

2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For fiscal year ended June 30, 2023



Orange County Transportation Authority
Orange County, California

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For fiscal year ended June 30, 2023

Submitted by:

Darrell E. Johnson

Chief Executive Officer

Finance and Administration Division

Andrew Oftelie

Chief Financial Officer

Orange County Transportation Authority
Orange County, California

ORANGE COUNTY TRANSPORTATION AUTHORITY
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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FREEWAYS





STREETS AND ROADS





**AFFILIATED
AGENCIES**

*Orange County
Transit District*

*Local
Transportation
Authority*

*Service Authority
for
Freeway
Emergencies*

*Consolidated
Transportation
Service Agency*

*Congestion
Management
Agency*

November 27, 2023

Members of the Board of Directors
Orange County Transportation Authority
550 South Main Street
Orange, CA 92863

We are pleased to present the Annual Comprehensive Financial Report of the Orange County Transportation Authority (OCTA) for the fiscal year (FY) ended June 30, 2023. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Responsibility for the complete and fair presentation of financial information, including all disclosures, rests with OCTA's management. A comprehensive framework of internal controls has been designed and implemented to ensure that the assets of OCTA are protected from loss, theft, or misuse, and to ensure that financial information is accurate and complete. Because the cost of internal controls should not outweigh the benefits, OCTA's system of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Crowe, LLP has audited OCTA's financial statements and issued an unmodified ("clean") opinion thereon for the FY ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of OCTA was also designed to meet the broader, federally mandated single audit of federal grantee agencies. A separately issued single audit report of OCTA provides the results of compliance with these federal requirements.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Profile of OCTA

OCTA was established by state law and began serving the public on June 20, 1991. An 18-member Board of Directors (Board) governs OCTA and consists of five members of the Orange County Board of Supervisors, ten city representatives selected by all of the cities within the County, two public members selected by these 15 Board Members, and a representative appointed by the Governor of California serving in a non-voting capacity. A Chief Executive Officer manages OCTA and acts in accordance with the directions, goals, and policies approved by the Board.

OCTA serves Orange County residents and commuters by providing countywide bus and paratransit service, Southern California Regional Rail Authority (Metrolink) commuter rail service, freeway improvements, streets and roads improvements, Express Lanes, and motorist aid services. In addition, OCTA is the managing agency for the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency.

Annually, OCTA develops a balanced budget for the upcoming FY. The budget details the expected sources and uses of funds. The Board adopts the budget before the beginning of each FY. On June 12, 2023, the Board approved the FY 2023-24 budget. During the FY, all major budget revisions are presented to the Board for consideration and adoption. On a quarterly basis, financial results are provided to the Board, including all significant variances between actual performance and budget in the areas of revenue, staffing, operating expenditures, and capital expenditures.

Orange County Economy

Unemployment Rates

The unemployment rate in Orange County increased from June 2022 and was less than the statewide rate as of June 2023. The unemployment rate in Orange County was 3.7 percent in June 2023, compared to 3.2 percent in June 2022. Statewide unemployment was 4.6 percent and national unemployment was 3.6 percent as of June 2023.

Between June 2022 and June 2023, the total non-farm employment increased by 40,200 jobs, or 2.4 percent. The sector with the most significant increase in employment was private education and health services, which saw a rise of 11,600 jobs. This growth was primarily attributed to the expansion of jobs in health care and social assistance, accounting for 9,600 jobs, while private educational services contributed an additional 2,000 jobs throughout the year. There were eight other industry sectors that experienced more modest gains, each adding fewer than 10,000 payroll jobs. However, when combined, these sectors still ac-

counted for a substantial 72 percent of the year-over-year employment expansion, amounting to 29,100 new jobs. On the other hand, the financial activities sector saw a decline of 500 jobs during the same period, being the only sector to experience a year-over-year decrease in employment. Meanwhile, the mining and logging sector saw no changes in its payroll employment levels over the course of the year.

Residential Sector

According to the Census Bureau, the number of building permits in Orange County decreased from 6,794 units in FY 2021-22 to 6,278 units in FY 2022-23, a decrease of -7.6 percent. Permits for multi-family units increased from 50 percent of total permits to 59 percent of the total. The median single family home price decreased by a minor -0.1 percent in FY 2022-23 compared to FY 2021-22. In the second half of the FY, the median price was down by -3.9 percent compared to the second half of the previous year. In June 2023, the price stood at \$1,260,000, practically the same as \$1,265,000 in June 2022. The peak price of \$1,325,000 was recorded in April 2022. Home listings continue to be extremely low as high mortgage rates make it uneconomical to sell a housing unit and purchase another at a much higher mortgage rate. Sales of existing homes are expected to be very low well into 2024.

Sales Tax

Based on the forecast provided by MuniServices, LLC., sales tax revenue is estimated to increase by 2.4 percent for M2 and 1.4 percent for Local Transportation Fund in FY 2023-24. Other major revenue sources are expected to increase as well, such as farebox, State Transit Assistance Funds (STAF), and Express Lanes revenues.

Long-Term Financial Planning

In an effort to ensure long-term sustainability of transportation programs and services, OCTA updates the Comprehensive Business Plan (CBP) annually and seeks Board approval every two years. The FY 2022-23 CBP was approved by the Board at the February 27, 2023, meeting. The CBP is a financially constrained business planning tool providing a 20-year cash flow for each of OCTA's transportation programs and serves as the baseline for developing the annual budget. The CBP details a comprehensive, multimodal approach ensuring the financial viability of each of OCTA's major programs and is developed consistent with the goals of OCTA's Strategic Plan, Long-Range Transportation Plan, and Next 10 Delivery Plan (Next 10 Plan).

Relevant Financial Policies

OCTA utilizes several financial policies in guiding day-to-day operations and ensuring long-term financial sustainability. While there are overriding agency-wide financial policies, some financial policies are program-specific.

A brief description of the major financial policies follows below:

Budget Policy

OCTA's Budget Policy articulates that an annual budget will be prepared in accordance with the CBP, will be subject to a public hearing, and expenses will be controlled at the "Major Object" level. The three Major Objects for expenses at OCTA are: 1) salaries and benefits; 2) services and supplies; and 3) capital expenditures.

Position Control Policy

OCTA's Position Control Policy includes the control, maintenance, and reporting of OCTA's annual allocation of full-time equivalent (FTE) positions as approved by the Board. The Position Control Policy ensures that OCTA does not actively employ more FTEs than approved by the Board.

Reserve Policy

OCTA has a Board-adopted Reserve Policy that formalizes OCTA's reserve policies and practices with the goal of keeping programs and projects funded in times of economic uncertainty. This policy was updated in March 2022 to add a long-term operating reserve for the bus program.

Bus Program

Short-Term Operating Reserve (STOR) Policy

OCTA maintains a 60-day STOR for bus operations. This reserve is in place to accommodate normal fluctuations in revenues and expenditures, and protects against significant changes in funding or major expense items.

Long-Term Operating Reserve (LTOR) Policy

The LTOR is to be funded after both the short-term operating reserve and Capital Replacement Fund are fully funded. There is no target for the LTOR, and the funds are to be drawn solely to support bus operations unless needed to fully fund the STOR or Capital Replacement Fund (CRF).

CRF Reserve Policy

OCTA also maintains a CRF for the Bus Program, which is used to fund the rehabilitation and replacement of its capital assets without the need for debt financing. The CRF allows OCTA to avoid debt service expenditures and instead

maximize the amount of revenue available for service. Funding for the CRF is determined through OCTA's CBP and executed through the annual budget and ensures OCTD's future capital expenditures are fully funded.

91 Express Lanes

The 91 EL has five reserve accounts which include two reserve accounts internal to OCTA and three reserve accounts required as part of the 91 EL outstanding debt. The two reserve accounts internal to OCTA include a 91 EL CRF and a 91 EL Excess Revenue Fund (ERF). The 91 EL CRF is fully funded and used to fund the rehabilitation and replacement of the 91 EL capital assets without the need for additional debt financing. Similar to the Bus Program, funding for the 91 EL CRF is determined through OCTA's CBP on an annual basis. The 91 EL ERF is to be used to fund future State Route 91 (SR-91) corridor improvements. The 91 EL excess revenues are to be allocated 80 percent for freeway projects and 20 percent for transit projects.

Three reserve accounts are required as part of the 91 EL outstanding debt to protect bondholders. The three reserve accounts are held in trust for the benefit of the repayment of the bonds and include a debt service reserve fund, an operating reserve, and a capital reserve. Each of the reserve accounts is fully funded and will remain so until the debt is retired.

Major Initiatives

Orange County voters originally endorsed Measure M (M1), a one-half cent sales tax for transportation improvements, in 1990 with a sunset in 2011. On November 7, 2006, by a margin of 69.7 percent, voters approved the renewal of Measure M2 (M2). With the approval of M2, local tax dollars will continue to be invested in Orange County's transportation infrastructure for another 30 years until 2041.

The OCTA Board has continued to advance implementation of M2 through the adoption of a series of delivery plans. These delivery plans are designed to ensure the delivery of projects and programs through 2041 as promised to the voters, bring transportation improvements earlier to residents and commuters of Orange County, and, as appropriate, address slower growth in sales tax revenue projections through strategic financing, and by successfully capturing and augmenting the program with external revenues. To date, there have been three delivery plans. The most recent is the Next 10 Plan approved by the Board on November 14, 2022, which spans the timeframe FY 2022-23 through FY 2031-32.

In FY 2022-23, OCTA continued to move Orange County forward with M2 projects and other notable accomplishments, including:

- In November 2022, the Board approved the 2022 Next 10 Plan, which incorporated the 2022 M2 sales tax revenue forecast of \$15 billion, updated programmed external revenues, revised bonding assumptions, and refined project schedules and costs. The 2022 update confirmed that the Next 10 Plan and the overall 30-year M2 Program remains deliverable.
- The M2 Taxpayer Oversight Committee determined that OCTA is delivering M2 projects and programs as promised to Orange County voters for the 32nd consecutive year.
- Design efforts for both segments of the Interstate 5 (I-5) [Interstate 405 (I-405) to State Route 55 (SR-55)] Improvement Project continued and are anticipated to be complete by 2024.
- Construction on all three segments of the I-5 (State Route 73 to El Toro Road) South County Improvement Project continued and is anticipated to be completed by late 2024.
- The environmental phase for the I-5 El Toro Road Interchange Project was restarted in January 2023 with the addition of two new alternatives. The environmental document and project report is anticipated to be completed in 2026.
- Construction on the SR-55 (I-405 to I-5) Improvement Project broke ground in August 2022 and is anticipated to be complete in 2027.
- Design efforts for the SR-55 (I-5 to SR-91) Improvement Project began in August 2022 and are anticipated to be complete in 2025.
- Design for State Route 57 (SR-57) (Northbound, Orangewood Avenue to Katella Avenue) Improvement Project is underway and is anticipated to be complete in 2024.
- Design efforts for all three segments of the SR-91 (SR-57 to SR-55) Improvement Project continued. The easterly segment between SR-55 and Lakeview Avenue was completed in March 2023, with the remaining two segments anticipated to be complete in 2024.
- Construction on the \$2.16 billion I-405 Improvement Project continued with the replacement and widening of all 18 bridges being completed. Construction is anticipated to be complete in late 2023.

- The 2023 Regional Capacity Program call for projects approved funding for seven projects totaling \$33.48 million via a competitive grant program. Since 2011, OCTA has awarded 180 projects totaling nearly \$387 million, including \$24 million in leveraged external funding.
- The 2023 Regional Traffic Signal Synchronization Program call approved funding for three projects totaling \$3.66 million. To date, OCTA and local agencies have synchronized more than 2,000 intersections (exceeding the M2 target) along more than 903 miles of streets through 101 corridors totaling \$162.3 million, including \$25.5 million in leveraged external funding.
- In September 2022, M2 Streets and Roads program surpassed \$1 billion in funding allocations and distributions to help improve streets and roads network in addition to local transportation priorities.
- The Anaheim Canyon Metrolink Station Improvement Project was completed and opened to the public in January 2023. Improvements included new and extended platforms, new passenger amenities, and a second main track to allow more than one train in the station at a time.
- Construction on the OC Streetcar project continued in the cities of Garden Grove and Santa Ana with rail track being laid on the streets and construction of the maintenance and storage facility. Vehicle manufacturing is underway by Siemens Mobility, Inc.
- In FY 2022-23, OCTA allocated nearly \$14.7 million in M2 funds to expand mobility choices for seniors and persons with disabilities under Project U.
- In August 2023, the Board allocated \$3.4 million for the Environmental Cleanup Program to fund ten projects focused on removing visible pollutants, such as litter and debris, from roads before they reach waterways and the ocean. Since 2011, OCTA has awarded 222 projects totaling more than \$36 million. It is estimated that over 60 million gallons of trash have been captured as a result of the installation of Tier 1 devices.
- OCTA's Project V has successfully emerged from the pandemic as ridership and service levels have increased in comparison to the same period from the previous year. As a result, the Dana Point Summer Trolley has restored operations and Laguna Summer Breeze is scheduled to provide additional weekend service.
- Continued evaluation of Battery Electric Bus and Fuel Cell Electric Bus programs.

- Completed emergency work to stabilize the train tracks between the Mission Viejo/Laguna Niguel and Oceanside stations which occurred due to erosion.

Awards and Acknowledgments

For the 13th consecutive year, the National Procurement Institute awarded OCTA the Achievement of Excellence in Procurement® award based on outstanding innovation, professionalism, productivity, e-procurement, and leadership attributes.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OCTA for its Annual Comprehensive Financial Report for the FY ended June 30, 2022. This was the 40th consecutive year OCTA or its predecessor agency received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe the Annual Comprehensive Financial Report for the FY ended June 30, 2023, continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA, expecting it to be eligible for another certificate.

Respectfully submitted,



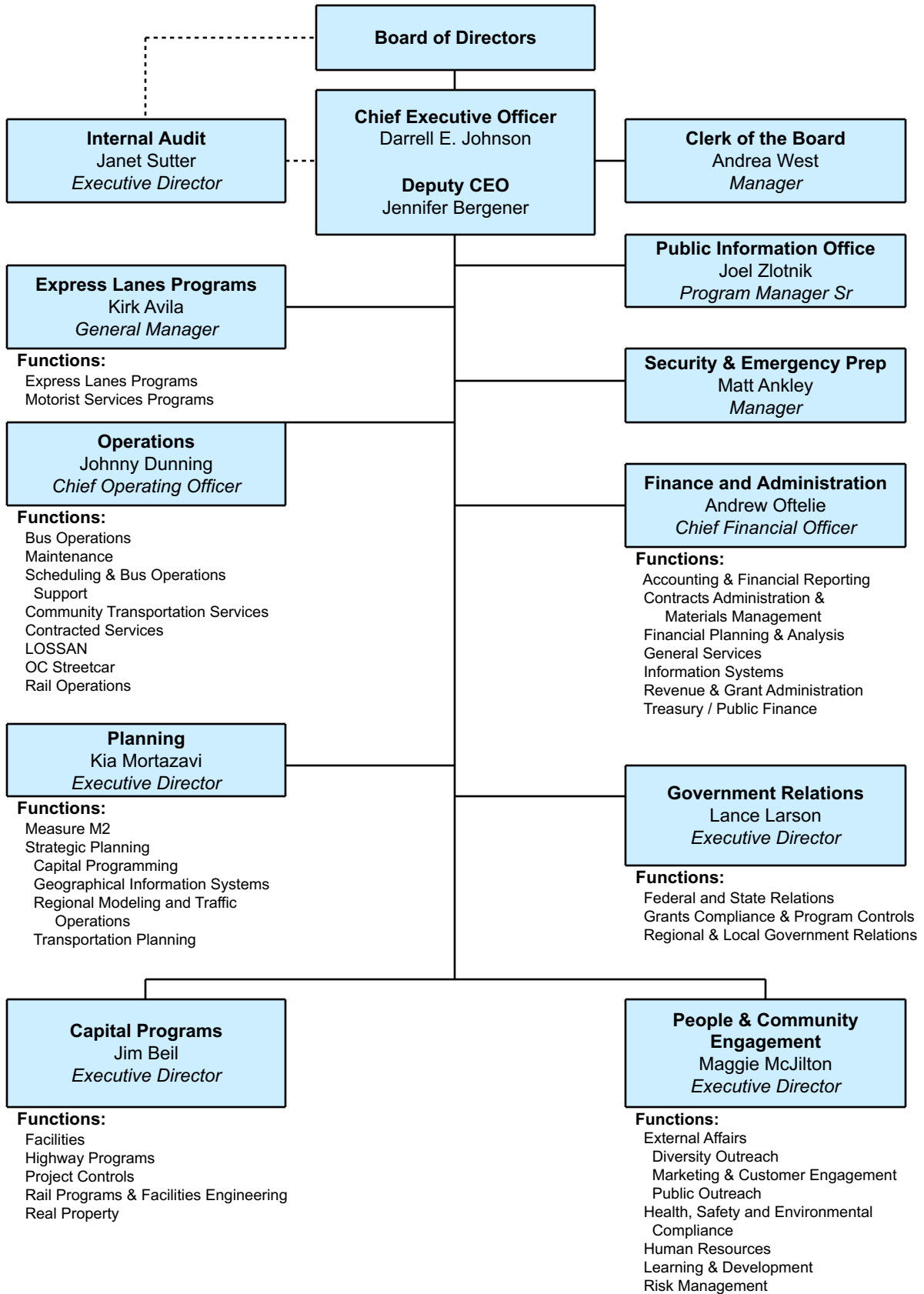
Darrell E. Johnson
Chief Executive Officer



Andrew Oftelie
Chief Financial Officer

ORANGE COUNTY TRANSPORTATION AUTHORITY

ORGANIZATION CHART



2023 BOARD OF DIRECTORS

Gene Hernandez
Chairman
City Member, 3rd District



Tam Nguyen
Vice Chairman
Public Member



Doug Chaffee
Director
Supervisor, 4th District



Jose Diaz
Director
City Member, 4th District



Andrew Do
Director
Supervisor, 1st District



Jon Dumitru
Director
City Member, 2nd District



Jamey Federico
Director
City Member, 5th District



Katrina Foley
Director
Supervisor, 5th District



Brian Goodell
Director
City Member, 5th District



Patrick Harper
Director
City Member, 1st District



Michael Hennessey
Director
Public Member



Steve Jones
Director
City Member, 1st District



Fred Jung
Director
City Member, 4th District



Farrah N. Khan
Director
City Member, 3rd District



Jessie Lopez
Director
City Member, 2nd District



Vicente Sarmiento
Director
Supervisor, 2nd District



Donald P. Wagner
Director
Supervisor, 3rd District



Ryan Chamberlain
Governor's Ex-Officio
Member
Caltrans District 12
District Director

ORANGE COUNTY TRANSPORTATION AUTHORITY

MANAGEMENT STAFF

Darrell E. Johnson	Chief Executive Officer
Jennifer Bergener	Deputy Chief Executive Officer
Andrea West	Clerk of the Board
Janet Sutter	Executive Director, Internal Audit
James Donich	General Counsel

Kirk Avila	General Manager, Express Lanes Programs
Jim Beil	Executive Director, Capital Programs
Johnny Dunning	Chief Operating Officer, Operations
Matt Ankley	Manager, Security & Emergency Preparedness
Lance Larson	Executive Director, Government Relations
Maggie McJilton	Executive Director, People & Community Engagement
Kia Mortazavi	Executive Director, Planning
Andrew Oftelie	Chief Financial Officer, Finance and Administration
Joel Zlotnik	Program Manager Sr, Public Information Office

Sara Belovsky	Section Manager, General Services
Robert Davis	Manager, Treasury and Public Finance
Meena Katakia	Manager, Contracts Administration and Material Management
Sam Kaur	Manager, Revenue Administration
Georgia Martinez	Manager, Contracts Administration and Material Management
Sean Murdock	Director, Finance and Administration
Vacant	Manager, Information Systems Technical Services
Barry Reynolds	Manager, Cyber Security
Lloyd Sullivan	Director, Information Systems Administration
Rima Tan	Manager, Accounting and Financial Reporting
Pia Veasapen	Director, Contracts Administration and Materials Management
Victor Velasquez	Manager, Financial Planning and Analysis
Eden Wang	Manager, Enterprise Business Solutions



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Orange County Transportation Authority
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2022

Executive Director/CEO



BUS





RAIL



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Transportation Authority (OCTA), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of OCTA, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OCTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 OCTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OCTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, Local Transportation Authority Special Revenue Fund, and Local Transportation Special Revenue Fund, and supplemental pension plan trend data and other postemployment benefit data, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 OCTA's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023 on our consideration of OCTA'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 solely 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 OCTA'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 OCTA's internal control over financial reporting and compliance.


