

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

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

Year Ended June 30, 2015

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee (Committee) of the Orange County Local Transportation Authority (OCLTA), solely to assist you with your review of the Measure M2 Status Report, and to ascertain that the amounts have been derived from the audited financial statements or other published documents, Board of Director approved documents or internal documents, for the year ended June 30, 2015. The Measure M2 Status Report consists of the following three schedules (Schedules): Schedule of Revenues, Expenditures and Changes in Fund Balance (Schedule 1); Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service) (Schedule 2); and Schedule of Revenues and Expenditures Summary (Schedule 3). Management of the OCLTA is responsible for the Measure M2 Status Report. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

1. Compared year to date June 30, 2015 amounts (Column A) to the audited trial balances of the OCLTA special revenue fund 17 and the OCLTA debt service fund 72 and additional detailed information from the underlying accounting records.
2. Compared period from inception through June 30, 2015 amounts (Column B) by adding the prior year's period from inception through June 30, 2014 amounts with year to date June 30, 2015 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, 2015 (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, 2015 (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, 2015 amounts (Columns D.1 and D.2) to Schedule 1, Column B. For professional services, non-project related amounts, we compared the total of the amounts allocated to revenues and to bond revenues at June 30, 2015 (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, 2015 (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, 2015 (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, 2015 (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, 2015. Agreed Column J, by project description to the project job ledger by fiscal year.
 4. Selected a sample of 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, 2015 (Column K) to Schedule 1, Column B. Agreed oversight and annual audits line item to summary of Measure M2 administrative costs through June 30, 2015.
 6. Agreed Column K to the supporting revenue summary by project and fiscal year. Selected a sample of 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, 2015 (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, 2015 (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: All of the above procedures were performed without exception.

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

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

Vavrinich, Train, Dwyer & Co., LLP

Laguna Hills, California

December 18, 2015

Measure M2
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of June 30, 2015
(Unaudited)

(\$ in thousands)	Year to Date June 30, 2015 (A)	Period from Inception to June 30, 2015 (B)
Revenues:		
Sales taxes	\$ 291,557	\$ 1,149,372
Other agencies' share of Measure M2 costs:		
Project related	105,540	382,953
Non-project related	231	365
Interest:		
Operating:		
Project related	2	2
Non-project related	5,222	11,031
Bond proceeds	4,919	26,566
Debt service	6	44
Commercial paper	-	393
Right-of-way leases	122	704
Miscellaneous:		
Project related	-	198
Non-project related	-	7
Total revenues	<u>407,599</u>	<u>1,571,635</u>
Expenditures:		
Supplies and services:		
State Board of Equalization (SBOE) fees	3,387	12,317
Professional services:		
Project related	40,617	222,633
Non-project related	1,605	12,928
Administration costs:		
Project related	8,658	36,013
Non-project related :		
Salaries and Benefits	3,086	15,075
Other	4,452	21,959
Other:		
Project related	189	1,403
Non-project related	116	3,682
Payments to local agencies:		
Project related	114,276	502,518
Capital outlay:		
Project related	103,391	457,253
Non-project related	-	31
Debt service:		
Principal payments on long-term debt	6,865	19,875
Interest on long-term debt and commercial paper	21,953	93,924
Total expenditures	<u>308,595</u>	<u>1,399,611</u>
Excess (deficiency) of revenues over (under) expenditures	<u>99,004</u>	<u>172,024</u>
Other financing sources (uses):		
Transfers out:		
Project related	(3,361)	(12,041)
Transfers in:		
Project related	6,526	51,804
Non-project related	22,283	29,677
Bond proceeds	-	358,593
Total other financing sources (uses)	<u>25,448</u>	<u>428,033</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 124,452</u>	<u>\$ 600,057</u>

See Notes to Measure M2 Status Report (Unaudited)

Measure M2
Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)
as of June 30, 2015
(Unaudited)

