(L)
	(\$ in thousands)					
<b>Environmental Cleanup (2% of Revenues)</b>						
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 65,386	\$ 268,156	\$ 46,437	\$ 311	\$ 46,126
	Net (Bond Revenue)/Debt Service	-	-	-	-	-
	<b>Total Environmental Cleanup</b>	<b>\$ 65,386</b>	<b>\$ 268,156</b>	<b>\$ 46,437</b>	<b>\$ 311</b>	<b>\$ 46,126</b>
	<b>%</b>					<b>1.4%</b>

**Taxpayer Safeguards and Audits**

	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 47,666	\$ 197,622	\$ 33,192	\$ -	\$ 33,192
	<b>%</b>					<b>1.0%</b>
	Oversight and Annual Audits (1% of Revenues)	\$ 32,693	\$ 134,078	\$ 31,655	\$ -	\$ 31,655
	<b>%</b>					<b>1.0%</b>

**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of June 30, 2021**  
**(Unaudited)**

(\$ in thousands)	Year to Date June 30, 2021 (A)	Period from Inception to June 30, 2021 (B)
<b>Revenues:</b>		
Sales taxes	\$ 345,345	\$ 3,077,038
Other agencies' share of Measure M2 costs:		
Project related	44,978	772,819
Non-project related	-	454
Interest:		
Operating:		
Project related	3,956	6,116
Non-project related	4,364	88,884
Bond proceeds	9,868	83,644
Debt service	3	1,064
Commercial paper	-	393
Right-of-way leases	233	1,377
Proceeds on sale of assets held for resale	-	12,201
Donated assets held for resale		
Project related	-	2,071
Miscellaneous:		
Project related	20	331
Non-project related	-	100
Total revenues	<u>408,767</u>	<u>4,046,492</u>
<b>Expenditures:</b>		
Supplies and services:		
Sales tax administration fees	2,786	32,361
Professional services:		
Project related	34,462	445,814
Non-project related	3,606	34,276
Administration costs:		
Project related	10,494	94,004
Non-project related:		
Salaries and Benefits	3,001	31,656
Other	6,129	53,949
Other:		
Project related	369	5,549
Non-project related	166	5,185
Payments to local agencies:		
Project related	97,438	1,136,713
Capital outlay:		
Project related	332,589	1,619,630
Non-project related	-	31
Debt service:		
Principal payments on long-term debt	8,065	67,095
Interest on long-term debt and commercial paper	35,774	249,255
Total expenditures	<u>534,879</u>	<u>3,775,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(126,112)</u>	<u>270,974</u>
<b>Other financing sources (uses):</b>		
Transfers out:		
Project related	(56,841)	(318,025)
Transfers in:		
Project related	16,258	189,902
Bond proceeds	-	804,625
Payment to refunded bond escrow agent	-	(45,062)
Total other financing sources (uses)	<u>(40,583)</u>	<u>631,440</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (166,695)</u>	<u>\$ 902,414</u>