Crowe LLP

Costa Mesa, California
November 2, 2023

**ORANGE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)
For the Fiscal Year Ended June 30, 2023**

As management of the Orange County Transportation Authority (OCTA), we offer readers of OCTA's financial statements this narrative overview and analysis of OCTA's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages iii-x and OCTA's financial statements that begin on page 16. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- As of June 30, 2023, OCTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2,334,295 (net position). Of this amount, \$884,584 or 38% represents net investment in capital assets; \$802,341 or 34% is restricted for specific purposes; and the remaining portion represents unrestricted net position of \$647,370 or 28%.
- OCTA's total net position increased \$260,333 during fiscal year 2022-23. The increase in net position from governmental activities of \$106,968 was primarily due to increased sales tax revenue and investment earnings exceeding the overall expenses resulting from Measure M program. The net position from business-type activities increased by \$153,365 primarily due to increased contributions received from Local Transportation Fund (LTF) for planing, paratransit, and for operating expenses.
- OCTA's governmental funds reported combined ending fund balances of \$1,442,532, an increase of \$16,251 or 1% compared to fiscal year 2021-22. Approximately 67% of the governmental fund balances represent Local Transportation Authority (LTA) amounts available for the Measure M program, including debt service. The increase of governmental fund balances was primarily attributable to increased sales tax revenue due to the economic recovery and investment earnings exceeding the overall expenses for LTA and nonmajor governmental funds.
- Long-term debt decreased by \$69,661, compared to the prior fiscal year. The decrease is primarily attributable to the defeasance of 2021 BANs of \$662,820 as a short-term financing vehicle during the construction of the I-405 Express Lanes Improvement Project offset by TIFIA Loan drawdown for \$628,930 in the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to OCTA's basic financial statements. The basic financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains required supplementary information and other supplementary information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of OCTA's finances, in a manner similar to a private-sector business.

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

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The statement of activities presents information showing how OCTA's net position changed during the fiscal year. 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 distinguish functions of OCTA that are principally supported by taxes and intergovernmental revenues, or governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, or business-type activities. The governmental activities of OCTA include general government, the Measure M program, motorist services and commuter rail. The business-type activities of OCTA include fixed route transit services, paratransit services, toll road operations and the OC Streetcar project.

The government-wide financial statements include only OCTA and its blended component units and can be found on pages 16-17 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 finance-related legal requirements. All of OCTA's funds can be divided into two categories: governmental funds and proprietary funds.

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

OCTA maintains eight individual governmental 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 OCTA's major governmental funds comprised of the General fund; LTA and LTF, which are special revenue funds; LTA Debt Service fund; and General Capital Project fund. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements in the other supplementary information section of this report.

OCTA adopts an annual budget for all funds. Budgetary comparison schedules have been provided for the General fund and the LTA and LTF special revenue funds as required supplementary information to demonstrate compliance with the annual appropriated budgets. The governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds consist of enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. OCTA uses enterprise funds to account for its transit, toll road, and streetcar operations. Internal service funds are an accounting mechanism used to accumulate and allocate costs internally to the departments benefiting from OCTA's risk management activities, which include general liability and workers' compensation. Since these risk management activities predominantly benefit business-type

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

rather than governmental functions, they have been included within business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Orange County Transit District (OCTD), the 91 Express Lanes, and the I-405 Express Lanes which are considered as major enterprise funds of OCTA. Data from the other nonmajor enterprise funds such as OC Streetcar are presented separate. Additionally, data from the General Liability and Workers' Compensation internal service funds are combined into a single, aggregated presentation.

The proprietary fund financial statements can be found on pages 22-28 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 29-71 of this report.

Other information is in addition to the basic financial statements and accompanying notes. This report also presents certain required supplementary information concerning OCTA's budgetary results for the General fund and major special revenue funds with appropriated budgets. Additionally, trend data for OCTA's pension plans and other postemployment benefits are included. Required supplementary information can be found on pages 72-77 of this report.

The combining statements of nonmajor governmental funds, nonmajor enterprise fund and internal service funds are presented immediately following the required supplementary information. In addition, budgetary results for the LTA Debt Service Fund and nonmajor governmental funds are located in this section. This other supplementary information can be found on pages 78-94 of this report.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2023, OCTA's assets and deferred outflows exceeded liabilities and deferred inflows by \$2,334,295.

Our analysis on the following pages focuses on net position (Table 1) and changes in net position (Table 2) of OCTA's governmental and business-type activities.

OCTA's net investment in capital assets was \$884,584, compared to \$808,045 in fiscal year 2021-22. OCTA's net position reflects its investment in capital assets (i.e., construction in progress; land; buildings and improvements; machinery, equipment and furniture; transit vehicles; intangible assets; and transponders), less any outstanding debt used to acquire these assets. OCTA uses these capital assets to provide transit services to the residents and business community of Orange County. The increase of \$76,539 was primarily due to progress of I-405 Express Lanes construction project.

Restricted net position, representing resources subjected to external restrictions on how they may be used, were 34% and 37% of the total net position at June 30, 2023 and 2022, respectively. In fiscal year 2022-23, the restricted net position increased by \$37,310 primarily due to the combination of the increase in the restricted net position from governmental activities of \$38,129 and the decrease of \$819 for business-type activities. The increase for governmental activities was contributed by the increased in funds restricted to Transportation program. The decrease for business-type activities was primarily related to the funds restricted for the State of Good Repair program.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. At the end of fiscal year 2022-23, OCTA's unrestricted net position was \$647,370, a increase of \$146,484 from the prior fiscal year. The increase was mainly due to business-type activities related to I-405 Express Lanes construction.

**Table 1
Orange County Transportation Authority
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,069,453	\$1,063,317	\$1,071,954	\$1,088,229	\$2,141,407	\$2,151,546
Restricted assets	542,357	536,686	39,230	60,031	581,587	596,717
Prepaid retirement	12,097	12,744	21,449	22,357	33,546	35,101
Assets held for resale	15,965	15,965	—	—	15,965	15,965
Capital assets, net	607,668	529,536	863,279	741,928	1,470,947	1,271,464
Total assets	2,247,540	2,158,248	1,995,912	1,912,545	4,243,452	4,070,793
Deferred outflows of resources	27,115	11,784	49,214	23,390	76,329	35,174
Current liabilities	157,431	145,316	132,352	110,729	289,783	256,045
Long-term liabilities	742,599	719,566	886,928	920,885	1,629,527	1,640,451
Total liabilities	900,030	864,882	1,019,280	1,031,614	1,919,310	1,896,496
Deferred inflows of resources	12,706	50,199	53,470	85,310	66,176	135,509
Net position:						
Net investment in capital assets	582,156	501,053	302,428	306,992	884,584	808,045
Restricted	773,909	735,780	28,432	29,251	802,341	765,031
Unrestricted	5,854	18,118	641,516	482,768	647,370	500,886
Total net position	\$ 1,361,919	\$1,254,951	\$ 972,376	\$ 819,011	\$2,334,295	\$2,073,962

OCTA's total revenues increased by 2%, while the total costs of all programs decreased by 2%. Major contributing factors for the increase of \$25,390 in total revenues are increase of \$112,519 in unrestricted investment income resulting from favorable investment performance, increase of \$56,329 in capital grants and contributions, increase of \$40,132 in sales tax revenue, and offset by decrease of \$183,320 in operating grants and contributions

During fiscal year 2022-23, OCTA's total expenses decreased \$18,981, which resulted mainly from costs related to freeway projects including the I-405 Express Lanes Improvement project under Measure M program, and offset by increase of fixed route and paratransit expenses. Approximately 41% of the costs of OCTA's programs were paid by those who directly benefited from the programs or by other

**ORANGE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

governments that subsidized certain programs with grants and contributions. Sales tax and investment earnings financed a significant portion of the programs' net costs. The analysis in Table 2 separately considers the operations of governmental and business-type activities.

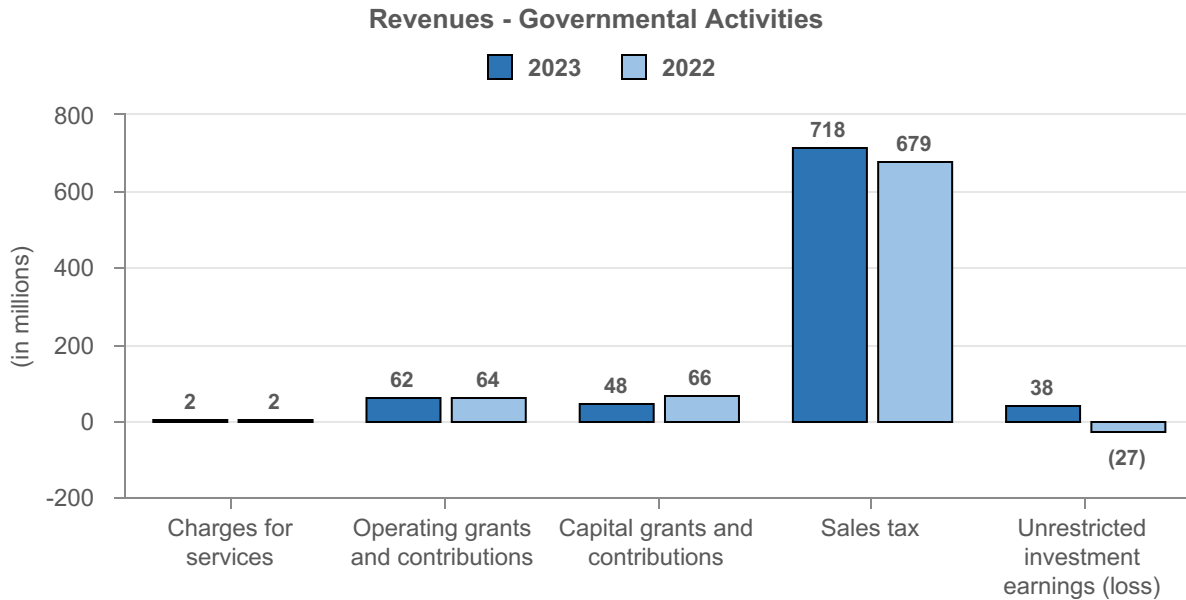
**Table 2
Orange County Transportation Authority
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,193	\$ 2,467	\$ 106,139	\$ 107,319	\$ 108,332	\$ 109,786
Operating grants and contributions	61,774	63,978	77,750	258,866	139,524	322,844
Capital grants and contributions	47,923	65,949	84,923	10,568	132,846	76,517
General revenues:						
Sales tax	718,022	679,399	21,155	19,646	739,177	699,045
Unrestricted investment earnings (loss)	38,383	(27,383)	14,586	(32,167)	52,969	(59,550)
Other miscellaneous revenue	826	1,360	8,292	6,574	9,118	7,934
Total revenues	869,121	785,770	312,845	370,806	1,181,966	1,156,576
Expenses:						
General government	104,701	89,924	—	—	104,701	89,924
Measure M program	482,865	543,991	—	—	482,865	543,991
Motorist services	8,206	8,284	—	—	8,206	8,284
Commuter rail	15	194	—	—	15	194
Fixed route	—	—	210,789	179,877	210,789	179,877
Paratransit	—	—	99,541	88,131	99,541	88,131
Toll road	—	—	15,409	30,162	15,409	30,162
Fixed guideway	—	—	107	51	107	51
Total expenses	595,787	642,393	325,846	298,221	921,633	940,614
Indirect expense allocation	(55,455)	(52,347)	55,455	52,347	—	—
Increase (decrease) in net position before transfers	328,789	195,724	(68,456)	20,238	260,333	215,962
Transfers	(221,821)	104,009	221,821	(104,009)	—	—
Change in net position	106,968	299,733	153,365	(83,771)	260,333	215,962
Net position—beginning of year	1,254,951	955,218	819,011	902,782	2,073,962	1,858,000
Net position—end of year	\$1,361,919	\$1,254,951	\$ 972,376	\$ 819,011	\$2,334,295	\$2,073,962

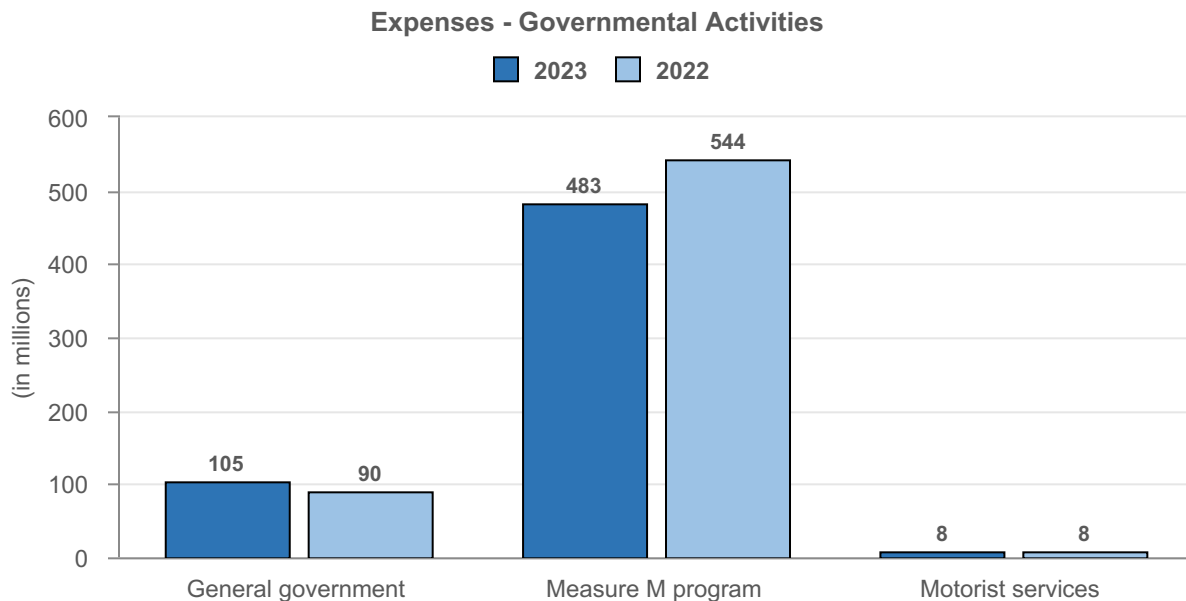
ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Total revenues for OCTA's governmental activities increased \$83,351 primarily due to an increase in sales tax revenue of \$38,623 resulting from the economic recovery from the slowdown triggered by COVID-19 pandemic, and increase of \$65,766 in unrestricted investment earnings.



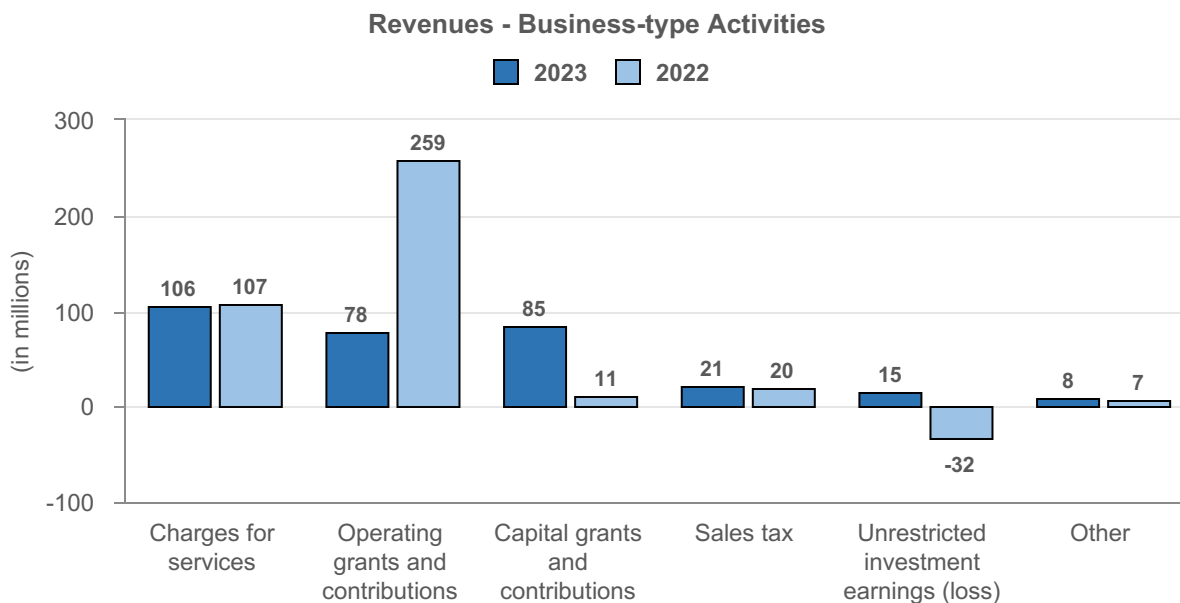
Total expenses for OCTA's governmental activities decreased \$46,606 primarily due to a decrease of \$61,126 in Measure M program costs related to freeway projects including the I-405 Express Lanes Improvement project.