<i>(\$ in thousands)</i>	Year Ended June 30, 2015 (actual) (C.1)	Period from Inception through June 30, 2015 (actual) (D.1)	Period from July 1, 2015 through March 31, 2041 (forecast) (E.1)	Total (F.1)
Revenues:				
Sales taxes	\$ 291,557	\$ 1,149,372	\$ 14,572,357	\$ 15,721,729
Operating interest	5,222	11,031	294,504	305,535
Subtotal	<u>296,779</u>	<u>1,160,403</u>	<u>14,866,861</u>	<u>16,027,264</u>
Other agencies share of M2 costs	231	365	-	365
Miscellaneous	-	7	-	7
Total revenues	<u>297,010</u>	<u>1,160,775</u>	<u>14,866,861</u>	<u>16,027,636</u>
Administrative expenditures:				
SBOE fees	3,387	12,317	218,673	230,990
Professional services	1,391	9,152	99,449	108,601
Administration costs :				
Salaries and Benefits	3,086	15,075	145,700	160,775
Other	4,452	21,959	207,640	229,599
Other	116	3,682	25,109	28,791
Capital outlay	-	31	-	31
Environmental cleanup	2,220	8,562	291,447	300,009
Total expenditures	<u>14,652</u>	<u>70,778</u>	<u>988,018</u>	<u>1,058,796</u>
Net revenues	<u>\$ 282,358</u>	<u>\$ 1,089,997</u>	<u>\$ 13,878,843</u>	<u>\$ 14,968,840</u>
	(C.2)	(D.2)	(E.2)	(F.2)
Bond revenues:				
Proceeds from issuance of bonds	\$ -	\$ 358,593	\$ 1,450,000	\$ 1,808,593
Interest revenue from bond proceeds	4,919	26,566	25,760	52,326
Interest revenue from debt service funds	6	44	54	98
Interest revenue from commercial paper	-	393	-	393
Total bond revenues	<u>4,925</u>	<u>385,596</u>	<u>1,475,814</u>	<u>1,861,410</u>
Financing expenditures and uses:				
Professional services	214	3,776	12,340	16,116
Bond debt principal	6,865	19,875	1,788,652	1,808,527
Bond debt and other interest expense	21,953	93,924	1,417,105	1,511,029
Total financing expenditures and uses	<u>29,032</u>	<u>117,575</u>	<u>3,218,097</u>	<u>3,335,672</u>
Net bond revenues (debt service)	<u>\$ (24,107)</u>	<u>\$ 268,021</u>	<u>\$ (1,742,283)</u>	<u>\$ (1,474,262)</u>

See Notes to Measure M2 Status Report (Unaudited)

Measure M2
Schedule of Revenues and Expenditures Summary
as of June 30, 2015
(Unaudited)

Project	Description	Net Revenues through June 30, 2015	Total Net Revenues	Expenditures through June 30, 2015	Reimbursements through June 30, 2015	Net M2 Cost
(G)		(H)	(I)	(J)	(K)	(L)
<i>(\$ in thousands)</i>						
Freeways (43% of Net Revenues)						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 42,962	\$ 589,999	\$ 2,321	\$ 2	\$ 2,319
B	I-5 Santa Ana/SR-55 to El Toro	27,441	376,846	3,757	1,439	2,318
C	I-5 San Diego/South of El Toro	57,314	787,083	54,989	14,150	40,839
D	I-5 Santa Ana/San Diego Interchange Upgrades	23,584	323,872	1,672	466	1,206
E	SR-22 Garden Grove Freeway Access Improvements	10,969	150,638	4	-	4
F	SR-55 Costa Mesa Freeway Improvements	33,456	459,446	6,684	23	6,661
G	SR-57 Orange Freeway Improvements	23,648	324,750	44,301	9,822	34,479
H	SR-91 Improvements from I-5 to SR 57	12,797	175,744	25,629	503	25,126
I	SR-91 Improvements from SR-57 to SR-55	38,072	522,839	12,025	894	11,131
J	SR-91 Improvements from SR-55 to County Line	32,194	442,122	6,910	5,294	1,616
K	I-405 Improvements between I-605 to SR-55	98,064	1,346,703	36,533	3,192	33,341
L	I-405 Improvements between SR-55 to I-5	29,224	401,325	2,613	44	2,569
M	I-605 Freeway Access Improvements	1,828	25,106	606	16	590
N	All Freeway Service Patrol	13,711	188,297	103	-	103
	Freeway Mitigation	23,435	321,830	43,613	1,688	41,925
	Subtotal Projects	468,699	6,436,600	241,760	37,533	204,227
	Net (Bond Revenue)/Debt Service	-	-	24,873	-	24,873
	Total Freeways	\$ 468,699	\$ 6,436,600	\$ 266,633	\$ 37,533	\$ 229,100
	%					26.7%
Street and Roads Projects (32% of Net Revenues)						
O	Regional Capacity Program	\$ 109,001	\$ 1,496,903	\$ 488,170	\$ 247,193	\$ 240,977
P	Regional Traffic Signal Synchronization Program	43,599	598,735	16,496	1,257	15,239
Q	Local Fair Share Program	196,199	2,694,391	185,991	77	185,914
	Subtotal Projects	348,799	4,790,029	690,657	248,527	442,130
	Net (Bond Revenue)/Debt Service	-	-	28,952	-	28,952
	Total Street and Roads Projects	\$ 348,799	\$ 4,790,029	\$ 719,609	\$ 248,527	\$ 471,082
	%					54.9%