**Measure M2**  
**Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)**  
**as of June 30, 2021**  
**(Unaudited)**

<i>(\$ in thousands)</i>	Quarter Ended June 30, 2021 (actual)	Year to Date June 30, 2021 (actual) (C.1)	Period from Inception through June 30, 2021 (actual) (D.1)	Period from July 1, 2021 through March 31, 2041 (forecast) (E.1)	Total (F.1)
<b>Revenues:</b>					
Sales taxes	\$ 109,571	\$ 345,345	\$ 3,077,038	\$ 10,091,190	\$ 13,168,228
Operating interest	(6,695)	4,364	88,884	142,799	231,683
Subtotal	<u>102,876</u>	<u>349,709</u>	<u>3,165,922</u>	<u>10,233,989</u>	<u>13,399,911</u>
Other agencies share of M2 costs	-	-	454	-	454
Miscellaneous	-	-	100	-	100
Total revenues	<u>102,876</u>	<u>349,709</u>	<u>3,166,476</u>	<u>10,233,989</u>	<u>13,400,465</u>
<b>Administrative expenditures:</b>					
Sales tax administration fees	694	2,786	32,361	98,242	130,603
Professional services	1,299	3,606	30,501	112,422	142,923
<b>Administration costs:</b>					
Salaries and Benefits	750	3,001	31,656	101,353	133,009
Other	1,532	6,129	53,949	176,927	230,876
Other	36	166	2,165	17,001	19,166
Capital outlay	-	-	31	-	31
Environmental cleanup	1,087	1,498	46,020	201,791	247,811
Total expenditures	<u>5,398</u>	<u>17,186</u>	<u>196,683</u>	<u>707,736</u>	<u>904,419</u>
Net revenues	<u>\$ 97,478</u>	<u>\$ 332,523</u>	<u>\$ 2,969,793</u>	<u>\$ 9,526,253</u>	<u>\$ 12,496,046</u>
<b>Bond revenues:</b>					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 804,625	\$ 199,300	\$ 1,003,925
Interest revenue from bond proceeds	2,188	9,868	83,644	73,208	156,852
Interest revenue from debt service funds	1	3	1,064	3,617	4,681
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>2,189</u>	<u>9,871</u>	<u>889,726</u>	<u>276,125</u>	<u>1,165,851</u>
<b>Financing expenditures and uses:</b>					
Professional services	-	-	3,775	698	4,473
Payment to refunded bond escrow	-	-	45,062	-	45,062
Bond debt principal	-	8,065	67,095	838,671	905,766
Bond debt and other interest expense	1	35,774	249,255	469,982	719,237
Other	-	-	3,020	-	3,020
Total financing expenditures and uses	<u>1</u>	<u>43,839</u>	<u>368,207</u>	<u>1,309,351</u>	<u>1,677,558</u>
Net bond revenues (debt service)	<u>\$ 2,188</u>	<u>\$ (33,968)</u>	<u>\$ 521,519</u>	<u>\$ (1,033,226)</u>	<u>\$ (511,707)</u>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2021**  
**(Unaudited)**

Project	Description	Net Revenues through June 30, 2021	Total Net Revenues	Expenditures through June 30, 2021	Reimbursements through June 30, 2021	Net M2 Cost
(G)	(H)	(I)	(J)	(K)	(L)	
(\$ in thousands)						
<b>Freeways (43% of Net Revenues)</b>						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 117,055	\$ 492,533	\$ 10,896	\$ 7,553	\$ 3,343
B	I-5 Santa Ana/SR-55 to El Toro	74,766	314,592	11,085	8,209	2,876
C	I-5 San Diego/South of El Toro	156,157	657,063	224,807	48,968	175,839
D	I-5 Santa Ana/San Diego Interchange Upgrades	64,256	270,369	2,636	527	2,109
E	SR-22 Garden Grove Freeway Access Improvements	29,886	125,753	5	-	5
F	SR-55 Costa Mesa Freeway Improvements	91,153	383,547	50,256	22,737	27,519
G	SR-57 Orange Freeway Improvements	64,430	271,103	51,541	12,432	39,109
H	SR-91 Improvements from I-5 to SR-57	34,867	146,712	35,013	824	34,189
I	SR-91 Improvements from SR-57 to SR-55	103,730	436,468	32,264	30,758	1,506
J	SR-91 Improvements from SR-55 to County Line	87,716	369,085	15,859	14,359	1,500
K	I-405 Improvements between I-605 to SR-55	267,184	1,124,233	1,010,256	146,351	863,905
L	I-405 Improvements between SR-55 to I-5	79,622	335,027	9,198	6,954	2,244
M	I-605 Freeway Access Improvements	4,981	20,959	2,860	16	2,844
N	All Freeway Service Patrol	37,358	157,191	6,079	-	6,079
	Freeway Mitigation	63,851	268,665	57,116	6,951	50,165
	Subtotal Projects	1,277,012	5,373,300	1,519,871	306,639	1,213,232
	Net (Bond Revenue)/Debt Service	-	-	117,340	-	117,340
	<b>Total Freeways</b>	<b>\$ 1,277,012</b>	<b>\$ 5,373,300</b>	<b>\$ 1,637,211</b>	<b>\$ 306,639</b>	<b>\$ 1,330,572</b>
	<b>%</b>					<b>48.2%</b>
<b>Street and Roads Projects (32% of Net Revenues)</b>						
O	Regional Capacity Program	\$ 296,983	\$ 1,249,621	\$ 791,914	\$ 504,739	\$ 287,175
P	Regional Traffic Signal Synchronization Program	118,788	499,826	84,747	9,853	74,894
Q	Local Fair Share Program	534,563	2,249,288	517,585	77	517,508
	Subtotal Projects	950,334	3,998,735	1,394,246	514,669	879,577
	Net (Bond Revenue)/Debt Service	-	-	34,381	-	34,381
	<b>Total Street and Roads Projects</b>	<b>\$ 950,334</b>	<b>\$ 3,998,735</b>	<b>\$ 1,428,627</b>	<b>\$ 514,669</b>	<b>\$ 913,958</b>
	<b>%</b>					<b>33.1%</b>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2021**  
**(Unaudited)**