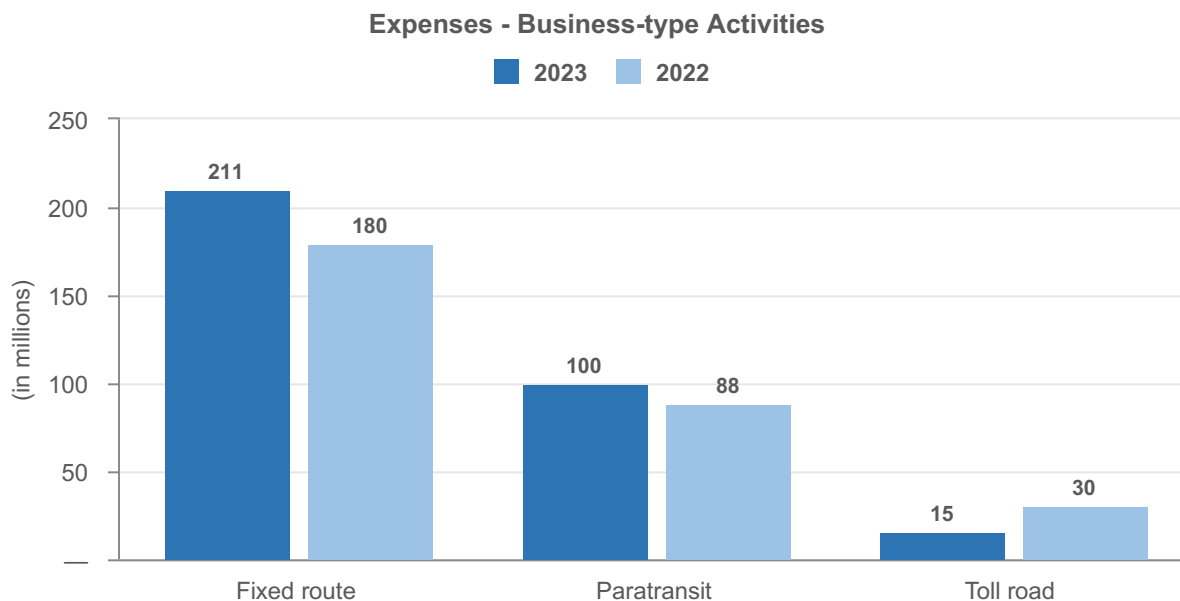
ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

Revenues of OCTA's business-type activities decreased \$57,961 primarily due to a decrease of \$181,116 in operating grants and contributions relating to transit operations, which is offset by an increase of \$74,355 in capital grants and contributions, and increase of \$46,753 in investment earnings due to the favorable investment performance.



Total expenses related to business-type activities increased \$27,625 or 9%, which resulted from an increase in operating expenses related to bus programs including fixed route and paratransit services.



ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of OCTA's Funds

As noted earlier, OCTA uses fund accounting to ensure and demonstrate compliance with financial and legal requirements.

Governmental funds

The focus of OCTA's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing OCTA's financing requirements.

As of June 30, 2023, OCTA's governmental funds reported combined ending fund balances of \$1,442,532, an increase of \$16,251 compared to the prior fiscal year. Approximately 96% or \$1,385,796 of this amount is restricted, the majority of which relates to the Measure M program. \$38,689 represents the portion of fund balance that is not in a spendable form, such as note receivable, prepaid retirement and advances for projects. \$28,218 is assigned for rail operations. The remainder of fund balance of \$(10,171) is unassigned.

Significant changes in the fund balances of OCTA's major governmental funds are as follows:

- The General fund increased by \$3,094, primarily due to the other financing sources related to the land sale of Anaheim Regional Transportation Intermodal Center (ARTIC) project and the contributed resources from LTF fund to support transit operations, and offset by exceeding expenditures over revenues for general government.
- The LTA fund decreased by \$50,753 or 5%. The decrease is a result of contributions to the LTA Debt Service Fund for debt service payments and the Capital Project fund to support the OC Streetcar project, which were offset by increased sales tax revenue from the post-pandemic economic recovery and favorable investment earnings.
- The LTF fund increased by \$33,465, primarily resulting from the combination of increased sales tax revenue and investment earnings, offset by decreased contribution to OCTD fund for planning, paratransit and operating expenses per provisions of the Transportation Development Act (TDA).
- The LTA Debt Service fund increased by \$7,141, which is mainly due to favorable investment earnings and LTA fund received in excess of debt service payments.

Proprietary funds

OCTA's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the enterprise funds totaled \$938,944 at June 30, 2023 compared to \$789,224 at June 30, 2022. Following are the significant changes in net position of OCTA's major proprietary funds:

- The OCTD fund net position at June 30, 2023 was \$851,993. During fiscal year 2022-23, the total net position increased \$115,553, primarily resulting from an increase in Transportation Development Act (TDA) transfers to be used in operating or capital activities related to transit operations, along with an increase in user fees and charge for services resulting from economic recovery.
- The 91 Express Lanes fund net position for fiscal year 2022-23 increased \$29,925 or 10%. The increase is primarily due to operating revenues in excess of operating expenses and favorable investment earnings.

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

Revenues

The primary sources of revenues for the general fund are from federal, state, and local sources. Actual revenues were \$2,981 more than the final budget of \$15,394. This is primarily due to OCTA receiving \$2,290 less in contributions from other agencies resulting from lower than anticipated State operating assistance, and offset by receiving \$2,325 higher than the final budget in allocated interest and investment earnings. In addition, capital assistance grants were \$3,000 more than the final budget. Most of the grant revenues are associated with active transportation projects such as bikeway and pedestrian facilities projects.

Expenditures

Actual expenditures were \$4,729 lower than the final budget of \$37,463. This is primarily due to a lower than anticipated general fund cost allocation and offset by the other expenditure categories being lower than budgeted. Salaries and benefits expenses were \$2,596 less than the final budget, primarily due to vacancies. Capital outlay underrun by \$7,287, which resulted mainly from capital project costs relating to Enterprise Asset Management System Replacement project. Primarily due to timing, the majority of this budget has been carried over in fiscal year 2023-24.

Capital Assets

As of June 30, 2023, OCTA had \$1,470,947, net of accumulated depreciation, invested in a broad range of capital assets including: land, buildings, transit vehicles, toll facility franchise, construction in progress, and machinery, equipment and furniture (Table 3).

During fiscal year 2022-23, OCTA's capital assets increased by \$199,483. Capital assets related to governmental activities increased by \$78,132. This increase is due primarily to the on-going construction activities on the OC Streetcar project. Capital assets related to business-type activities increased by \$121,351, which resulted mainly from construction in progress related to the I-405 Express Lanes Improvement project.

Table 3
Orange County Transportation Authority
Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 172,236	\$ 172,236	\$ 57,106	\$ 57,106	\$ 229,342	\$ 229,342
Right-of-way improvements	7,300	7,300	—	—	7,300	7,300
Buildings and improvements	616	694	55,777	57,889	56,393	58,583
Transit vehicles	—	—	130,273	104,047	130,273	104,047
Machinery, equipment and furniture	2,647	2,779	20,406	18,914	23,053	21,693
Intangible right-to-use (building)	23,564	27,785	8,742	3,318	32,306	31,103
Intangible right-to-use (equipment)	20	103	—	—	20	103
Intangible right-to-use (Subscription Based IT Arrangements - SBITA)	1,347	—	568	—	1,915	—
Toll Facility Franchise	—	—	109,934	112,522	109,934	112,522
Construction in progress	399,938	318,639	480,473	388,132	880,411	706,771
Total	\$ 607,668	\$ 529,536	\$ 863,279	\$ 741,928	\$1,470,947	\$1,271,464

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset additions during the fiscal year included:

- \$74,039 for the I-405 Express Lanes Improvement Project
- \$79,098 for the OC Streetcar Project

Major capital asset deletions during the fiscal year included:

- \$31,617 for Revenue vehicles retirement
- \$744 for Other vehicles retirement

OCTA has outstanding capital expenditure commitments, the most significant of which are: \$222,497 for the I-405 Express Lanes Improvement project, \$88,008 for the OC Streetcar project, \$169,538 for the I-5 freeway widening construction project, \$13,590 for SR91 and I-405 express lane toll collection project, and \$14,647 for the SR-55 Widening project. As of June 30, 2023, OCTA has an intangible right-to-use subscription asset (SBITA) balance of \$1,915 as a result of implementation of GASB Statement No. 96 this year.

More detailed information about OCTA's capital assets is presented in note 7 to the financial statements.

Long-term Debt Administration

As of June 30, 2023, OCTA had \$1,281,844 in long-term debt outstanding compared to \$1,351,505 on June 30, 2022, as presented in Table 4. The decrease of \$69,661 is primarily attributable to the defeasance of 2021 BANs of \$662,820 as a short-term financing vehicle during the construction of the I-405 Express Lanes Improvement Project, offset by net TIFIA Loan drawdown and principal payment for \$620,189 in the current fiscal year.

Table 4
Orange County Transportation Authority
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Sales tax revenue bonds	\$ 590,235	\$ 610,170	\$ —	\$ —	\$ 590,235	\$ 610,170
Toll road revenue refunding bonds	—	—	71,420	78,515	71,420	78,515
TIFIA loan	—	—	620,189	—	620,189	—
BAN 2021 Series	—	—	—	662,820	—	662,820
Total	\$ 590,235	\$ 610,170	\$ 691,609	\$ 741,335	\$ 1,281,844	\$ 1,351,505

OCTA's long-term debt is rated by Standard & Poor's, Moody's, and Fitch. As of June 30, 2023, the ratings are as follows:

	Standard & Poor's	Moody's	Fitch
Sales tax revenue bonds	AA+	Aa2	AA+
Toll road revenue refunding bonds	AA-	Aa3	AA-
TIFIA loan	n/a	Baa2	n/a

Additional information on OCTA's long-term debt can be found in note 11 to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic and Other Factors

The Board of Directors (Board) adopted the fiscal year 2023-24 budget on June 13, 2023. The \$1.7 billion budget was developed in accordance with the goals of the Board and the Chief Executive Officer. This balanced budget is a result of OCTA's ongoing effort to deliver innovative, equitable, and sustainable transportation solutions to Orange County residents and visitors.

OCTA anticipates growth for both local and state sales taxes in the coming year. In fiscal year 2023-24, the growth rate for the Measure M2 (M2) sales tax is forecasted to be 2.6 percent. The growth rate for the Transportation Development Act sales tax, which supports bus operations, is forecasted to be 1.9 percent.

Under the voter-approved M2 Program, improvements to freeways, streets and roads, and transit programs will continue. Included in the M2 Program budget is \$367 million to fund freeway improvement projects and \$185 million is budgeted to improve streets and roads. The budget also includes \$120 million for M2 Transit programs with \$49 million for ongoing construction of the OC Streetcar and \$45 million to support regional rail.

In fiscal year 2023-24, the budget to support the Bus Program is \$625 million. The budget has the capacity to support bus service levels of up to 1.47 million service hours and includes a capital budget of \$212 million. A portion of the capital budget includes the purchase of 60 zero-emission vehicles which furthers OCTA's efforts to test zero-emission technology. The budget includes continued support for regional rail service and provides the funding necessary to return to 90 percent of pre-pandemic levels of Metrolink service. Usage of the 91 Express Lanes is expected to dip slightly in fiscal year 2023-24 because of an anticipated decrease in trips due to a softening in the economy, high inflation, and high gas prices.

Construction will advance on the OC Streetcar project in the coming year, and the budget also anticipates completion of the I-405 Express Lanes Improvement Project and operations beginning on the 405 Express Lanes in December 2023.

The fiscal year 2023-24 budget delivers on the Board's Strategic Initiatives and demonstrates OCTA's responsibility to the community in providing a balanced and sustainable multimodal transportation network, which keeps the residents of Orange County moving safely.

Contacting OCTA's Management

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2023

<i>(amounts expressed in thousands)</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 837,123	\$ 994,965	\$ 1,832,088
Receivables:			
Interest	8,864	6,858	15,722
Operating grants	13,942	3,020	16,962
Capital grants	7,511	37,516	45,027
Other	971	12,479	13,450
Internal balances	585	(585)	—
Due from other governments	164,118	9,944	174,062
Condemnation deposits	16,065	444	16,509
Lease receivables	260	162	422
Note receivable	6,575	—	6,575
Inventory	—	5,217	5,217
Restricted cash and investments:			
Cash equivalents	—	39,230	39,230
Investments	542,357	—	542,357
Prepaid retirement	12,097	21,449	33,546
Other assets	13,439	1,934	15,373
Assets held for resale	15,965	—	15,965
Capital assets, net:			
Nondepreciable	579,474	537,579	1,117,053
Depreciable and amortizable	28,194	325,700	353,894
Total assets	2,247,540	1,995,912	4,243,452
Deferred Outflows of Resources			
Deferred charge on refunding	1,222	4,994	6,216
Deferred outflows - pensions	25,717	44,260	69,977
Deferred outflows - OPEB	176	(40)	136
Total deferred outflows of resources	27,115	49,214	76,329
Liabilities			
Accounts payable	108,658	90,913	199,571
Accrued payroll and related items	2,764	7,038	9,802
Accrued interest payable	12,699	1,328	14,027
Due to other governments	32,540	3,269	35,809
Unearned revenue	705	29,779	30,484
Other liabilities	65	25	90
Noncurrent liabilities:			
Due within one year	25,379	19,055	44,434
Due in more than one year	659,191	716,253	1,375,444
Total OPEB liability	794	1,722	2,516
Net pension liability	57,235	149,898	207,133
Total liabilities	900,030	1,019,280	1,919,310
Deferred Inflows of Resources			
Deferred inflows on refunding	—	31,661	31,661
Deferred inflows - pensions	12,355	21,435	33,790
Deferred inflows - OPEB	96	231	327
Deferred inflows - leases	255	143	398
Total deferred inflows of resources	12,706	53,470	66,176
Net Position			
Net investment in capital assets	582,156	302,428	884,584
Restricted for:			
Measure M program	277,099	—	277,099
Measure M - Environmental Mitigation Program	23,688	—	23,688
Debt service	31,303	341	31,644
Transportation program	423,150	—	423,150
Pension benefits	18,669	—	18,669
Capital	—	5,000	5,000
Operating reserve	—	3,312	3,312
State of Good Repair Program	—	19,779	19,779
Unrestricted	5,854	641,516	647,370
Total net position	\$ 1,361,919	\$ 972,376	\$ 2,334,295

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Activities
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	Program Revenues					Net Revenues (Expenses) and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs								
Primary government								
Governmental activities:								
General government	\$ 104,701	\$ (82,841)	\$ 935	\$ 5,722	\$ 47,923	\$ 32,720	\$ —	\$ 32,720
Measure M program	482,865	26,262	1,257	47,637	—	(460,233)	—	(460,233)
Motorist services	8,206	1,094	—	8,222	—	(1,078)	—	(1,078)
Commuter rail	15	30	1	193	—	149	—	149
Total governmental activities	595,787	(55,455)	2,193	61,774	47,923	(428,442)	—	(428,442)
Business-type activities:								
Fixed route	210,789	49,297	38,580	77,279	84,923	—	(59,304)	(59,304)
Paratransit	99,541	—	6,183	—	—	—	(93,358)	(93,358)
Tollroad	15,409	5,518	61,376	471	—	—	40,920	40,920
Fixed guideway	107	640	—	—	—	—	(747)	(747)
Total business-type activities	325,846	55,455	106,139	77,750	84,923	—	(112,489)	(112,489)
Total primary government	\$ 921,633	\$ —	\$ 108,332	\$ 139,524	\$ 132,846	(428,442)	(112,489)	(540,931)

General Revenues:

	Governmental Activities	Business-type Activities	Total
Property taxes	—	21,155	21,155
Sales taxes	718,022	—	718,022
Unrestricted investment earnings	38,383	14,586	52,969
Other miscellaneous revenues	826	8,292	9,118
Transfers	(221,821)	221,821	—
Total general revenues and transfers	535,410	265,854	801,264
Change in net position	106,968	153,365	260,333
Net position - beginning	1,254,951	819,011	2,073,962
Net position - ending	\$ 1,361,919	\$ 972,376	\$ 2,334,295

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Balance Sheet - Governmental Funds
June 30, 2023

<i>(amounts expressed in thousands)</i>	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 59,115	\$ 401,558	\$ 299,423	\$ 26,062	\$ —	\$ 50,967	\$ 837,125
Receivables:							
Interest	27	4,774	3,517	90	2	454	8,864
Operating grants	889	13,054	—	—	—	—	13,943
Capital grants	—	—	—	—	7,511	—	7,511
Other	30	920	—	—	—	20	970
Due from other funds	691	16,359	—	—	8,103	—	25,153
Due from other governments	2,603	100,451	38,781	5,151	—	17,132	164,118
Condemnation deposits	—	16,065	—	—	—	—	16,065
Note receivable	3,452	1,979	—	—	—	1,144	6,575
Restricted cash and investments:							
Investments	18,669	523,688	—	—	—	—	542,357
Prepaid retirement	12,097	—	—	—	—	—	12,097
Other assets	391	711	—	—	9,111	—	10,213
Total Assets	97,964	1,079,559	341,721	31,303	24,727	69,717	1,644,991
Liabilities and Fund Balances							
Liabilities							
Accounts payable	7,339	84,724	58	—	15,809	729	108,659
Accrued payroll and related items	2,764	—	—	—	—	—	2,764
Compensated absences	48	—	—	—	—	—	48
Due to other funds	—	8,757	377	—	7,658	9,314	26,106
Due to other governments	21	31,970	236	—	266	47	32,540
Unearned revenue - other	567	137	—	—	—	—	704
Other liabilities	48	17	—	—	—	—	65
Total Liabilities	10,787	125,605	671	—	23,733	10,090	170,886
Deferred Inflows of Resources							
Unavailable revenue - grant reimbursements	1,025	21,082	—	—	2,054	852	25,013
Unavailable revenue - reimbursements from others and other misc	—	3,422	—	—	—	—	3,422
Unavailable revenue - ARTIC	3,138	—	—	—	—	—	3,138
Total Deferred Inflows of Resources	4,163	24,504	—	—	2,054	852	31,573
Fund Balances							
Nonspendable:							
Note receivable	314	—	—	—	—	—	314
Prepaid retirement	12,097	—	—	—	—	—	12,097
Other assets - deposits, inventory, prepaid amounts	391	16,776	—	—	9,111	—	26,278
Restricted for:							
Transportation programs	23,325	912,674	341,050	—	—	57,400	1,334,449
Motorist services	—	—	—	—	—	1,375	1,375
Debt service	—	—	—	31,303	—	—	31,303
Pension benefits	18,669	—	—	—	—	—	18,669
Assigned to:							
Metrolink/rail operations	28,218	—	—	—	—	—	28,218
Unassigned	—	—	—	—	(10,171)	—	(10,171)
Total Fund Balances	83,014	929,450	341,050	31,303	(1,060)	58,775	1,442,532
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 97,964	\$ 1,079,559	\$ 341,721	\$ 31,303	\$ 24,727	\$ 69,717	\$ 1,644,991