See Notes to Measure M2 Status Report (Unaudited)

Measure M2
Schedule of Revenues and Expenditures Summary
as of June 30, 2015
(Unaudited)

Project	Description	Net Revenues through June 30, 2015	Total Net Revenues	Expenditures through June 30, 2015	Reimbursements through June 30, 2015	Net M2 Cost
(G)		(H)	(I)	(J)	(K)	(L)
<i>(\$ in thousands)</i>						
Transit Projects (25% of Net Revenues)						
R	High Frequency Metrolink Service	\$ 97,578	\$ 1,340,034	\$ 156,706	\$ 86,776	\$ 69,930
S	Transit Extensions to Metrolink	96,221	1,321,402	4,004	1,443	2,561
T	Metrolink Gateways	21,804	299,430	98,208	60,956	37,252
U	Expand Mobility Choices for Seniors and Persons with Disabilities	32,696	449,012	30,874	17	30,857
V	Community Based Transit/Circulators	21,794	299,298	1,049	91	958
W	Safe Transit Stops	2,406	33,035	41	26	15
	Subtotal Projects	272,499	3,742,211	290,882	149,309	141,573
	Net (Bond Revenue)/Debt Service	-	-	16,844	-	16,844
	Total Transit Projects	\$ 272,499	\$ 3,742,211	\$ 307,726	\$ 149,309	\$ 158,417
	%					18.5%
	Measure M2 Program	\$ 1,089,997	\$ 14,968,840	\$ 1,293,968	\$ 435,369	\$ 858,599

See Notes to Measure M2 Status Report (Unaudited)

Measure M2
Schedule of Revenues and Expenditures Summary
as of June 30, 2015
(Unaudited)

Project	Description	Revenues through June 30, 2015 (H.1)	Total Revenues (I.1)	Expenditures through June 30, 2015 (J)	Reimbursements through June 30, 2015 (K)	Net M2 Cost (L)
	(G) (\$ in thousands)					
	Environmental Cleanup (2% of Revenues)					
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 23,208	\$ 320,545	\$ 8,562	\$ 292	\$ 8,270
	Net (Bond Revenue)/Debt Service	-	-	28	-	28
	Total Environmental Cleanup	\$ 23,208	\$ 320,545	\$ 8,590	\$ 292	\$ 8,298
	%					0.7%
	Taxpayer Safeguards and Audits					
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 17,241	\$ 235,826	\$ 12,317	-	\$ 12,317
	%					1.1%
	Oversight and Annual Audits (1% of Revenues)	\$ 11,604	\$ 160,273	\$ 15,075	\$ 3,471	\$ 11,604
	%					1.0%

See Notes to Measure M2 Status Report (Unaudited)

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2015

Measure M2 Summary

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

The Orange County Local Transportation Authority (OCLTA) is responsible for administering the proceeds of the M1 sales tax program, which commenced on April 1, 1991 for a period of 20 years, and the M2 sales tax program, which commenced on April 1, 2011 for a period of 30 years. This report includes only the activities of M2 and is not intended to present the activities of M1. Under M2, funds are required to be distributed to freeways, streets and roads projects, transit projects and environmental cleanup.