Project	Description	Net Revenues through June 30, 2021	Total Net Revenues	Expenditures through June 30, 2021	Reimbursements through June 30, 2021	Net M2 Cost
(G)	(H)	(I)	(J)	(K)	(L)	
	<i>(\$ in thousands)</i>					
	<b>Transit Projects (25% of Net Revenues)</b>					
R	High Frequency Metrolink Service	\$ 283,604	\$ 1,246,295	\$ 319,268	\$ 98,789	\$ 220,479
S	Transit Extensions to Metrolink	262,164	1,103,111	133,245	2,133	131,112
T	Metrolink Gateways	33,534	63,870	98,220	60,956	37,264
U	Expand Mobility Choices for Seniors and Persons with Disabilities	97,211	433,302	93,405	88	93,317
V	Community Based Transit/Circulators	59,380	249,855	14,292	1,206	13,086
W	Safe Transit Stops	6,554	27,578	1,169	26	1,143
	Subtotal Projects	742,447	3,124,011	659,599	163,198	496,401
	Net (Bond Revenue)/Debt Service	-	-	19,228	-	19,228
	<b>Total Transit Projects</b>	<b>\$ 742,447</b>	<b>\$ 3,124,011</b>	<b>\$ 678,827</b>	<b>\$ 163,198</b>	<b>\$ 515,629</b>
	<b>%</b>					<b>18.7%</b>

**Measure M2 Program**      **\$ 2,969,793**      **\$ 12,496,046**      **\$ 3,744,665**      **\$ 984,506**      **\$ 2,760,159**

Project	Description	Revenues through June 30, 2021	Total Revenues	Expenditures through June 30, 2021	Reimbursements through June 30, 2021	Net M2 Cost
(G)	(H.1)	(I.1)	(J)	(K)	(L)	
	<i>(\$ in thousands)</i>					
	<b>Environmental Cleanup (2% of Revenues)</b>					
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 63,318	\$ 267,998	\$ 46,020	\$ 311	\$ 45,709
	Net (Bond Revenue)/Debt Service	-	-	-	-	-
	<b>Total Environmental Cleanup</b>	<b>\$ 63,318</b>	<b>\$ 267,998</b>	<b>\$ 46,020</b>	<b>\$ 311</b>	<b>\$ 45,709</b>
	<b>%</b>					<b>1.4%</b>