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

(amounts expressed in thousands)

Amounts reported for governmental activities in the Statement of Net Position (page 16) are different because:

Total fund balances (page 18)	\$ 1,442,532
Lease receivables related to leases are not financial resources and, therefore, are not reported in the funds.	260
Prepaid SBITA assets are not current financial resources and and, therefore, are not reported in the funds.	3,224
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	582,156
Assets held for resale are not current financial resources and, therefore, are not reported in the funds, unless a sales contract is executed prior to the issuance of the financial statements.	15,965
Revenue that was earned but not collected within the availability period has not been recognized in the governmental funds.	31,573
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.	1,222
Deferred outflows of resources related to pensions are not available to pay for current period expenditures and, therefore, are not reported in the funds.	25,717
Deferred outflows of resources related to OPEB are not available to pay for current period expenditures and, therefore, are not reported in the funds.	176
The effect of the elimination entries between the Governmental and the Business-type activities and the Governmental activities share of the allocation of the profit and loss of the Workers Compensation Internal Service Fund.	1,538
Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds.	(12,699)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(794)
Long-term liabilities related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.	(57,235)
Deferred inflows of resources related to pensions and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.	(12,451)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(659,265)
Net position of governmental activities (page 16)	\$ 1,361,919

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Sales tax	\$ —	\$ 439,123	\$ 222,452	\$ —	\$ —	\$ 56,447	\$ 718,022
Transportation improvement fee	—	—	—	—	—	6,619	6,619
Vehicle registration fees	—	—	—	—	—	2,952	2,952
Fines	163	—	—	—	—	—	163
Contributions from other agencies	8,382	65,058	—	—	—	4,418	77,858
Interest and investment earnings	6,770	17,974	7,204	8,698	—	883	41,529
Capital assistance grants	2,306	—	—	—	40,078	—	42,384
Miscellaneous	819	1,711	—	—	—	25	2,555
Total revenues	18,440	523,866	229,656	8,698	40,078	71,344	892,082
Expenditures							
Current:							
General government	14,834	93,273	2,133	—	3,050	9,352	122,642
Transportation:							
Contributions to other local agencies	105	102,306	3,115	—	—	—	105,526
Capital outlay	6,886	282,054	—	—	83,354	14	372,308
Debt service:							
Principal	—	—	—	19,935	—	—	19,935
Interest	—	—	—	34,949	—	—	34,949
Total expenditures	21,825	477,633	5,248	54,884	86,404	9,366	655,360
Excess (deficiency) of revenues over (under) expenditures	(3,385)	46,233	224,408	(46,186)	(46,326)	61,978	236,722
Other financing sources (uses)							
Transfers in	5,130	15,430	—	56,290	45,266	—	122,116
Transfers out	—	(112,416)	(190,943)	(2,963)	—	(37,614)	(343,936)
Proceeds from sale of capital assets	1,349	—	—	—	—	—	1,349
Total other financing sources (uses)	6,479	(96,986)	(190,943)	53,327	45,266	(37,614)	(220,471)
Net change in fund balances	3,094	(50,753)	33,465	7,141	(1,060)	24,364	16,251
Fund balances - beginning	79,920	980,203	307,585	24,162	—	34,411	1,426,281
Fund balances - ending	\$ 83,014	\$ 929,450	\$ 341,050	\$ 31,303	\$ (1,060)	\$ 58,775	\$ 1,442,532

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

(amounts expressed in thousands)

Amounts reported for governmental activities in the Statement of Activities (page 17) are different because:

Net change in fund balances - total governmental funds (page 20)	\$ 16,251
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. This is the amount by which capital outlays exceeded depreciation in the current period.	80,497
The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, and donations) is to increase net position.	4,632
Donations and/or sales related to land held for resale are not reported as revenues in governmental funds, unless a sales contract is executed prior to the issuance of the financial statements. However, they are included in the Statement of Activities.	(1,349)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds, but are reported as deferred inflows of resources.	(22,828)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an 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 of long-term debt and related items.	22,498
The rent holiday related to the administrative headquarters building does not require the use of current financial resources, and therefore, is not reported as an expenditure in governmental funds.	4,085
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	2,798
The effect of the elimination entries between the Governmental and the Business-type activities and the Governmental activities share of the allocation of the profit and loss of the Workers Compensation Internal Service Fund.	384
Change in net position of governmental activities (page 17)	<u>\$ 106,968</u>

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Statement of Net Position

Proprietary Funds

June 30, 2023

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor- OC Streetcar	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$ 673,815	\$ 266,837	\$ 50	\$ —	\$ 940,702	\$ 54,261
Receivables:						
Interest	4,521	1,875	—	—	6,396	462
Operating grants	3,020	—	—	—	3,020	—
Capital grants	37,516	—	—	—	37,516	—
Violations, net	—	1,925	—	—	1,925	—
Farebox	225	—	—	—	225	—
Other	2,707	1,538	—	—	4,245	524
Due from other funds	9,819	—	—	9	9,828	—
Due from other governments	9,606	338	—	—	9,944	—
Condemnation deposits	—	—	444	—	444	—
Lease receivables	150	—	—	—	150	—
Inventory	5,217	—	—	—	5,217	—
Prepaid retirement	21,449	—	—	—	21,449	—
Other assets	111	467	—	—	578	1,356
Total current assets	768,156	272,980	494	9	1,041,639	56,603
Noncurrent assets:						
Restricted cash and investments:						
Cash equivalents	19,779	19,451	—	—	39,230	—
Long-term violation receivables, net	—	5,559	—	—	5,559	—
Lease receivables	13	—	—	—	13	—
Capital assets, net:						
Nondepreciable	96,677	3,672	437,230	—	537,579	—
Depreciable and amortizable	198,505	119,827	7,368	—	325,700	—
Total noncurrent assets	314,974	148,509	444,598	—	908,081	—
Total assets	1,083,130	421,489	445,092	9	1,949,720	56,603
Deferred Outflows of Resources						
Deferred charge on refunding	—	4,994	—	—	4,994	—
Deferred outflows - pensions	44,260	—	—	—	44,260	—
Deferred outflows - OPEB	(40)	—	—	—	(40)	—
Total deferred outflows of resources	44,220	4,994	—	—	49,214	—

ORANGE COUNTY TRANSPORTATION AUTHORITY

**Statement of Net Position
Proprietary Funds, Continued
June 30, 2023**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor- OC Streetcar	Total Enterprise Funds	Internal Service Funds
Liabilities						
Current liabilities:						
Accounts payable	\$ 64,425	\$ 11,427	\$ 14,245	\$ 9	\$ 90,106	\$ 803
Accrued payroll and related items	7,038	—	—	—	7,038	—
Accrued interest	1	1,327	31	—	1,359	—
Due to other funds	174	3,889	4,812	—	8,875	—
Claims payable	—	—	—	—	—	3,870
Due to other governments	1,631	1,057	581	—	3,269	—
Unearned revenue	19,532	10,247	—	—	29,779	—
Other liabilities	2	21	—	—	23	—
Current portion of long-term liabilities	7,725	7,460	—	—	15,185	—
Lease liabilities	—	369	53	—	422	—
Subscription liabilities	34	—	—	—	34	—
Total current liabilities	100,562	35,797	19,722	9	156,090	4,673
Noncurrent liabilities:						
Claims payable	—	—	—	—	—	16,957
Total OPEB liability	1,722	—	—	—	1,722	—
Net pension liability	149,898	—	—	—	149,898	—
Other long-term liabilities	1,124	68,763	620,189	—	690,076	—
Lease liabilities	—	2,675	5,817	—	8,492	—
Subscription liabilities	242	—	—	—	242	—
Total noncurrent liabilities	152,986	71,438	626,006	—	850,430	16,957
Total liabilities	253,548	107,235	645,728	9	1,006,520	21,630
Deferred Inflows of Resources						
Deferred inflows - pensions	21,435	—	—	—	21,435	—
Deferred inflows - OPEB	231	—	—	—	231	—
Deferred inflows on refunding	—	—	31,661	—	31,661	—
Deferred inflows - leases	143	—	—	—	143	—
Total deferred inflows of resources	21,809	—	31,661	—	53,470	—
Net Position						
Net investment in capital assets	272,516	60,025	(30,113)	—	302,428	—
Restricted for:						
Debt service	—	341	—	—	341	—
Capital	—	5,000	—	—	5,000	—
Operating reserves	—	3,312	—	—	3,312	—
State of Good Repair Program	19,779	—	—	—	19,779	—
Unrestricted	559,698	250,570	(202,184)	—	608,084	34,973
Total net position	\$ 851,993	\$ 319,248	\$ (232,297)	\$ —	\$ 938,944	\$ 34,973

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Reconciliation of the Statement of Net Position of Proprietary Funds
to the Statement of Net Position
June 30. 2023

(amounts expressed in thousands)

Amounts reported for business-type activities in the Statement of Net Position (page 16) are different because:

Total net position (page 23)	\$ 938,944
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Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the general liability and workers' compensation internal service funds are included in Business-type activities. Additionally, the effect of the elimination entries between the Governmental and the Business-type activities and the Governmental activities share of the allocation of the profit and loss of the Workers Compensation Internal Service Fund is included in this difference.

33,432

Net position of business-type activities (page 16)	<u>\$ 972,376</u>
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See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor- OC Streetcar	Total Enterprise Funds	Internal Service Funds
Operating revenues:						
User fees and charges	\$ 29,834	\$ 63,075	\$ —	\$ —	\$ 92,909	\$ —
Charges for services	3	—	—	—	3	13,501
Total operating revenues	29,837	63,075	—	—	92,912	13,501
Operating expenses:						
Wages, salaries and benefits	124,396	—	—	—	124,396	—
Maintenance, parts and fuel	26,949	—	—	—	26,949	—
Purchased services	86,319	5,774	—	—	92,093	—
Administrative services	48,999	3,784	1,734	640	55,157	298
Other	9,958	454	9	—	10,421	246
Insurance claims and premiums	—	543	—	—	543	8,408
Professional services	22,042	5,813	683	107	28,645	1,447
General and administrative	4,866	111	12	—	4,989	—
Depreciation and amortization	29,218	5,868	122	—	35,208	—
Total operating expenses	352,747	22,347	2,560	747	378,401	10,399
Operating income (loss)	(322,910)	40,728	(2,560)	(747)	(285,489)	3,102
Nonoperating revenues (expenses):						
State transit assistance	8,447	—	—	—	8,447	—
Federal operating assistance grants	68,814	—	—	—	68,814	—
Property taxes allocated by the County of Orange	21,155	—	—	—	21,155	—
Investment earnings	8,585	4,410	852	—	13,847	739
Interest income (expense)	(5)	(3,666)	5,950	—	2,279	—
Other	13,438	467	—	—	13,905	188
Total nonoperating revenues	120,434	1,211	6,802	—	128,447	927
Income (loss) before contributions and transfers	(202,476)	41,939	4,242	(747)	(157,042)	4,029
Capital contributions	84,941	—	—	—	84,941	—
Transfers in	234,484	—	—	747	235,231	—
Transfers out	(1,396)	(12,014)	—	—	(13,410)	—
Change in net position	115,553	29,925	4,242	—	149,720	4,029
Total net position - beginning	736,440	289,323	(236,539)	—	789,224	30,944
Total net position - ending	\$ 851,993	\$ 319,248	\$ (232,297)	\$ —	\$ 938,944	\$ 34,973

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Reconciliation of the Statement of Revenues, Expenses and
Changes in Net Position of Proprietary Funds to the Statement of Activities
For the Year Ended June 30, 2023

(amounts expressed in thousands)

Amounts reported for business-type activities in the Statement of Activities (page 17) are different because:

Net change in fund net position - total enterprise funds (page 25)	\$ 149,720
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Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue of the general liability and workers' compensation internal service funds are included in business-type activities in the Statement of Net Position. Additionally, the effect of allocating the workers' compensation Internal Service Fund loss to the governmental activities is included in this difference.

3,645

Change in net position of business-type activities (page 17)	<u>\$ 153,365</u>
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See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor- OC Streetcar	Total	Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 29,804	\$ 67,389	\$ —	\$ —	\$ 97,193	\$ —
Receipts from interfund services provided	—	—	—	—	—	13,455
Payments to suppliers	(130,309)	(10,532)	(709)	(107)	(141,657)	(1,680)
Payments to claimants	—	—	—	—	—	(7,238)
Payments to employees	(128,213)	—	—	—	(128,213)	—
Payments for interfund services used	(54,823)	(3,784)	(1,734)	(640)	(60,981)	(298)
Advertising revenue received	2,794	—	—	—	2,794	—
Miscellaneous revenue received	6,122	468	—	—	6,590	188
Net cash provided by (used for) operating activities	(274,625)	53,541	(2,443)	(747)	(224,274)	4,427
Cash flows from noncapital financing activities:						
Operating assistance grants received	168,000	—	—	—	168,000	—
Property taxes received	21,111	—	—	—	21,111	—
Reimbursement from other governments	—	438	—	—	438	—
State transit assistance funds received	6,763	—	—	—	6,763	—
Transfers from other funds	237,195	—	4,812	747	242,754	—
Transfers to other funds	(1,355)	(10,163)	(156)	—	(11,674)	—
Net cash provided by (used for) noncapital financing activities	431,714	(9,725)	4,656	747	427,392	—
Cash flows from capital and related financing activities:						
Capital grants for acquisition and construction of capital assets	46,858	—	—	—	46,858	—
Proceeds from issuance of long term debt	—	—	—	—	—	—
Principal payment on long-term debt	—	(7,095)	(15,250)	—	(22,345)	—
Interest paid on long-term debt	—	(3,767)	(65,195)	—	(68,962)	—
Acquisition and construction of capital assets	(73,439)	(2,238)	(72,868)	—	(148,545)	—
Net cash used for capital and related financing activities	(26,581)	(13,100)	(153,313)	—	(192,994)	—
Cash flows from investing activities:						
Investment earnings	5,944	2,928	853	—	9,725	453
Net cash provided by investing activities	5,944	2,928	853	—	9,725	453
Net increase (decrease) in cash and cash equivalents	136,452	33,644	(150,247)	—	19,849	4,880
Cash and cash equivalents at beginning of year	557,142	252,644	150,297	—	960,083	49,381
Cash and cash equivalents at end of year	\$693,594	\$286,288	\$ 50	\$ —	\$979,932	\$54,261

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds, Continued
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor- OC Streetcar	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$(322,910)	\$ 40,728	\$ (2,560)	\$ (747)	\$(285,489)	\$ 3,102
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	29,218	3,281	122	—	32,621	—
Amortization of franchise agreement	—	2,587	—	—	2,587	—
Advertising revenue	3,333	—	—	—	3,333	—
Miscellaneous	10,101	466	—	—	10,567	—
Insurance recoveries	—	—	—	—	—	188
Change in assets and liabilities:						
Receivables	(458)	1,368	—	—	910	(54)
Due from other governments	(4,022)	—	—	—	(4,022)	—
Inventory	(661)	—	—	—	(661)	—
Prepaid retirement	908	—	—	—	908	—
Other assets	(56)	(130)	—	—	(186)	(46)
Deferred outflows of resources - pensions	(26,597)	—	—	—	(26,597)	—
Deferred outflows of resources - OPEB	104	—	—	—	104	—
Accounts payable	14,309	2,231	—	—	16,540	(233)
Accrued payroll and related items	606	—	—	—	606	—
Compensated absences	151	—	—	—	151	—
Claims payable	—	—	—	—	—	1,470
Due to other governments	329	63	—	—	392	—
Unearned revenue	—	2,979	(5)	—	2,974	—
Other liabilities	—	(32)	—	—	(32)	—
Total OPEB liability	5	—	—	—	5	—
Net pension liability	84,384	—	—	—	84,384	—
Deferred inflows of resources - pensions	(63,320)	—	—	—	(63,320)	—
Deferred inflows of resources - OPEB	(49)	—	—	—	(49)	—
Total adjustments	48,285	12,813	117	—	61,215	1,325
Net cash provided by (used for) operating activities	(274,625)	53,541	(2,443)	(747)	(224,274)	4,427
Reconciliation of cash and cash equivalents to statement of net position:						
Cash and investments	673,815	266,837	50	—	940,702	54,261
Restricted cash and cash equivalents	19,779	19,451	—	—	39,230	—
Total cash and cash equivalents	\$ 693,594	\$ 286,288	\$ 50	\$ —	\$ 979,932	\$ 54,261
Noncash capital, financing and investing activities:						
Unrealized investment earnings	\$ 2,513	\$ 1,425	\$ —	\$ —	\$ 3,938	\$ 274
Amortization of bond premium	—	(644)	—	—	(644)	—
Amortization of deferred amount on refunding	—	670	—	—	670	—
Proceeds from issuance of long term debt (TIFIA loan)	—	—	628,930	—	628,930	—
Interest accretion on TIFIA loan	—	—	6,478	—	6,478	—
Principal payment on long-term debt (2021 BAN)	—	—	(662,820)	—	(662,820)	—
Capital assets accrued in accounts payable	20,990	—	232	—	21,222	—

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023
(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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 the following agencies and funds:

- Orange County Transportation Commission (OCTC)
- Orange County Transit District (OCTD)
- Orange County Local Transportation Fund (LTF)
- Orange County Unified Transportation Trust (OCUTT)
- Transit Development Reserve
- Orange County Local Transportation Authority (LTA)
- State Transit Assistance Fund (STAF)
- Orange County Service Authority for Freeway Emergencies (SAFE)
- Orange County Consolidated Transportation Services Agency (CTSA)
- Orange County Congestion Management Agency

On January 3, 2003, OCTA purchased from the California Private Transportation Company (CPTC) its interest in a franchise agreement for a toll facility (see note 7).