Demonstrating accountability for the receipt and expenditure of M2 funds is accomplished through the issuance of annual reports on M2 activities. The reports for M2 activities through June 30, 2015 are included as Schedules 1-3. The following is a summary of the purpose, format and content of each schedule. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

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

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

Year to Date June 30, 2015 (Column A)

This column presents the revenues, expenditures, and other financing sources (uses) of the combined M2 special revenue and debt service funds for the fiscal year ended June 30, 2015. Amounts for individual revenue sources, expenditures by major object, and other financing sources (uses) are derived from the trial balance, while detailed amounts for certain revenue sources and expenditures by major object are obtained from the general ledger.

The net change in fund balance of \$124,452 agrees with the combined change in fund balances of \$124,449 in the M2 special revenue fund and \$3 in the M2 debt service fund in the trial balance for the year ended June 30, 2015.

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

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2015

Period from Inception through June 30, 2015 (Column B)

This column presents the revenues, expenditures, and other financing sources (uses) of the combined M2 special revenue and debt service funds for the period from inception through June 30, 2015. Amounts for individual revenue sources, expenditures by major object, and other financing sources (uses) are summarized from the trial balance, while detailed amounts for certain revenue sources and expenditures by major object are obtained and summarized from the general ledger.

The net fund balance of \$600,057 agrees with the combined ending fund balances of \$588,051 in the M2 special revenue fund and \$12,006 in the M2 debt service fund, as presented in the trial balance for the year ended June 30, 2015.

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

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

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

Calculation of Net Revenues

Year Ended June 30, 2015 (actual) (Column C.1)

This column presents net revenues, consisting of total revenues less total administrative expenditures, capital outlay, and environmental cleanup, for year ended June 30, 2015. Revenues, administrative expenditures, and capital outlay for the year ended June 30, 2015 were obtained from Column A in Schedule 1. Environmental cleanup expenditures were obtained from project amounts accumulated in the project job ledger. Revenues, administrative expenditures, and capital outlay utilized in the calculation of net revenues are non-project and non-financing related. Revenues consist of sales taxes, operating interest, and other agencies' share of M2 costs. Administrative expenditures include State Board of Equalization (SBOE) fees, professional services, administration costs, and other expenditures. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

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Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2015

Period from Inception through June 30, 2015 (actual) (Column D.1)

This column presents net revenues, consisting of total cumulative revenues less total cumulative administrative expenditures, capital outlay, and environmental cleanup, for the period from inception through June 30, 2015. Revenues, administrative expenditures, and capital outlay for the period from inception through June 30, 2015 were obtained from Column B in Schedule 1. Environmental cleanup expenditures were obtained from project amounts accumulated in the project job ledger. Total net revenues for the period from inception through June 30, 2015 are presented in Schedule 3 as "Net Revenues through June 30, 2015" (Column H). Revenues, administrative expenditures, and capital outlay utilized in the calculation of net revenues are non-project and non-financing related. Revenues consist of sales taxes, operating interest, other agencies' share of M2 costs, and miscellaneous revenue. Administrative expenditures include SBOE fees, professional services, administration costs, and other expenditures. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

Period from July 1, 2015 through March 31, 2041 (forecast) (Column E.1)

This column presents net revenues, consisting of total projected revenues less total projected administrative expenditures and environmental cleanup expenditures, for subsequent years from July 1, 2015 through March 31, 2041. Revenues and administrative expenditures for subsequent years from July 1, 2015 through March 31, 2041 were obtained from the Orange County Transportation Authority Forecast Model, which is updated quarterly. Revenues and administrative expenditures utilized in the calculation of net revenues for subsequent years from July 1, 2015 through March 31, 2041 are non-project and non-financing related. Revenues consist of projected sales taxes and operating interest. Administrative expenditures consist of projected SBOE fees, professional services, administration costs, and other expenditures.