**Taxpayer Safeguards and Audits**

	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 46,156	\$ 197,523	\$ 32,361	\$ -	\$ 32,361
	<b>%</b>					<b>1.1%</b>
	Oversight and Annual Audits (1% of Revenues)	\$ 31,659	\$ 133,999	\$ 31,656	\$ -	\$ 31,656
	<b>%</b>					<b>1.0%</b>

**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of December 31, 2021**  
**(Unaudited)**

(\$ in thousands)	Quarter Ended Dec 31, 2021	Year to Date Dec 31, 2021	Period from Inception to Dec 31, 2021
		(A)	(B)
<b>Revenues:</b>			
Sales taxes	\$ 100,624	\$ 201,307	\$ 3,278,345
Other agencies' share of Measure M2 costs:			
Project related	1,767	5,793	778,612
Non-project related	-	-	454
Interest:			
Operating:			
Project related	(329)	159	6,275
Non-project related	1,725	4,407	93,291
Bond proceeds	-	725	84,369
Debt service	-	-	1,064
Commercial paper	-	-	393
Right-of-way leases	52	170	1,547
Proceeds on sale of assets held for resale	-	11	12,212
Donated assets held for resale			
Project related	-	-	2,071
Miscellaneous:			
Project related	-	-	331
Non-project related	-	-	101
Total revenues	<u>103,839</u>	<u>212,572</u>	<u>4,259,065</u>
<b>Expenditures:</b>			
Supplies and services:			
Sales tax administration fees	831	1,662	34,023
Professional services:			
Project related	10,067	11,299	457,113
Non-project related	484	487	34,763
Administration costs:			
Project related	2,622	5,243	99,247
Non-project related:			
Salaries and Benefits	750	1,499	33,155
Other	1,532	3,066	57,015
Other:			
Project related	16	110	5,659
Non-project related	13	29	5,214
Payments to local agencies:			
Project related	15,178	33,439	1,170,152
Capital outlay:			
Project related	94,810	117,554	1,737,184
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	-	-	67,095
Interest on long-term debt and commercial paper	-	17,686	266,941
Total expenditures	<u>126,303</u>	<u>192,073</u>	<u>3,967,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,464)</u>	<u>20,499</u>	<u>291,473</u>
<b>Other financing sources (uses):</b>			
Transfers out:			
Project related	(117,611)	(126,102)	(444,127)
Transfers in:			
Project related	4,029	4,563	194,465
Bond proceeds	-	-	804,625
Payment to refunded bond escrow agent	-	-	(45,062)
Total other financing sources (uses)	<u>(113,582)</u>	<u>(121,539)</u>	<u>509,901</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (136,046)</u>	<u>\$ (101,040)</u>	<u>\$ 801,374</u>

**Measure M2**  
**Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)**  
**as of December 31, 2021**  
**(Unaudited)**