The OCTA Board of Directors (Board) consists of 18 members. Five members are the Orange County Board of Supervisors, 10 members are city representatives (one per supervisorial district selected by population-weighted voting, and one per supervisorial district selected on a one-city, one-vote method), two public members (neither of whom can be an elected official or have been an elected official during the previous four years), and one is a non-voting ex-officio member appointed by the governor (Caltrans District Director).

The accompanying financial statements present the government and its component units, entities for which OCTA is considered accountable. Blended component units are, in substance, part of the government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

The Orange County Local Transportation Authority (LTA), a blended component unit of OCTA, was created pursuant to the provisions of the Local Transportation Authority and Improvement Act commencing with Section 180000 of the California Public Utilities Code and pursuant to Ordinance No. 2, adopted by the Board of Directors of the LTA on August 2, 1989. The Board also serves as the Board of Directors for the LTA. Management of OCTA is responsible for the operations of LTA. Separate financial statements for the LTA are prepared and available from the OCTA Finance and Administration Division.

The Orange County Service Authority for Freeway Emergencies (SAFE), a blended component unit of OCTA, was created by Senate Bill 1199 which authorized the County Board of Supervisors, upon approval from a majority of the cities with a majority of the population, to establish SAFE. In 1986, SAFE began the implementation and operation of a freeway system of call boxes to help with motorist emergencies. SAFE is funded by a \$1.00 (absolute dollars) fee paid at the time of vehicle registration. The Board also serves as the Board of Directors for SAFE. Management of OCTA is responsible for the operations of SAFE. Separate financial statements are not issued for SAFE.

The Orange County Transit District (OCTD), a blended component unit of OCTA, was created by an act of the California State Legislature in 1965 and approved by the voters of Orange County in

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

November 1970. OCTD commenced operating a public transportation system in Orange County in August 1972. OCTD is primarily funded by the Local Transportation Fund (LTF), which is derived from a one-quarter cent of the general sales tax collected statewide. The Board also serves as the Board of Directors for OCTD. Management of OCTA is responsible for the operations of OCTD. Separate financial statements are not issued for OCTD.

There are many other governmental agencies, including the County of Orange (County), providing service within the area served by OCTA. These other governmental agencies have independently elected governing boards and are, therefore, not under the direction of OCTA. Financial information for these agencies is not included in the accompanying financial statements.

OCTA is funded primarily by sales tax, farebox collections, tolls, property taxes, gasoline sales tax and various federal and state grant programs. OCTA oversees most Orange County bus and rail transit and the 91 Express Lanes operations, administers the Measure M program (one-half percent sales tax revenues), coordinates freeway and regional road projects, and serves as the local advocate and facilitator of state and federal transportation funding programs.

Basis of Presentation

OCTA'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 for all of the nonfiduciary activities of OCTA. The effect of interfund activity, except for internal service fund activity provided and used, has been eliminated from these statements. Internal service fund activity predominately serves the OCTD Enterprise Fund and, therefore, the net balances are included in the business-type activities. Indirect costs have been allocated to the functions/programs on the statement of activities in a separate column entitled "Indirect Expense Allocation." Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges and fees for support.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Interest expense related to the sales tax revenue bonds and commercial paper, the taxable bonds, and advances from OCTA funds is reported as a direct expense of the Measure M program, fixed route, and toll road functions, respectively, as it would be misleading to exclude the interest from direct expenses and the borrowings are considered essential to the creation or continuing existence of these programs. For the year ended June 30, 2023, interest expense (income) of \$31,950 and \$(2,279), was included in Measure M and toll road program costs, respectively. Program revenues include: charges to customers or applicants who purchase, use, directly benefit from services or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Sales tax and other revenues are not reported as program revenues and instead, are reported as general revenues.

Fund Financial Statements: The fund financial statements provide information about OCTA's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

OCTA reports the following major governmental funds:

- **General Fund** – This fund is the general operating fund of OCTA. It is used to account for the financial resources of the general government as well as the transit operations of OCTA, except for those required to be accounted for in another fund. Due to the implementation of GASB Statement No. 84, the Additional Retiree Benefit Account (ARBA) fund and the Scholarship fund are reported as part of the General Fund effective in fiscal year 2020-21. These two funds were previously reported as fiduciary funds.
- **Local Transportation Authority (LTA) Fund** – This special revenue fund accounts for revenues received and expenditures made and is restricted for the implementation of the Orange County Traffic Improvement and Growth Management Plan (Measure M). Funding is provided by a one-half percent sales and use tax assessed for twenty years pursuant to Measure M, which became effective April 1, 1991, and more recently was renewed for an additional 30 years from April 1, 2011 to March 31, 2041. The Measure M ordinance, as approved in an election by the voters of Orange County, requires that sales tax revenues only be expended on projects included in the ordinance.
- **Local Transportation Fund (LTF)** – This special revenue fund accounts for revenues received and expenditures made and is restricted for use on certain transit projects within Orange County. Funding is generated from a one-quarter percent state sales and use tax pursuant to the California Transportation Development Act (TDA). Expenditures of these monies must be made in accordance with TDA provisions.
- **LTA Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the LTA.
- **General Capital Project Fund** – This fund is used to account for transportation capital projects.

OCTA reports the following major enterprise funds:

- **Orange County Transit District (OCTD) Fund** – This fund accounts for the transit operations of OCTA. The primary sources of funding for transit operations are the TDA one-quarter percent sales tax, farebox collections and federal/state grants.
- **91 Express Lanes Fund** – This fund accounts for the operations of the 91 Express Lanes. The primary source of funding for the operations is toll revenues and related fees.
- **I-405 Express Lanes Fund** – This fund accounts for the construction of the I-405 Express Lanes. The primary sources of funding during the construction phase are the TIFIA Loan and BAN 2021 Series (refunded). After construction, this fund will account for the operations of the I-405 Express Lanes and the primary source of funding for the operations will be toll revenues and related fees.

Additionally, OCTA reports the following fund types:

- **Internal Service Funds** – These funds account for the risk management activities of OCTA, which are managed through a combination of purchased insurance and self-insurance. OCTA's internal services funds are the General Liability fund and the Worker's Compensation fund.

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Measurement Focus and Basis of Accounting

The government-wide and the proprietary fund 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. Tolls are collected from customers on a prepaid basis, and unearned tolls are reported as unearned revenue. Toll revenues are recognized when customers utilize the toll road facility. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. Property taxes are recognized as revenues in the year for which they are levied.

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, OCTA considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred; however, principal and interest expenditures on long-term debt and compensated absences of governmental funds are recorded only when payment is due.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of OCTA's proprietary funds are charges to customers for services. Operating revenues relating to the 91 Express Lanes are presented net of discounts and allowances. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Investments

OCTA maintains cash and investments in accordance with the Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended on July 1, 2022. The Policy complies with, or is more restrictive than, the California Government Code (Code). The majority of OCTA's investments are managed by four private sector investment managers. At June 30, 2023, the investment portfolios were held by U.S. Bank as custodial bank. Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Cash from other OCTA revenue sources is commingled for investment purposes, with investment earnings allocated to the different accounts based on average daily account balances.

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

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

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. Most of OCTA's leveled investments are measured using Level 2 inputs.

Investments in U.S. government and U.S. agency securities, medium-term notes, variable and floating rate securities, mortgage and asset-backed securities and corporate notes are carried at fair value based on quoted prices of similar assets, except for money market investments 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 Orange County Investment Pool (OCIP) is carried at fair value based on the value of each participating dollar as provided by the OCIP. The state managed Local Agency Investment Fund (LAIF) is carried at amortized cost.

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 mutual funds, mortgage or asset-backed securities, supranationals, LAIF, 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.

LAIF is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. Investments in OCIP are limited to those funds legally required to be deposited in the County Treasury. Oversight of the OCIP is conducted by the County Treasury Oversight Committee.

All investments are subject to a maximum maturity of five years, unless specific direction to exceed the limit is given by the Board as permitted by the Code. OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of the Policy. Outside portfolio managers must review, on an ongoing basis, the portfolio they manage (including bond proceeds portfolios) to ensure compliance with OCTA's diversification guidelines.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, OCTA considers all short-term investments with an initial maturity of three months or less to be cash equivalents. All deposits, certificates of deposit, commercial paper, money market funds, and the proprietary funds' share of OCTA's commingled investment pool represent cash and cash equivalents for cash flow purposes.

Receivables

Receivables include an estimate for outstanding unpaid violations of the 91 Express Lanes that OCTA anticipates to collect. For violations less than 90 days old, the receivable is based on a 12-month average of violations collected during that time and is recorded net of an allowance for uncollectible accounts of \$2,948. For those violations in excess of 90 days, the receivable is estimated using a

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

three-year average of violations collected and is recorded net, as the majority is not considered probable of collection. Additionally, the 91 Express Lanes records a receivable for amounts owed from customers, net of an allowance of \$283. Approximately \$5,559 of the 91 Express Lanes violations and customer receivables are not expected to be collected within one year.

Interfund Transactions

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

As a centralized transportation planning and administration agency, OCTA allocates costs related to administrative services from certain funds to benefiting funds. For the 2022-23 fiscal year, \$85,652 of administrative services were charged to other OCTA funds from the general fund. These charges for services are reported as general government expenditures in governmental fund types and as administrative services expenses in the proprietary fund types.

Internal service funds are utilized by OCTA to account for risk management activities in the areas of general liability and workers' compensation. Charges for risk management services are reported as general government expenditures in the governmental funds receiving the services and as wages, salaries and benefits or other operating expenses in the proprietary funds. The risk management internal service funds charged \$13,501 to OCTA's operating funds.

Inventory

All inventory is valued at cost using the average cost method, which approximates market.

Prepaid Retirement

Orange County Employee Retirement System (OCERS) provides a 5.80% discount to employers for early payment of employer contributions. OCTA elected to prepay employer contributions for fiscal year 2023-24 in order to benefit from this discount. Since OCERS records the prepaid retirement as a liability (unearned contributions) and recognizes them over the periods of the related payroll, the prepaid retirement is reported by OCTA as a prepaid asset in the governmental fund financial statements (modified accrual).

Restricted Cash and Investments

Certain proceeds of OCTA's long-term debt, as well as certain resources set aside for their repayment or capital maintenance, are classified as restricted investments, because they are maintained in separate investment accounts and their use is limited by applicable debt covenants.

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.

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

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, real assets and venture capital. The target asset allocation is approximately 50% public equity, 20% fixed income, 15% hedge funds, 10% real assets and 5% private equity & venture capital.

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.

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.

In addition, with the implementation of GASB Statement No. 84, Fiduciary Activities, the assets related to Additional Retiree Benefit Account (ARBA) supplemental pension plan through OCERS, previously reported in fiduciary fund, are reported in General Fund starting fiscal year 2020-21. The assets are held in a revocable trust and are classified as restricted investments.

Assets Held for Resale

OCTA holds title to property in connection with the purchase of rights-of-way for infrastructure not held by OCTA. 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 OCTA 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 include land, construction in progress, buildings and improvements, machinery, equipment and furniture, transit vehicles, toll facility franchise, transponders, intangible right-to-use lease assets, and intangible right-to-use subscription-based information technology arrangements (SBITA) assets, and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by OCTA as assets with an initial, individual cost of more than \$5 and a useful life exceeding one year. OCTA also capitalizes non-sticker transponder purchases, as they are considered a significant class of assets even though individually their cost is less than \$5.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the donation date. OCTA also records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, Leases. The right-to-use intangible asset is amortized each year over the shorter of lease term or useful life of the asset. In addition, OCTA records the value of intangible right-to-use

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

SBITA assets in accordance with GASB Statement No. 96, SBITAs. The subscription asset is amortized year over the shorter of the subscription term or the useful life of the underlying IT assets.

Freeway construction and certain purchases of right-of-way property, for which title vests with 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 OCTA does not intend to maintain or operate the property when complete.

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.

Buildings, machinery, equipment and furniture, vehicles, transponders, and intangible right-to-use assets are depreciated using the straight line method over the following estimated useful lives:

Asset Type	Useful Life
Buildings and improvements	10-30 years
Machinery, equipment and furniture	3-10 years
Transit vehicles	3-18 years
Transponders	5-7 years
Intangible right-to-use (building)	30 years
Intangible right-to-use (equipment)	3 years
Intangible right-to-use (SBITA)	3 years

The toll facility franchise is amortized over the remaining life of the franchise agreement through December 2065.

Leases

Lessee: OCTA is a lessee for a noncancellable lease of buildings and equipment. OCTA recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. OCTA recognizes lease liabilities with an initial, individual value of \$5 or more.

At the commencement of a lease, OCTA initially measures the lease liabilities at the present value of payments expected to be made during the lease term. Subsequently, the lease liabilities are reduced by the principal portion of the lease payments made. The lease assets are initially measured as the initial amount of the lease liabilities, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease assets are amortized on a straight-line basis over the shorter of its useful life or the lease term.

Key estimates and judgements related to lease include how OCTA determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. OCTA uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, OCTA generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liabilities are composed of fixed payments and purchase option price that OCTA is reasonably certain to exercise.

OCTA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

affect the amount of the lease liabilities. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: OCTA is a lessor for a noncancellable lease of land. OCTA recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, OCTA initially measures the lease receivables at the present value of payments expected to be received during the lease term. Subsequently, the lease receivables are reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivables, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how OCTA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. OCTA uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivables is composed of fixed payments from the lessee.

OCTA monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

Subscription-Based Information Technology Arrangements (SBITAs)

OCTA recognizes a subscription asset (intangible asset) and a corresponding subscription liability. A subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges OCTA, when available, or estimated incremental borrowing rate as the discount rate for SBITAs. OCTA recognizes amortization of the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods.

The subscription asset is initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. OCTA recognizes amortization of the subscription asset as an outflow of resources over the subscription term.

Compensated Absences

Vacation hours accumulated and not taken are accrued at fiscal year-end, and a liability is reported in the government-wide and proprietary fund financial statements.

Sick leave is recorded as an expenditure or expense when taken by the employee. Annually, all administrative, maintenance, and Transportation Communication International Union employees may elect to be paid for sick leave accumulated in excess of 120 hours. Coach operators, on the other hand, may elect to be paid for sick leave accumulated in excess of 80 hours each year in December.

Upon termination, an employee with over 10 years of service is paid any earned but unused sick leave up to a ceiling determined by the employee's applicable union agreement or the personnel and

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

salary resolution. Sick leave is accrued at year-end using the vesting method, and a liability is reported in the government-wide and proprietary fund financial statements.

A liability for vacation and sick leave is reported in the governmental funds as a result of employee terminations.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements include a separate section for deferred outflows of resources. This separate financial statement element; deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. OCTA has three items that qualify for reporting in this category, which are reported in the government-wide statement of net position. The first item is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred outflow related to pensions, which represents OCTA's pension contributions made subsequent to the measurement date, change of assumptions, difference between expected and actual experience, and the net difference between projected and actual earnings on plan investments. The third item is the deferred outflow related to other postemployment benefits (OPEB), which represents the change of assumptions and difference between expected and actual experience.

In addition to liabilities, the financial statements include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. On the modified accrual basis of accounting, OCTA has one type of deferred inflow, unavailable revenue. The governmental funds report unavailable revenue from multiple sources for grant reimbursements and a note receivable with the City of Anaheim for ARTIC. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, OCTA has four deferred inflow of resources reported in the government-wide statement of net position. These items are the deferred inflows related to leases, which represent value of the lease receivables plus any payments received at or before the commencement of the lease term that relate to future periods; deferred inflows related to refunding; and pensions and OPEB, which represent the change of assumptions, difference between expected and actual experience, or the net difference between projected and actual earnings on plan investments. Refer to note 8 for information related to amortization of deferred inflows of resources related to leases, note 14 for information related to amortization of the deferred outflows/inflows of resources related to pensions and note 15 for the amortization of the deferred outflows/inflows related to OPEB.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the OCTA's Orange County Employees Retirement System (OCERS) pension plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as it is reported by OCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Other Postemployment Benefits (OPEB)

OPEB expense, deferred outflows/inflows of resources related to OPEB, and an implied subsidy payment were used to measure the total OPEB liability. OCTA does not provide any cash subsidy towards the benefit, and there are no assets accumulated in a trust for the plan.

Long-Term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type 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. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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.

Risk Management

OCTA accounts for its risk management activities in internal service funds. Separate internal service funds are used for general liability and workers' compensation. Charges by internal service funds to the general fund, certain special revenue funds, and OCTD enterprise fund are based on historical cost information and are adjusted over time, so that internal service fund revenues and expenses are approximately equal. Expenses for the actual or estimated loss from claims are recorded when it is probable that a loss will be incurred and the amount can reasonably be determined. OCTA's risk management activities are a combination of purchased insurance coverage and self-insured risk retention. OCTA's real and personal property, including revenue and non-revenue vehicles, are covered under a commercial property insurance policy. The 91 Express Lanes enterprise fund has purchased commercial property insurance, including business interruption, earthquake and flood coverage related to the toll facility.

Property Taxes

Property taxes are allocated to OCTA from the County based upon a percentage of real property taxes levied by the County. Following is the property tax calendar:

Lien Date	January 1
Levy Date	4th Monday in September
Due Dates	November 1 and February 1
Collection Dates	December 10 and April 10

Contributions to Other Agencies

Contributions to other agencies primarily represent sales tax revenues received by LTA and disbursed to cities for competitive projects, the local fair share, the senior mobility program, and to other outside agencies for projects which are in accordance with the Measure M ordinance. Additionally, contributions are made to Southern California Regional Rail Authority (SCRRA) by LTA.

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

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 OCTA 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 their use is subject to restrictions enforceable by third parties. The government-wide statement of net position reports \$802,341 of net position restricted by enabling legislation for Measure M program, debt service, transportation programs, pension benefits, capital, operating reserve, and State of Good Repair Program.
- ***Unrestricted Net Position*** – This balance represents net position that is available for general use.