Total (Column F.1)

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

Calculation of Net Bond Revenues (Debt Service)

Year Ended June 30, 2015 (actual) (Column C.2)

This column presents net bond revenues (debt service), consisting of total bond revenues less total financing expenditures and uses, for year ended June 30, 2015. Bond revenues and financing expenditures and uses for the year ended June 30, 2015 were obtained from Column A in Schedule 1. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of interest revenue from bond proceeds and debt service funds. Financing expenditures and uses consist of professional services and bond debt and other interest expense. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

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Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2015

Period from Inception through June 30, 2015 (actual) (Column D.2)

This column presents net bond revenues (debt service), consisting of total cumulative bond revenues less total cumulative financing expenditures and uses, for the period from inception through June 30, 2015. Bond revenues and financing expenditures and uses for the period from inception through June 30, 2015 were obtained from Column B in Schedule 1. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of proceeds from issuance of bonds and interest revenue from bond proceeds, debt service funds, and commercial paper. Financing expenditures and uses consist of professional services and bond debt and other interest expense. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

Period from July 1, 2015 through March 31, 2041 (forecast) (Column E.2)

This column presents bond revenues (debt service), consisting of total projected bond revenues less total projected financing expenditures and uses, for subsequent years from July 1, 2015 through March 31, 2041. Bond revenues and financing expenditures and uses for subsequent years from July 1, 2015 through March 31, 2041 were obtained from the Orange County Transportation Authority Forecast Model. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of proceeds from issuance of bonds and interest revenue from bond proceeds and debt service funds. Financing expenditures and uses consist of bond debt principal and bond debt and other interest expense.

Total (Column F.2)

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

Schedule 3—Schedule of Revenues and Expenditures Summary

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

Project Description (Column G)

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

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2015

Net Revenues through June 30, 2015 (Column H)

This column presents total M2 program net revenues for the period from inception through June 30, 2015, which agrees with net revenues in Column D.1 in Schedule 2. Such net revenues are allocated to each of the three modes based on the allocation percentages specified in M2. The net revenues for each mode are allocated to each project based on the proportionate share of each project's estimated cost to the total estimated cost per mode as presented in the Investment Plan.

Total Net Revenues (Column I)

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

Expenditures through June 30, 2015 (Column J)

This column presents total expenditures plus net (bond revenue)/debt service. Total expenditures, excluding oversight and annual audit expenditures, agree with the sum of project related expenditures, SBOE fees and transfers out from Column B in Schedule 1. Oversight and annual audit expenditures agree with the administrative costs for salaries and benefits derived from the annual cost allocation plan. Total net (bond revenue)/debt service expenditures through June 30, 2015 agrees with the interest revenue, professional services expenditures, bond debt and other interest expense from Column D.2 in Schedule 2. Project related expenditures are comprised of professional services, administration costs, other expenditures, payments to local agencies, capital outlay and transfers out. Such expenditures are distributed to the projects based on project amounts accumulated in the project job ledger.

Reimbursements through June 30, 2015 (Column K)

This column presents total reimbursements for the period from inception through June 30, 2015, which agrees with the sum of project related revenues from Column B in Schedule 1. Project related revenues consist of other agencies' share of Measure M2 costs, right-of-way leases, transfers in and miscellaneous revenue. Such revenues are distributed to the related projects based on project amounts accumulated in the project job ledger. Reimbursements for oversight and annual audits agree with the principal balance of the amount advanced from the Orange County Unified Transportation Trust (OCUTT) to cover administrative costs for salaries and benefits exceeding more than one percent of revenues.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2015

Net M2 Cost (Column L)

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

Revenues Through June 30, 2015 (Column H.1)

The total environmental cleanup revenue for the period from inception through June 30, 2015, represents two percent (2%) of revenues (sales taxes and operating interest) in Column D.1 in Schedule 2. The total oversight and annual audits revenues for the period from inception through June 30, 2015, represent one percent (1%) of the revenues (sales taxes and operating interest) in Column D.1 in Schedule 2. The total collect sales taxes revenue for the period from inception through June 30, 2015, represents one and one-half percent (1.5%) of the sales tax revenues in Column D.1 in Schedule 2.

Total Revenues (Column I.1)

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