(\$ in thousands)	Quarter Ended Dec 31, 2021 (actual)	Year to Date Dec 31, 2021 (actual)	Period from Inception through Dec 31, 2021 (actual)	Period from January 1, 2022 through March 31, 2041 (forecast)	Total
	(C.1)	(C.1)	(D.1)	(E.1)	(F.1)
<b>Revenues:</b>					
Sales taxes	\$ 100,624	\$ 201,307	\$ 3,278,345	\$ 9,902,977	\$ 13,181,322
Operating interest	1,725	4,407	93,291	140,031	233,322
Subtotal	<u>102,349</u>	<u>205,714</u>	<u>3,371,636</u>	<u>10,043,008</u>	<u>13,414,644</u>
Other agencies share of M2 costs	-	-	454	-	454
Miscellaneous	-	-	101	-	101
Total revenues	<u>102,349</u>	<u>205,714</u>	<u>3,372,191</u>	<u>10,043,008</u>	<u>13,415,199</u>
<b>Administrative expenditures:</b>					
Sales tax administration fees	831	1,662	34,023	96,410	130,433
Professional services	484	487	30,988	95,062	126,050
Administration costs:					
Salaries and Benefits	750	1,499	33,155	98,649	131,804
Other	1,532	3,066	57,015	172,906	229,921
Other	13	29	2,194	6,797	8,991
Capital outlay	-	-	31	-	31
Environmental cleanup	573	992	47,012	198,028	245,040
Total expenditures	<u>4,183</u>	<u>7,735</u>	<u>204,418</u>	<u>667,852</u>	<u>872,270</u>
Net revenues	<u>\$ 98,166</u>	<u>\$ 197,979</u>	<u>\$ 3,167,773</u>	<u>\$ 9,375,156</u>	<u>\$ 12,542,929</u>
<hr/>					
		(C.2)	(D.2)	(E.2)	(F.2)
<b>Bond revenues:</b>					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 804,625	\$ 199,300	\$ 1,003,925
Interest revenue from bond proceeds	-	725	84,369	70,284	154,653
Interest revenue from debt service funds	-	-	1,064	3,319	4,383
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>-</u>	<u>725</u>	<u>890,451</u>	<u>272,903</u>	<u>1,163,354</u>
<b>Financing expenditures and uses:</b>					
Professional services	-	-	3,775	698	4,473
Payment to refunded bond escrow	-	-	45,062	-	45,062
Bond debt principal	-	-	67,095	809,470	876,565
Bond debt and other interest expense	-	17,686	266,941	485,816	752,757
Other	-	-	3,020	-	3,020
Total financing expenditures and uses	<u>-</u>	<u>17,686</u>	<u>385,893</u>	<u>1,295,984</u>	<u>1,681,877</u>
Net bond revenues (debt service)	<u>\$ -</u>	<u>\$ (16,961)</u>	<u>\$ 504,558</u>	<u>\$ (1,023,081)</u>	<u>\$ (518,523)</u>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of December 31, 2021**  
**(Unaudited)**

Project	Description	Net Revenues through Dec 31, 2021	Total Net Revenues	Expenditures through Dec 31, 2021	Reimbursements through Dec 31, 2021	Net M2 Cost
(G)	(H)	(I)	(J)	(K)	(L)	
<i>(\$ in thousands)</i>						
<b>Freeways (43% of Net Revenues)</b>						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 124,858	\$ 494,381	\$ 10,913	\$ 7,589	\$ 3,324
B	I-5 Santa Ana/SR-55 to El Toro	79,751	315,773	12,660	8,209	4,451
C	I-5 San Diego/South of El Toro	166,566	659,527	255,189	50,142	205,047
D	I-5 Santa Ana/San Diego Interchange Upgrades	68,539	271,384	2,707	527	2,180
E	SR-22 Garden Grove Freeway Access Improvements	31,879	126,225	5	-	5
F	SR-55 Costa Mesa Freeway Improvements	97,230	384,986	51,379	22,791	28,588
G	SR-57 Orange Freeway Improvements	68,725	272,120	51,608	12,432	39,176
H	SR-91 Improvements from I-5 to SR-57	37,192	147,262	34,959	824	34,135
I	SR-91 Improvements from SR-57 to SR-55	110,646	438,106	35,880	33,869	2,011
J	SR-91 Improvements from SR-55 to County Line	93,564	370,470	17,339	15,812	1,527
K	I-405 Improvements between I-605 to SR-55	284,995	1,128,451	1,101,731	146,607	955,124
L	I-405 Improvements between SR-55 to I-5	84,930	336,284	9,202	6,954	2,248
M	I-605 Freeway Access Improvements	5,313	21,037	3,850	16	3,834
N	All Freeway Service Patrol	39,848	157,781	6,140	-	6,140
	Freeway Mitigation	68,107	269,673	57,722	7,111	50,611
	Subtotal Projects	1,362,143	5,393,460	1,651,284	312,883	1,338,401
	Net (Bond Revenue)/Debt Service	-	-	128,982	-	128,982
	<b>Total Freeways</b>	<b>\$ 1,362,143</b>	<b>\$ 5,393,460</b>	<b>\$ 1,780,266</b>	<b>\$ 312,883</b>	<b>\$ 1,467,383</b>
	<b>%</b>					<b>48.0%</b>
<b>Street and Roads Projects (32% of Net Revenues)</b>						
O	Regional Capacity Program	\$ 316,781	\$ 1,254,309	\$ 793,928	\$ 506,668	\$ 287,260
P	Regional Traffic Signal Synchronization Program	126,707	501,701	89,388	12,227	77,161
Q	Local Fair Share Program	570,199	2,257,727	541,420	77	541,343
	Subtotal Projects	1,013,687	4,013,737	1,424,736	518,972	905,764
	Net (Bond Revenue)/Debt Service	-	-	37,792	-	37,792
	<b>Total Street and Roads Projects</b>	<b>\$ 1,013,687</b>	<b>\$ 4,013,737</b>	<b>\$ 1,462,528</b>	<b>\$ 518,972</b>	<b>\$ 943,556</b>
	<b>%</b>					<b>30.8%</b>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of December 31, 2021**  
**(Unaudited)**