Fund Balance Classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which OCTA 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.
- ***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.
- ***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.
- ***Assigned*** – amounts that are constrained by OCTA's intent to be used for specific purposes and that do not meet the criteria to be classified as restricted or committed. This classification also includes residual amounts in governmental funds, other than the General Fund. The Board establishes and modifies assignments of fund balances through the adoption of the budget and subsequent budget amendments. The Board retains the authority to assign fund balances.
- ***Unassigned*** – this classification includes the residual fund balances for the General Fund. It also includes the negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

When both restricted and unrestricted resources are available for use, it is OCTA's policy to use restricted resources first and then unrestricted resources as they are needed. When using unrestricted fund balance amounts, OCTA's Board approved policy is to use committed amounts first, followed by assigned and then unassigned.

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. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.” The details of this \$582,156 difference are as follows:

Capital assets	\$ 625,979
Less accumulated depreciation	(18,311)
Less lease & subscription liabilities	(25,257)
Less deferred inflows - leases	(255)
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 582,156</u>

Another element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.” The details of this \$(659,265) difference are as follows:

Bonds payable	\$ (590,235)
Plus unamortized bond issuance premium (to be amortized to interest expense)	(55,664)
Administrative headquarters' rent holiday	(4,311)
Compensated absences	(9,055)
Net adjustment to decrease fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ (659,265)</u>

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position - governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “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 the appropriate functional expense when the cost does not meet the capitalization criteria based on the ownership of the assets.” The details of this \$80,497 difference are as follows:

Capital outlay	\$ 86,096
Depreciation expense	<u>(5,599)</u>
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities	<u>\$ 80,497</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the 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.” The details of this \$22,498 difference are as follows:

Principal repayments	\$ 19,935
Change in accrued interest	334
Amortization of premium/deferred charge on refunding	<u>2,229</u>
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities	<u>\$ 22,498</u>

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2023:

Cash:

Deposits	\$ 69,249
Petty Cash	7
Total Cash	69,256

Investments:

Orange County Treasurer	17,207
LAIF	21,189
Trustee	358,510
Custodian	1,923,825
CA Community Foundation (CCF)	23,688
Total Investments	2,344,419

Total Cash and Investments	\$ 2,413,675
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Total cash and investments are reported in the following funds:

Unrestricted Cash and Investments:

Governmental Funds	\$ 837,125
Proprietary Funds:	
Enterprise Funds	940,702
Internal Service Funds	54,261

Restricted Cash and Investments:

Governmental Funds	542,357
Proprietary Funds:	
Enterprise Funds	39,230

Total Cash and Investments	\$ 2,413,675
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Restricted investments represent reserves for debt service, capital and operations.

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2023, OCTA had the following investments along with weighted average maturity (WAM) information:

Investment	Fair Value	Interest Rate Range (Rounded)	Maturity Range	WAM (Years)
Orange County Investment Pool*	\$ 17,207	0.523% - 2.500%	1 day - 3 years	0.616
Local Agency Investment Fund*	21,189	0.861% - 3.167%	260 - 311 days	0.712
U. S. Treasuries	829,334	0.125% - 4.625%	10/31/23 – 11/15/27	2.157
U. S. Agency Notes	309,773	0.200% - 5.625%	07/10/23 - 06/09/28	1.850
Medium Term Notes	310,368	0.350% - 5.500%	07/07/23 - 05/10/27	1.685
Variable Rate Notes	153,760	0.563% - 6.138%	07/25/23 - 12/25/27	2.433
Mortgage & Asset Backed Securities	233,385	0.260% - 5.840%	04/09/24 - 06/15/28	3.358
Money Market Funds *	337,360	4.690%-5.000%	7/01/2023	0.003
Municipal Debt	46,350	0.414% - 5.393%	07/01/23 - 09/01/27	1.435
Commercial Paper *	10,799	4.960%	07/03/2023	0.008
Negotiable CD*	32,971	4.100% - 5.670%	12/05/23 - 11/03/25	1.056
CCF Investment Fund	23,688	N/A	N/A	N/A
Supranational	18,235	0.250% - 2.500%	11/24/23 - 09/23/24	0.961
Total Investments	<u>\$ 2,344,419</u>			

Portfolio Weighted 1.786

* Money market funds, commercial paper, negotiable CD, OCIP, and LAIF are measured at amortized cost which approximates fair value.

OCTA holds investments that are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized 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 significant unobservable inputs.

As of June 30, 2023, most of OCTA's investments, categorized within the fair value hierarchy, are classified as Level 2. These investments are valued using the market valuation approach based on quoted prices for similar assets with exception of the investment in the CA Community Foundation Investment Fund (CCF) which is valued by the CCF 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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Fair Value Measurement using:				
Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 829,334	\$ —	\$ 829,334	\$ —
U.S. Agency Notes	309,773	—	309,773	—
Medium Term Notes	310,368	—	310,368	—
Mortgage & Asset Backed Securities	233,385	—	233,385	—
Variable Rate Notes	153,760	—	153,760	—
Municipal Debt	46,350	—	46,350	—
CCF Investment Fund	23,688	—	—	23,688
Supranationals	18,235	—	18,235	—
Total Leveled Investments	\$ 1,924,893	\$ —	\$ 1,901,205	\$ 23,688

Investments Not Subject to the Fair Value Hierarchy

Money Market Funds	\$ 337,360
Orange County Investment Pool	17,207
Local Agency Investment Fund	21,189
Commercial Paper	10,799
Negotiable Certificate of Deposit	32,971
Total Investments Not Subject to the Fair Value Hierarchy	419,526
Total Investments	\$ 2,344,419

Interest Rate Risk

OCTA manages exposure to declines in fair value from increasing interest rates by having an investment policy that limits maturities to five years while also staggering maturities across the portfolio. OCTA maintains a low duration strategy, targeting an estimated average portfolio duration of two to three years or less, with the intent of reducing interest rate risk. Portfolios with low duration are less volatile, therefore, less sensitive to interest rate changes. In accordance with the Policy, amounts restricted for debt service reserves are invested in accordance with the maturity provision of their specific indenture, which may extend beyond five years.

As of June 30, 2023, mortgage and asset-backed securities totaled \$233,385. The underlying assets are consumer receivables that include credit cards, auto and home loans. The securities have a fixed interest rate and are rated AA or higher by a nationally recognized statistical rating organizations (NRSROs).

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk in terms of investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Policy requires that a third- party bank custody department hold all securities owned by OCTA. All trades are settled on a delivery versus payment basis through OCTA's safekeeping agent. At June 30, 2023, OCTA did not have any deposits or securities exposed to custodial credit risk and there was no securities lending.

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 NSRSO.

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, 2023 (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
CA Community Foundation Fund	NR	NR	1.01%
Orange County Investment Pool	NR	NR	0.73%
Local Agency Investment Fund	NR	NR	0.90%
U.S. Treasuries	NR	NR	35.37%
U.S. Agency Notes	AA	Aaa	13.21%
Medium Term Notes			
Corporate Notes	AA	Aaa	1.48%
Corporate Notes	AA	Aa	2.27%
Corporate Notes	AA	A	0.37%
Corporate Notes	A	A	8.23%
Elevance Health Inc	A	Baa	0.04%
Corporate Notes	A	NR	0.30%
Corporate Notes	BBB	A	0.55%
Mortgage and Asset-Backed Securities			
Securities	AAA	Aaa	2.36%
Securities	AAA	NR	5.07%
Securities	NR	Aaa	2.45%
Ford	NR	Aa	0.07%

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Investments	S&P	Moody's	% of Portfolio
Variable Rate Notes			
FHMS	AAA	Aaa	0.16%
Bank of New York	AA	Aa	0.21%
Notes	AA	Aaa	1.03%
Notes	A	A	3.47%
Citizens Bank	A	Baa	0.10%
Notes	BBB	A	1.41%
Notes	BBB	Baa	0.14%
Morgan Stanley	NA	A	0.05%
Money Market Funds	AAA	Aaa	14.39%
Municipal Bonds			
Various Agencies	AAA	Aa	0.15%
Various Agencies	AA	Aa	0.55%
New Jersey State Authority	AA	A	0.03%
Various Agencies	AA	NR	0.45%
Golden State Securitization Corp.	A	Aa	0.08%
Hawaii State	A	A	0.03%
Various Agencies	NR	Aa	0.46%
Various Agencies	NR	NR	0.23%
Commercial Paper			
Natixis	A-1	P-1	0.46%
Certificate of Deposit			
Various	AA	Aa	0.41%
Credit Agricole	A	Aa	0.15%
BMO	A-1	P-1	0.85%
Supranational			
Various	AAA	Aaa	0.78%
Total			100%

Concentration of Credit Risk

At June 30, 2023, OCTA did not exceed the Policy maximum concentrations as stated below:

Issuer/Counter-Party Diversification Guidelines for All Securities Except U.S. Treasuries and U.S. Government Agency Securities:

- Any one corporation, bank, local agency, special purpose vehicle or other corporate issuer name for one or more series of securities shall not exceed 5% of the portfolio.

Issuer/Counter-Party Diversification Guidelines for OCTA's Debt:

- OCTA can purchase all or a portion of the OCTA's debt, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate, providing the purchase does not exceed 25% of the Maximum Portfolio and when authorized by the Internal Revenue Service.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

The following is a summary of the concentration of credit risk by issuer as a percentage of the OCTA's investment portfolio at June 30, 2023:

Issuer	Amount	% of OCTA's Portfolio
Federal Home Loan Mortgage Corporation	\$ 193,749	8.26 %

Investment in State Investment Pool

OCTA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code. The Investment Advisory Board provides oversight for LAIF, consisting of five members as designated by statute, which includes the Treasurer of the State of California. The value of OCTA's investment in this pool is reported on an amortized cost basis in the accompanying financial statements, based upon OCTA's pro-rata share of the entire LAIF portfolio.

The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Deposits and withdrawals are made on the basis of \$1.00 (absolute dollars) and not fair value.

Investment in Orange County Investment Pool

The TDA guidelines require the California Department of Tax and Fee Administration (CDTFA) to deposit State Transit Assistance and Local Transportation funds with the OCIP until claimed by OCTA. OCIP is monitored by the Treasury Oversight Committee (TOC) established by the County of Orange Board of Supervisors on December 19, 1995 by Resolution No. 95-946. The TOC reviews and monitors the annual investment policy prepared by the Treasurer in accordance with Government Code §27133. The value of OCTA's investment in this pool is reported on an amortized cost basis in the accompanying financial statements, based upon OCTA's pro-rata share of the entire OCIP portfolio, which is adjusted by the application of a fair value factor provided by OCIP. Deposits and withdrawals are made on the basis of \$1.00 (absolute dollars) and not fair value.

Investment in CA Community Foundation Investment Pool

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 CCF for the entire CCF portfolio (in relation to the amortized cost of that portfolio).

4. GRANTS AND STATE ASSISTANCE

Operating Assistance Grants

Under provisions of the Federal Transit Administration (FTA), funds are available to OCTA for Americans with Disabilities Act (ADA) paratransit operating assistance, preventive maintenance, capital cost of contracting, demonstration projects, transportation planning, and related services. The appropriations for fiscal year 2022-23 total \$107,994. A receivable of \$16,962 is outstanding as of June 30, 2023.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Capital Grants

Under the provisions of FTA, appropriations are available for the development and capital investments for a public transportation system including the acquisition and construction of facilities, transit vehicles and related support equipment. The appropriations for fiscal year 2022-23 related to capital investments total \$5,951. A receivable of \$45,027 is outstanding as of June 30, 2023.

Local Transportation Fund

In fiscal year 2022-23, LTF received revenues from a one-quarter percent state sales and use tax through provisions of the TDA, as amended. Under TDA, revenues are to be made available to OCTD for planning, paratransit, and for operating expenses. In fiscal year 2022-23, OCTA became entitled to \$5,130 in LTF revenues. The remaining revenues received by LTF were contributed to other claimants for administration, planning, and operations.

State Transit Assistance Program

State Transit Assistance (STA) revenue is generated by the state sales tax on diesel fuel as specified under the gas tax swap enacted in March 2010. The Road Repair and Accountability Act of 2017, signed into law April 2017, provided additional funding under the State of Good Repair (SGR) Program. This program is funded from a portion of new Transportation Improvement Fee on vehicle registrations and provides transit operators in California funding for eligible transit maintenance, rehabilitation, and capital projects. OCTA received \$56,447 and \$6,619 in STA and SGR respectively, in fiscal year 2022-23.

5. DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2023 in the fund financial statements are as follows:

	Governmental Funds					Enterprise Funds			
Receivables:	General	LTA	LTF	LTA Debt Service	Nonmajor Funds	OCTD	91 EL		Total
Sales taxes	\$ —	\$ 73,407	\$ 38,781	\$ —	\$ 15,788	\$ —	\$ —		\$ 127,976
Projects	787	27,028	—	5,151	—	5,533	—		38,499
Other	1,816	16	—	—	1,344	4,073	338		7,587
Total	\$ 2,603	\$ 100,451	\$ 38,781	\$ 5,151	\$ 17,132	\$ 9,606	\$ 338		\$ 174,062

Amounts due to other governments as of June 30, 2023 are as follows:

	Governmental Funds					Enterprise Funds				
Payables:	General	LTA	LTF	LTA Debt Service	General Capital Project	Nonmajor Funds	OCTD	91 EL	I-405 EL	Total
Projects	\$ —	\$ 31,714	\$ 236	\$ —	\$ 265	\$ —	\$ 853	\$ 16	\$ 581	\$ 33,665
Use taxes	1	—	—	—	1	—	6	—	—	8
Other	20	256	—	—	—	47	772	1,041	—	2,136
Total	\$ 21	\$ 31,970	\$ 236	\$ —	\$ 266	\$ 47	\$ 1,631	\$ 1,057	\$ 581	\$ 35,809

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The composition of interfund balances at June 30, 2023 is as follows:

Due to/from other funds:

Payable Funds	Receivable Funds						Total
	General	LTA	General Capital Project	OCTD	Nonmajor Enterprise		
LTA	\$ 314	\$ —	\$ 7,930	\$ 504	\$ 9		\$ 8,757
LTF	377	—	—	—	—		377
General Capital Project	—	7,658	—	—	—		7,658
Nonmajor Governmental	—	—	—	9,314	—		9,314
OCTD	—	—	173	1	—		174
91 EL	—	3,889	—	—	—		3,889
I-405 EL	—	4,812	—	—	—		4,812
Total	\$ 691	\$ 16,359	\$ 8,103	\$ 9,819	\$ 9		\$ 34,981

The due to/from other funds arise due to short-term funding for certain projects, operations, and temporary cash deficit. These projects include ARTIC Station & Placentia Station, OC Streetcar project, OCTD capital and operating cost, OCTD & CTSA operations, SR-91 Improvement Project, and I-405 Improvement Project.

Interfund transfers:

Transfers Out	Transfers In						Total
	General	LTA	LTA Debt Service	General Capital Project	OCTD	Nonmajor Enterprise	
LTA	—	—	56,290	44,322	11,057	747	112,416
LTF	5,130	—	—	—	185,813	—	190,943
LTA Debt Service	—	2,963	—	—	—	—	2,963
Nonmajor Governmental	—	—	—	—	37,614	—	37,614
OCTD	—	453	—	944	—	—	1,397
91 EL	—	12,014	—	—	—	—	12,014
I-405 EL	—	—	—	—	—	—	—
Total	\$ 5,130	\$ 15,430	\$ 56,290	\$ 45,266	\$ 234,484	\$ 747	\$ 357,347

Interfund transfers reflect a flow of assets between funds and blended component units of the primary governments without an equivalent flow of assets in return. The purpose of these transfers were primarily to: 1) relay cash from LTA fund to LTA Debt Service fund for the retirement of long-term obligations, 2) provide resources to fund various project costs such as SR-91 improvement project, Transportation Security Operations Center (TSOC) construction project, OC Streetcar project, OCTD capital and operating costs 3) contribute resources to finance operating costs for OCTA's bus program, 4) transfer Measure M sales tax revenues to support various services/programs such as fare stabilization program, stationlink services rail feeder, and i-shuttle Project V services.

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 172,236	\$ —	\$ —	\$ —	\$ 172,236
Right-of-way improvements	7,300	—	—	—	7,300
Construction in progress	318,639	84,077	(2,643)	(135)	399,938
Total capital assets, not being depreciated	498,175	84,077	(2,643)	(135)	579,474
Capital assets, being depreciated:					
Building and improvements	2,003	—	—	—	2,003
Machinery, equipment and furniture	10,400	715	(712)	135	10,538
Intangible right-to-use (building)	32,006	—	—	—	32,006
Intangible right-to-use (equipment)	186	—	—	—	186
Intangible right-to-use (SBITA)*	468	1,304	—	—	1,772
Total capital assets, being depreciated	45,063	2,019	(712)	135	46,505
Less accumulated depreciation for:					
Buildings and improvements	(1,309)	(78)	—	—	(1,387)
Machinery, equipment and furniture	(7,621)	(792)	522	—	(7,891)
Intangible right-to-use (building)	(4,221)	(4,221)	—	—	(8,442)
Intangible right-to-use (equipment)	(83)	(83)	—	—	(166)
Intangible right-to-use (SBITA)	—	(425)	—	—	(425)
Total accumulated depreciation	(13,234)	(5,599)	522	—	(18,311)
Total capital assets, being depreciated, net	31,829	(3,580)	(190)	135	28,194
Governmental activities capital assets, net	530,004	80,497	(2,833)	—	607,668
Business-type activities:					
Capital assets, not being depreciated:					
Land	57,106	—	—	—	57,106
Construction in progress	388,132	137,761	(299)	(45,121)	480,473
Total capital assets, not being depreciated	445,238	137,761	(299)	(45,121)	537,579
Capital assets, being depreciated and amortized:					
Building and improvements	157,713	263	(3)	2,916	160,889
Transit vehicles	353,691	10,610	(31,617)	34,897	367,581
Machinery, equipment and furniture	80,501	1,646	(804)	7,308	88,651
Intangible right-to-use (building)	3,733	5,913	—	—	9,646
Intangible right-to-use (SBITA)*	92	588	—	—	680
Toll facility franchise	205,264	—	—	—	205,264
Total capital assets, being depreciated and amortized	800,994	19,020	(32,424)	45,121	832,711
Less accumulated depreciation and amortization for:					
Buildings and improvements	(99,824)	(5,288)	—	—	(105,112)
Transit vehicles	(249,644)	(19,273)	31,609	—	(237,308)
Machinery, equipment and furniture	(61,587)	(7,459)	801	—	(68,245)
Intangible right-to-use (building)	(415)	(489)	—	—	(904)
Intangible right-to-use (SBITA)	—	(112)	—	—	(112)
Toll facility franchise	(92,743)	(2,587)	—	—	(95,330)
Total accumulated depreciation and amortization	(504,213)	(35,208)	32,410	—	(507,011)
Total capital assets, being depreciated and amortized, net	296,781	(16,188)	(14)	45,121	325,700
Business-type activities capital assets, net	\$ 742,019	\$ 121,573	\$ (313)	\$ —	\$ 863,279

* Beginning balance of \$468 and \$92 are due to the adoption of the provisions of GASB Statement No. 96, SBITAs.

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Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:

General Government	\$ 5,585
Motorist services	14
Total	\$ 5,599

Business-type activities:

Fixed route	\$ 24,968
Paratransit	4,249
Toll road	5,991
Total	\$ 35,208

Toll Facility Franchise

On January 3, 2003, OCTA purchased from the California Private Transportation Company (CPTC) its interest in a franchise agreement for a toll facility on a 10-mile segment of the Riverside Freeway/ State Route (SR) 91 between the Orange/Riverside County line and the Costa Mesa Freeway/SR-55. The purchase was enabled by State Assembly Bill (AB) 1010 (Correa), passed by the California legislature and signed by the governor in September 2002. The legislation provided the authority for OCTA to collect tolls and pay related financing costs until 2030, and eliminated noncompete provisions in the franchise agreement for needed improvements on SR-91. The franchise agreement with the State of California's Department of Transportation (Caltrans) had granted CPTC the right to develop and construct the toll facility and to operate it for 35 years under a lease arrangement. Caltrans retains legal title to the real property components of the toll facility. There are no franchise fees or installment payments payable to Caltrans.

In September 2008, the Governor of California approved Senate Bill (SB) 1316 (Correa) as an update to the provisions of AB 1010. SB 1316 authorized OCTA to assign its franchise rights, interests and obligations in the Riverside County portion to the Riverside County Transportation Commission (RCTC), thereby allowing RCTC to add two toll lanes and a regular lane in each direction on the SR-91 from the Orange County line to Interstate 15. In addition, the bill authorized the terms of the franchise to expire no later than December 31, 2065. SB 1316 also required OCTA and RCTC to enter into an agreement providing for the coordination of their respective tolling facilities if RCTC was to construct and operate the toll facilities on the Riverside County portion of the SR-91 franchise.

In December 2011, the Board approved the assignment of OCTA's franchise rights, interests and obligations in the Riverside County portion of the SR-91 franchise to RCTC. The Board also approved the extension of the expiration date to 2065 and a cooperative agreement between OCTA and RCTC that details the joint operation for the 91 Express Lanes extension.

In fiscal year 2023, OCTA assessed GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements and determined that 91 Express Lanes agreement was not applicable to this standard, wherein exchange or exchange-like transactions does not exist between OCTA and Caltrans pertaining to this arrangement.

ORANGE COUNTY TRANSPORTATION AUTHORITY
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8. LEASES

OCTA adopted GASB Statement No. 87, Leases, for the fiscal year ended June 30, 2022. Under this Statement, OCTA, as a lessee, is required to recognize a lease liability and an intangible right-to-use lease asset, and as a lessor, OCTA is required to recognize a lease receivable and a deferred inflow of resources.

Lease receivables

In fiscal year 2022-23, OCTA has lease receivables comprised of four agreements, which OCTA is the lessor related to land. OCTA has recognized \$348 in lease revenue and \$18 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, OCTA has lease receivable in the amount of \$422. Also, OCTA has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources is \$398. The following is a schedule of future minimum lease receivable as of June 30, 2023:

Year ending June 30,	Principal	Interest	Total
2024	\$ 218	\$ 6	\$ 224
2025	83	4	87
2026	71	3	74
2027	37	—	37
2028	1	—	1
2029-2033	5	—	5
2034-2038	5	—	5
2039-2040	2	—	2
Total	\$ 422	\$ 13	\$ 435

Lease payables

In fiscal year 2022-23, OCTA has a lease payable comprised of five agreements, which OCTA is a lessee for the use of buildings and equipment. As of June 30, 2023, OCTA has a lease liability in the amount of \$33,548. The value of the right-to-use assets as of the end of the current fiscal year is \$41,838 and has accumulated amortization of \$9,512. The following is a schedule of future minimum lease liabilities as of June 30, 2023:

Year ending June 30,	Principal	Interest	Total
2024	\$ 4,397	\$ 786	\$ 5,183
2025	4,587	711	5,298
2026	4,837	632	5,469
2027	5,078	548	5,626
2028	5,331	459	5,790
2029-2033	4,803	1,623	6,426
2034-2038	1,761	1,170	2,931
2039-2043	2,754	447	3,201
Total	\$ 33,548	\$ 6,376	\$ 39,924

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9. SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITAs)

OCTA adopted GASB Statement No. 96, SBITAs, for the fiscal year ended June 30, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

On the implementation date of July 1, 2022, OCTA recorded \$89 subscription liabilities and \$560 corresponding right-to-use assets. The implementation had no impact to the beginning net position.

In fiscal year 2022-23, OCTA recorded subscription payable comprised of four agreements, which OCTA is a lessee for the use of IT arrangements. As of June 30, 2023, OCTA has a subscription liability in the amount of \$899. The value of the right-to-use assets as of the end of the current fiscal year is \$2,452 with accumulated amortization of \$537.

The following is a schedule of future minimum subscription liabilities as of June 30, 2023:

Year ending June 30,	Principal	Interest	Total
2024	\$ 470	\$ 25	\$ 495
2025	221	16	237
2026	76	7	83
2027	82	4	86
2028	50	1	51
Total	\$ 899	\$ 53	\$ 952

10. RISK MANAGEMENT – CLAIMS LIABILITY

OCTA is self-insured for workers' compensation and general liability claims. Workers' compensation claims are self-insured with a maximum amount of \$750,000 per claim with statutory limits. For fiscal year 2021-22 and fiscal year 2022-23, general liability claims are fully self-insured with an adequate funding reserve as required by the OCTA Board of Directors. Actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards. The process used in computing claims liability may not result in an exact amount but are actuarially determined on a yearly basis. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. There are no claims or settlements exceeded insurance coverage for each of the past three fiscal years. Management is of the opinion that the recorded liabilities for OCTA's self-insured claims are adequate.

OCTA's liability for claims where it has retained the risk of loss, as recorded in the appropriate internal service funds, is as follows:

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	2023	2022
General Liability		
Unpaid claims as of July 1	\$ 3,030	\$ 2,577
Incurred claims (including claims incurred but not reported as of 6/30)	773	854
Payments	(794)	(4,635)
Increase (decrease) in provision for prior years' events	3,093	4,234
Unpaid claims at June 30	6,102	3,030
Workers' Compensation		
Unpaid claims as of July 1	16,327	16,011
Incurred claims (including claims incurred but not reported as of 6/30)	582	1,811
Payments	(4,836)	(3,993)
Increase in provision for prior years' events	2,652	2,498
Unpaid claims at June 30	14,725	16,327
Total unpaid claims at June 30	20,827	19,357
Less current portion of unpaid claims	(3,870)	(3,575)
Total long-term portion of unpaid claims	\$ 16,957	\$ 15,782

11. LONG-TERM DEBT

Sales Tax Revenue Bonds

On December 9, 2010, LTA issued \$293,540 in 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.

On February 12, 2019, LTA issued \$376,690 in M2 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2019 (the "Series 2019 Bonds"), i) to finance the costs of certain transportation projects located in Orange County, consisting of the general purpose lanes of 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 iii) 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 OCTA's outstanding debt obligations related to M2 Sales Tax Revenue Bonds contain a provision that in an event of default, bondholders have the right to sue in order to force the Authority to cure the event of default, which may result in finance related consequences.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
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A summary of the bonds outstanding is as follows:

	2010 Series A (Taxable Build America Bonds)	2019 Series (Tax-Exempt Bonds)
Issuance date	12/09/10	2/12/19
Original issue amount	\$ 293,540	\$ 376,690
Original issue premium	—	69,342
Net Bond Proceeds	\$ 293,540	\$ 446,032
Issuance costs	\$ 1,905	\$ 970
Interest rates	5.56%-6.91%	3.00%-5.00%
Maturity range	2021-2041	2021-2041
Final maturity	2041	2041
Bonds outstanding	\$ 250,000	\$ 340,235
Plus unamortized premium	—	55,664
Total	\$ 250,000	\$ 395,899

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 20,920	\$ 33,952
2025	21,950	32,906
2026	23,630	31,722
2027	24,755	30,334
2028	25,935	28,881
2029-2033	149,455	120,084
2034-2038	188,445	72,175
2039-2041	135,145	16,049
Total	\$ 590,235	\$ 366,103

Toll Road Revenue Refunding Bonds

On July 30, 2013, OCTA issued \$124,415 in Senior Lien Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2013 to refund the outstanding Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003 B-1 and Series 2003 B-2. OCTA refunded the outstanding Series 2003-A Bonds to reduce its total debt service payments over the life of the bonds and refunded the Series 2003 B-1 and Series 2003 B-2 Bonds to address the mandatory tender date of August 15, 2013 for the existing private placement with the OCIP. The Series 2013 Bonds were issued as fixed rate bonds. The transaction closed on August 8, 2013.

The OCTA's outstanding debt obligations related to Toll Road Revenue Refunding Bonds contain a provision that in an event of default, bondholders have the right to sue in order to force the Authority to cure the event of default, which may result in finance related consequences.

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A summary of the terms of the Toll Road Revenue Refunding Bonds is as follows:

	2013 Series (Toll Road Revenue Bonds)
Issuance date	07/30/2013
Closing date	08/08/2013
Original issue amount	\$ 124,415
Cash reserve requirements	\$ 20,852
Cash reserve balance	\$ 19,451
Interest rate range	2%-5%
Maturity	December 2030
Principal payment date	August 15
Current balance	\$ 71,420
Unamortized premium	\$ 4,803
Deferred amount on refunding	\$ (4,994)

*Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, the following three reserve funds are required to be maintained: Senior Lien Reserve Fund \$7,852, Major Maintenance Reserve Fund \$10,000, and Operating Reserve Fund \$3,000. At June 30, 2023, all reserve requirements have been satisfied with \$6,047,989 reserved in current cash and investment account for Senior Lien Toll Road Revenue Refunding Bonds, Series 2023, issued on July 6, 2023.

Annual debt service requirements on the tax-exempt bonds as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 7,460	\$ 3,336
2025	7,845	2,953
2026	8,245	2,551
2027	8,670	2,128
2028	9,115	1,683
2029-2031	30,085	2,303
Total	\$ 71,420	\$ 14,955

TIFIA Loan

On September 9, 2021, OCTA and the Department of Transportation Build America Bureau Credit Programs Office (Bureau) executed a TIFIA loan for \$628,930 (2021 TIFIA Loan), replacing the original TIFIA Loan that closed on July 26, 2017 for \$628,930 (2017 TIFIA Loan), with an interest rate of 1.95% as a direct borrowing for eligible project costs for the I-405 Improvement Project.

Prior to the close of the 2017 TIFIA Loan, the Bureau had required OCTA to secure committed M2 funds. To meet this requirement under the 2021 TIFIA Loan, OCTA maintains approximately \$500,000 of M2 funds in restricted accounts established under its Custody Account Agreement.

On September 29, 2021, in connection with the 2021 TIFIA Loan, OCTA issued \$662,820 of tax-exempt Bond Anticipation Notes (2021 BANs). The 2021 BANs mature on October 15, 2024, with an

ORANGE COUNTY TRANSPORTATION AUTHORITY
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interest rate of 0.30%. The 2021 BANs serve as a short-term financing mechanism during the construction of the I-405 Improvement Project, allowing OCTA to capitalize on lower short-term interest rates over the subsequent next three years, rather than immediately drawing on its 2021 TIFIA Loan.

On December 15, 2022, given significant shifts in the U.S. Treasury yield curve, OCTA requested a disbursement from the Bureau, which was used to legally defease the 2021 BANs, by funding a defeasance escrow using U.S. Treasury securities (State and Local Government Securities [SLGS]).

During the construction of the I-405 Project, and for a period of up to five years following the substantial completion, interest on the 2021 TIFIA Loan is capitalized/accreted to principal. The loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent that additional funds are available. Annual debt service payment will commence on June 1, 2028 through June 1, 2058. In fiscal year 2022-23, the entire TIFIA loan of \$628,930 was drawn and unused balance is \$0. In addition, OCTA prepaid \$15,219 of principal on the TIFIA Loan Agreement this fiscal year. The outstanding balance of \$620,189 includes interest accretion of \$6,478 through June 30, 2023.

The TIFIA loan is secured solely by toll revenues of the I-405 Express Lanes, which are anticipated to open for public use in December 2023. The loan is non-recourse debt and is issued on a senior lien basis. The credit rating on the TIFIA loan is Baa2 (Moody's). The legal documents for the TIFIA loan contain provisions with finance related consequences, that if an event of default occurs and continues, the trust estate shall be under the control of the trustee. Also, under the TIFIA Loan Agreement interest increases to the Default Rate, and the US Department of Transportation has the option of holding up loan disbursements. The OCTA's legal documents also contain acceleration clauses, whereas the OCTA's obligations shall automatically become due and payable.

Changes in Long-Term Debt

Long-term debt activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Sales tax revenue bonds	\$ 610,170	\$ —	\$ (19,935)	\$ 590,235	\$ 20,920
Unamortized premium	58,815	—	(3,151)	55,664	—
Total governmental activities	668,985	—	(23,086)	645,899	20,920
Business-type activities:					
Tax-exempt bonds	\$ 78,515	\$ —	\$ (7,095)	\$ 71,420	\$ 7,460
Unamortized premium	5,447	—	(644)	4,803	—
Subtotal for Tax-exempt bonds	83,962	—	(7,739)	76,223	7,460
Direct Borrowing-TIFIA loan	—	635,408	(15,219)	620,189	—
2021 Series BAN	662,820	—	(662,820)	—	—
Total business-type activities	\$ 746,782	\$ 635,408	\$ (685,778)	\$ 696,412	\$ 7,460

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Arbitrage Rebate

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. In general, arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Failure to follow the arbitrage regulations could result in the interest paid to bondholders being retroactively rendered taxable.

In accordance with the arbitrage regulations, if excess earnings were calculated, 90% of the amount calculated would be due to the Internal Revenue Service (IRS) at the end of each five-year period. The remaining 10% would be recorded as a liability and paid after all bonds had been redeemed. During the current year, no excess earnings were calculated, therefore, no payments were made.

Pledged Revenue

OCTA has a number of debt issuances outstanding that are repaid and secured by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the summary of bonds outstanding tables. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions.

Debt service payments as a ratio of the pledged gross revenue, less certain expenditures/expenses as required by the debt agreement, for the year ended June 30, 2023, are indicated in the following table and OCTA is in compliance with the ratio per the debt agreement:

Description of Pledged Revenue	Annual Amount of Net Pledged Revenue	Annual Debt Service Payments	Pledged Revenue Coverage
Measure M2 Net Sales Tax Revenue	\$ 349,480	\$ 54,884	6.37
91 EL Net Toll Road Revenue	50,489	10,795	4.68

12. PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS (PPP)

In March 2017, OCTA entered into an agreement with the State of California, Department of Transportation (Caltrans), under which OCTA will design and build the I-405 Improvement Project, and be responsible for the operation of I-405 Toll Facility for 40 years commencing as of the first day on which the Toll Facility opens for public use and toll operations. OCTA will set, collect, and retain tolls during this period. At the end of the term of this agreement, all property owned by OCTA and which is related to the Toll Facility, shall automatically become the property of Caltrans.

With the implementation of GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, OCTA has identified this arrangement as a PPP. OCTA has recognized an asset for construction-in-progress related to the I-405 Improvement Projects in the amount of \$437,230 as of June 30, 2023.

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13. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated absences	\$ 8,742	\$ 8,285	\$ (7,923)	\$ 9,104	\$ 48
Rent holiday	4,655	3,741	(4,085)	4,311	—
Lease liabilities	28,483	—	(3,849)	24,634	3,974
Subscription liabilities*	89	776	(242)	623	436
Total governmental activities	\$ 41,819	\$ 12,088	\$ (15,858)	\$ 45,747	\$ 4,023
Business-type activities:					
Claims payable	19,357	7,100	(5,630)	20,827	3,870
Compensated absences	8,697	11,243	(11,091)	8,849	7,725
Lease liabilities	3,687	5,577	(350)	8,914	422
Subscription liabilities	—	286	(10)	276	34
Total business-type activities	\$ 31,741	\$ 24,206	\$ (17,081)	\$ 38,866	\$ 12,051

* Beginning balance of \$89 is due to the adoption of the provisions of GASB Statement No. 96, SBITAs.

Compensated absences will be paid from the general fund for governmental activities and from the OCTD enterprise fund for business-type activities.

14. PENSION PLAN

OCTA participates in the Orange County Employees Retirement System (OCERS) and also contributes to 401(a) plan which are subject to GASB Statement No. 68.

A summary of pension amounts for OCTA's plan at June 30, 2023 is presented below:

	OCERS
Deferred outflows of resources – pension	\$ 69,977
Net pension liability	207,133
Deferred inflows of resources – pension	33,790
Pension expense	22,990

Orange County Employees Retirement System

Plan Description: OCTA participates in OCERS Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by OCERS. The County Employees Retirement Law of 1937 and other applicable statutes grant the authority to establish and amend the benefit terms to the OCERS. OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans administered by OCERS. This report is issued for each year ending December 31 and can be obtained online at www.ocers.org, or from its executive office: 2223 Wellington Avenue, Santa Ana, CA 92701.

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Benefits Provided: OCERS provides for service retirement, death, disability, survivor benefits and annual cost-of-living benefits to plan members, who must be public employees and beneficiaries. Service retirement benefits are based on Plan Type, years of service, age at retirement and final average salary. The benefit formulas are an annual annuity equal to 2% of the employee's one-year final average salary for each year of service rendered at age 57 for Plan A members who were hired prior to September 21, 1979 and 1.67% of the employee's three year final average salary for each year of service rendered at age 57.5 for Plan B members who were hired after September 21, 1979.