Project	Description	Net Revenues through Dec 31, 2021	Total Net Revenues	Expenditures through Dec 31, 2021	Reimbursements through Dec 31, 2021	Net M2 Cost
(G)		(H)	(I)	(J)	(K)	(L)
	(\$ in thousands)					
	<b>Transit Projects (25% of Net Revenues)</b>					
R	High Frequency Metrolink Service	\$ 303,350	\$ 1,250,971	\$ 429,703	\$ 98,821	\$ 330,882
S	Transit Extensions to Metrolink	279,641	1,107,250	148,324	2,133	146,191
T	Metrolink Gateways	34,546	64,110	98,220	60,956	37,264
U	Expand Mobility Choices for Seniors and Persons with Disabilities	104,076	434,928	98,537	88	98,449
V	Community Based Transit/Circulators	63,339	250,792	14,476	1,323	13,153
W	Safe Transit Stops	6,991	27,681	1,190	26	1,164
	Subtotal Projects	791,943	3,135,732	790,450	163,347	627,103
	Net (Bond Revenue)/Debt Service	-	-	21,135	-	21,135
	<b>Total Transit Projects</b>	<b>\$ 791,943</b>	<b>\$ 3,135,732</b>	<b>\$ 811,585</b>	<b>\$ 163,347</b>	<b>\$ 648,238</b>
	%					21.2%
	<b>Measure M2 Program</b>	<b>\$ 3,167,773</b>	<b>\$ 12,542,929</b>	<b>\$ 4,054,379</b>	<b>\$ 995,202</b>	<b>\$ 3,059,177</b>

Project	Description	Revenues through Dec 31, 2021	Total Revenues	Expenditures through Dec 31, 2021	Reimbursements through Dec 31, 2021	Net M2 Cost
(G)		(H.1)	(I.1)	(J)	(K)	(L)
	(\$ in thousands)					
	<b>Environmental Cleanup (2% of Revenues)</b>					
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 67,433	\$ 268,293	\$ 47,012	\$ 311	\$ 46,701
	Net (Bond Revenue)/Debt Service	-	-	-	-	-
	<b>Total Environmental Cleanup</b>	<b>\$ 67,433</b>	<b>\$ 268,293</b>	<b>\$ 47,012</b>	<b>\$ 311</b>	<b>\$ 46,701</b>
	%					1.4%

<b>Taxpayer Safeguards and Audits</b>						
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 49,175	\$ 197,720	\$ 34,023	\$ -	\$ 34,023
	%					1.0%
	Oversight and Annual Audits (1% of Revenues)	\$ 33,716	\$ 134,146	\$ 33,155	\$ -	\$ 33,155
	%					1.0%