Contributions: Per Government Code sections 31453.5 and 31454, participating employers are required to contribute a percentage of covered salary to the Plan. The contribution requirements of participating active members and employers are established and may be amended by the OCERS' Board of Retirement. Employee contributions are established by the OCERS' Board of Retirement and guided by state statute (Government Code sections 31621, 31621.5, 31621.8, 31639.25 and 31639.5) and vary based upon employee age at the time of entering OCERS membership. Participating employers may pay a portion of the participating active employees' contributions through negotiations and bargaining agreements.

Funding contributions for the OCERS plan are determined annually on an actuarial basis by OCERS. The contribution requirement for the year ended June 30, 2023 was 33.41% of total covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. OCTA's contributions to OCERS were \$33,081 for the year ended June 30, 2023.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, OCTA reported a liability of \$207,133 for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2023, and determined by rolling forward the total pension liability (TPL) as of December 31, 2022 actuarial valuation date. OCTA's proportionate share of the TPL has been determined by OCERS' actuary based upon employer contributions within each rate group. While OCERS is comprised of many rate groups, and certain rate groups may have multiple employer participants, OCTA is the only employer within its own individual rate group. Legally required employer contributions for each year less any amounts of those legally required contributions that are paid by the employees are used as the basis for determining each participating employer's proportion of total contributions. Contributions made by the employer on behalf of employees under Government Code Section 31581.2 are considered employee contributions and are not included in the proportionate share calculation.

At December 31, 2022, OCTA's proportion was 4.38%, which was an increase of 0.18% from its proportion measured as of December 31, 2022. For the year ended June 30, 2023, OCTA recognized pension expense of \$22,990.

At June 30, 2023, OCTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 16,344	\$ —
Net difference between projected and actual earnings on plan investments	50,080	—
Difference between expected and actual experience	1,823	33,790
Changes of assumptions	1,730	—
Total	\$ 69,977	\$ 33,790

Deferred outflows of resources related to contributions subsequent to the measurement date but before reporting period of \$16,344 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows/outflows of resources related to changes of assumptions and difference between expected and actual experience will be recognized as pension expense over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS which is 5.41 years determined as of December 31, 2022. In addition, the net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis beginning with the year in which they occur.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Increase (Decrease) in Pension Expense
2024	\$ (13,568)
2025	(685)
2026	8,182
2027	27,469
2028	(1,555)
Total	\$ 19,843

Actuarial Assumptions

Following are the key methods and assumptions used for the TPL as of December 31, 2022:

Actuarial Experience Study	Three year period ending December 31, 2019
Actuarial Cost Method	Entry age normal cost
Actuarial Assumptions:	
Investment Rate of Return	7.00% net of plan investment expenses, including inflation
Discount Rate	7.00%
Inflation Rate	2.50%
Cost of Living Adjustment	2.75% of retirement income
Projected Salary Increases	4.00% to 11.00%; vary by service, including inflation

Mortality Assumptions: The underlying mortality assumptions used in the TPL at December 31, 2022 were based on the results of the actuarial experience study for the period January 1, 2017 through December 31, 2019 using the Pub-2010 General Health Employee Amount-Weighted Above-

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Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2019, with age adjustments, and adjusted separately for healthy and disabled. The underlying mortality assumptions used in the TPL at December 31, 2019 were based on the results of the actuarial experience study for the period January 1, 2014 through December 31, 2016 using the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table as a starting point, projected generationally using the two-dimensional Scale MP-2016, with age adjustments, and adjusted separately for healthy and disabled. In general, using a generational mortality table anticipates increases in the cost of the Plan over time as participants' life expectancies are projected to increase. This is in contrast to updating a static mortality assumption with each experience study as proposed in prior experience studies.

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses.

The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private)	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA - Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	2.50%	2.50%
Total	100.00%	

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Discount Rate: The discount rate used to measure the TPL was 7.00% as of December 31, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2022.

Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate: The following table represents the net pension liability of calculated using the discount rate of 7.00%, as well as what the NPL would be if it was calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease	Current Rate	1% Increase
OCTA's Proportionate Share of the NPL	\$ 362,149	\$ 207,133	\$ 80,691

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OCERS financial report.

OCTA 401(a) Defined Contribution Plan

OCTA contributes to the 401(a) Plan, a defined contribution pension plan, 1) for its full-time administrative employees, 2) for employees represented by the Transportation Communications International Union/International Association of Machinists and Aerospace Workers (TCU/IAM-AW), and 3) for coach operators represented by Teamsters Local 952. The 401(a) Plan is administered by Nationwide Retirement Solutions.

Per provision of Personnel and Salary Resolution adopted by the Board, OCTA provides 401(a) matching contributions to Administrative employees who meet the following criteria:

- 1% of base pay for employees from 0 but less than 3 years of service
- 2% of base pay for employees with 3 but less than 5 years of service
- 3% of base pay for employees with 5 or more years of service

In addition, certain administrative employees are eligible, upon hire or promotion, to receive an additional matching contribution of up to 2% of base salary to their 401(a) account, provided employees are making contributions of at least that amount to the OCTA 457(b) plan.

According to provision of Agreement with TCU/IAM-AW, OCTA provides employer-paid contributions to represented employees who meet the following criteria:

- 1% of base pay for employees with 5 to 14 years service
- 2% of base pay for employees with 15 to 19 years service
- 3% of base pay for employees with 20 years or more of service

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Per provision of Coach Operator Agreement, OCTA provides employer-paid contributions to coach operators who meet the following criteria:

- 1% of base pay for employees with 5 years to 9 years of service
- 2% of base pay for employees with 10 years or more of service
- 2% plus matching up to 1% of base pay for employees with 15 to 19 years or more of service
- 2% plus matching up to 3% of base pay for employees with 20 years or more of service

The 401(a) Plan is entirely funded by employer contributions. For the year ended June 30, 2023, OCTA contributed \$9,970 to the 401(a) Plan.

15. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: OCTA sponsors and administers a single-employer defined-benefit postemployment healthcare plan (Plan) to provide medical insurance benefits to eligible retired employees. Benefit provisions are established and may be amended by the Board of Directors of OCTA. OCTA reports the financial activity of the Plan in its basic financial statements. No separate benefit plan report is issued.

Effective July 1, 2018, Coach Operators became eligible to participate in the Other Postemployment Benefits (OPEB) plan sponsored and administered by OCTA. Previously, only Unrepresented Administrative Employees and Transportation Communications International Union Employees were eligible to continue participating in the group healthcare insurance program after retirement until age 65 for retirees who retire directly from OCTA. Unrepresented Administrative Employees and Transportation Communications International Union Employees in OCERS Plan A and B must be at a minimum of age 50 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 52 with at least five years of OCTA service to meet eligibility requirements. Coach Operators in OCERS Plan A and B must be at a minimum of age 55 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 55 with at least five years of OCTA service for eligibility. The retiree pays the full premium for retiree, spouse and dependents. OCTA does not provide any cash subsidy towards retiree medical benefits.

Funding Policy: Because of the nature of the implied subsidy, OCTA funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

OCTA allows retirees to participate in the same medical plan as active employees at the same premium rates. Because the rate is a “blended rate”, payments for the active employees include an implied subsidy of what would normally be a higher rate for retirees if the retirees were in a stand-alone health plan.

For fiscal year ended June 30, 2023, the implied subsidy was determined as part of the June 30, 2023 actuarial valuation. The estimated implied subsidy at June 30, 2023 was \$181.

GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Employees covered by benefit terms: As of January 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefit	—
Active employees	1,126
Total participants covered by OPEB Plan	1,156

Total OPEB liability

OCTA's total OPEB liability (TOL) of \$2,516 was measured as of June 30, 2023 and was determined by an actuarial valuation as of January 1, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions and other inputs: The TOL of \$2,516 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.86 %
Healthcare Cost Trend Rates:	
2022 – 2023 Current Year Trend	5.50 %
2023 – 2024 Trend	5.20 %
Decrement	0.10 %
Ultimate Trend	4.00 %
Year Ultimate Trend is Reached	2029
Salary Increases	3.25 %
Inflation Rate	2.75 %

Actuarial assumptions used in the January 1, 2022 valuation were based on a review of plan experience during the period January 1, 2020 to December 31, 2021.

The discount rate was based on the index provided by Fidelity General Obligation AA 20 Years Municipal Index based on the 20 year AA municipal bond rate as of June 30, 2023, an increase from the discount rate used for fiscal year ended June 30, 2022 of 3.69%.

Mortality rates were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point, projected generationally with the two-dimensional MP-2016 projection scale.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at 6/30/2022	\$ 2,508
Changes for the current year:	
Service cost	189
Interest	94
Changes in assumptions	(94)
Differences between expected and actual experience	—
Benefit payments	(181)
Net changes	8
Balance at 6/30/2023	\$ 2,516

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the TOL of OCTA, calculated using the discount rate of 3.86%, as well as what OCTA's TOL would be if it was calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current rate:

	1% Decrease	Current Rate	1% Increase
OCTA's total OPEB liability	\$ 2,663	\$ 2,516	\$ 2,371

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the TOL of OCTA, calculated using an initial trend rate of 5.50%, as well as what OCTA's TOL would be if it was calculated using a trend rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

	1% Decrease	Current Rate	1% Increase
OCTA's total OPEB liability	\$ 2,245	\$ 2,516	\$ 2,832

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, OCTA recognized OPEB expense of \$273. At June 30, 2023, OCTA reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 31	\$ (307)
Changes of assumptions	105	(19)
Total	\$ 136	\$ (327)

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Increase (Decrease) in OPEB Expense
2024	\$ (88)
2025	(84)
2026	(4)
2027	(10)
2028	(5)
2029	—
Total	\$ (191)

16. PURCHASE COMMITMENTS

OCTA has various long-term outstanding contracts that extend over several years and rely on future years' revenues.

Total commitments at June 30, 2023 are as follows:

	Total Purchase Commitments	Reserve for Encumbrances	Unencumbered Purchase Commitments
Governmental Funds:			
General	\$ 128,378	\$ 13,775	\$ 114,603
LTA	819,719	117,641	702,078
LTF	96	—	96
Nonmajor governmental funds	158,389	84,844	73,545
Total Governmental Funds	1,106,582	216,260	890,322
Proprietary Funds:			
OCTD	735,613	89,650	645,963
91 Express Lanes	64,022	822	63,200
I-405 Express Lanes	274,992	5,986	269,006
Nonmajor-OC Streetcar	47,303	473	46,830
Internal Service Funds	1,531	1,178	354
Total Proprietary Funds	1,123,461	98,109	1,025,352
Total	\$ 2,230,043	\$ 314,369	\$ 1,915,674

The majority of the contracts relate to the expansion of Orange County's freeways and road systems, grade separation projects, OC Streetcar project, paratransit bus services, and services for the operation of the contracted fixed route, stationlink and express buses.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

17. OTHER COMMITMENTS AND CONTINGENCIES

Litigation

In March 2022, Walsh Construction Company (plaintiff) filed a case arising out of the construction of the OC Streetcar Project. The plaintiff has alleged that due to unforeseen soil conditions, unforeseen utility conflicts, inadequate design and other actions taken by OCTA and its consultants, the plaintiff has suffered construction delays and other damages. The exposure is estimated at \$30,000, and trial has been set for February 2024.

Federal Grants

OCTA receives federal grants for capital 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 OCTA's financial position or results of operations.

18. JOINT VENTURE

OCTA is one of five members of the Southern California Regional Rail Authority (SCRRA), a joint powers authority (JPA) created in 1992. The SCRRA's board consists of one member from the Ventura County Transit Commission (VCTC); two each from OCTA, the San Bernardino County Transportation Authority (SBCTA) and the Riverside County Transportation Commission (RCTC); and four members from the Los Angeles County Metropolitan Transportation Authority (LACMTA). SCRRA is responsible for maintaining and operating a regional commuter rail system (Metrolink) in five southern California counties. As a member of the agency, OCTA makes annual capital and operating contributions for its pro rata share of rail lines serving Orange County. OCTA did not make any contributions during fiscal year 2022-23 for its share of Metrolink capital and operating costs since SCRRA received awards directly from the FTA for OCTA's share. Separate financial statements are prepared by, and available from, SCRRA, which is located at 900 Wilshire Blvd., Ste. 1500, Los Angeles, CA 90017.

OCTA is one of 11 members of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency, a JPA created in 1989 and amended in 2013. The purpose of the JPA is to oversee passenger rail service and improvements in the rail corridor between San Diego, Los Angeles and San Luis Obispo. The LOSSAN's board consists of two members appointed by the LACMTA; two members appointed by OCTA; one member appointed by RCTC; one member appointed by VCTC; one member appointed by the Santa Barbara County Association of Governments; one member appointed by the San Luis Obispo Council of Governments and the following three agencies receive one member appointment but only two votes – the San Diego Metropolitan Transit System, the North County Transit District, and the San Diego Association of Governments. OCTA was selected as the managing agency for LOSSAN and is responsible for the ongoing coordination and service integration efforts. Administrative support is funded by the member agencies. OCTA charged \$4,686 to LOSSAN for administrative support during fiscal year 2022-23. Separate financial statements are prepared by, and available from, LOSSAN at the Orange County Transportation Authority located at 550 South Main Street, Orange, CA 92868.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

19. FUND DEFICIT

The I-405 Express Lanes (I-405 EL) fund, an enterprise fund, has a net position deficit of \$232,297 as of June 30, 2023. The deficit is mainly due to transfers to the LTA fund for the I-405 improvement project pertaining to general purpose lanes which were funded by the debt held by I-405 EL fund. In addition, the fund is still at construction phase and has not generated operating revenues as of June 30, 2023.

The net investment in capital assets of \$(30,113) is a portion of net position related to I-405 Express Lanes' capital assets, and those liabilities and deferred resource flows arising from construction, acquisition, or improvements. The unrestricted net position of \$(202,184) is the remaining of net position not classified as net investment in capital assets, which pertaining to non-capital related assets and liabilities.

The I-405 Express Lanes and two new general purpose lanes are expected to be open for public use in December 2023.

20. EFFECT OF NEW PRONOUNCEMENTS

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 OCTA'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. The implementation of this Statement did not have a material effect on the financial statements.

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 OCTA's fiscal year ending June 30, 2023. See note 12 for further information on the impact of the adoption of GASB Statement No. 94.

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). OCTA implemented this statement for fiscal year ending June 30, 2023. See note 9 for further information on the impact of the adoption of GASB Statement No. 96.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

GASB Statement No. 99

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 100

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. OCTA has not determined the effect of this Statement.

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. OCTA has not determined the effect of this Statement.

21. SUBSEQUENT EVENT

On July 6, 2023, OCTA issued \$47,545 in Senior Lien Toll Road Revenue Refunding Bonds, Series 2023 ("91EL 2023 Bonds"). The All-In True Interest Cost (TIC) is 2.80%. With the proceeds of the 91EL 2023 Bonds, OCTA refunded and defeased the outstanding the Series 2013 Bonds, which resulted in net present value cumulative savings of \$5,521.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund (Budgetary Basis)
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines	\$ 183	\$ 183	\$ 162	\$ (21)
Contributions from other agencies	10,621	10,621	8,331	(2,290)
Interest and investment earnings	907	907	3,232	2,325
Capital assistance grants	3,525	3,525	6,525	3,000
Miscellaneous	158	158	125	(33)
Total revenues	15,394	15,394	18,375	2,981
Expenditures				
Current:				
General government:				
Salaries and benefits	72,148	72,164	69,568	2,596
Supplies and services	41,979	46,335	40,869	5,466
Interfund reimbursements	(97,787)	(97,787)	(85,652)	(12,135)
Transportation:				
Contributions to other local agencies	1,239	1,239	159	1,080
Capital outlay	15,512	15,512	8,225	7,287
Debt service:				
Interest	—	—	(435)	435
Total expenditures	33,091	37,463	32,734	4,729
Deficiency of revenues under expenditures	(17,697)	(22,069)	(14,359)	7,710
Other financing sources				
Transfers in	5,693	5,693	5,130	(563)
Proceeds from sale of capital assets	—	—	15	15
Total other financing sources	5,693	5,693	5,145	(548)
Net change in fund balances	\$ (12,004)	\$ (16,376)	\$ (9,214)	\$ 7,162
Reconciliation to GAAP:				
Net change in fund balance (budgetary basis)			\$	(9,214)
Net change in fund balance - from CURE fund				1,976
Net change in fund balance - from ARBA trust fund				1,316
Net change in fund balance - from Scholarship fund				—
Less: Estimated revenues for encumbrances outstanding at June 30				4,361
Add: Current year encumbrances outstanding at June 30 - from CURE fund				450
Add: Current year encumbrances outstanding at June 30				12,927
Net change in fund balance (GAAP basis)			\$	<u>3,094</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Authority Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			
<i>(amounts expressed in thousands)</i>	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Sales tax revenue	\$ 417,196	\$ 417,196	\$ 439,123	\$ 21,927
Contributions from other agencies	139,851	139,851	86,000	(53,851)
Interest and investment earnings	10,766	10,766	17,974	7,208
Miscellaneous	1,052	3,052	1,711	(1,341)
Total revenues	568,865	570,865	544,808	(26,057)
Expenditures				
Current:				
General government:				
Supplies and services	199,429	199,364	148,859	50,505
Transportation:				
Contributions to other local agencies	167,940	163,944	102,315	61,629
Capital outlay	528,678	528,678	345,237	183,441
Total expenditures	896,047	891,986	596,411	295,575
Deficiency of revenues under expenditures	(327,182)	(321,121)	(51,603)	269,518
Other financing sources (uses)				
Transfers in	41,719	41,719	15,430	(26,289)
Transfers out	(106,778)	(106,778)	(112,416)	(5,638)
Proceeds from sale of capital assets	2,000	—	—	—
Total other financing uses	(63,059)	(65,059)	(96,986)	(31,927)
Net change in fund balances	\$ (390,241)	\$ (386,180)	\$ (148,589)	\$ 237,591
Reconciliation to GAAP:				
Net change in fund balance (budgetary basis)				\$ (148,589)
Less: Estimated revenues for encumbrances outstanding at June 30				20,942
Add: Current year encumbrances outstanding at June 30				118,778
Net change in fund balance (GAAP basis)				<u>\$ (50,753)</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Fund (Budgetary Basis)
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Sales tax revenue	\$ 212,568	\$ 212,568	\$ 222,452	\$ 9,884
Interest and investment earnings	45	45	7,204	7,159
Total revenues	212,613	212,613	229,656	17,043
Expenditures				
Current:				
General government:				
Supplies and services	2,105	2,105	2,133	(28)
Transportation:				
Contributions to other local agencies	2,967	2,967	3,115	(148)
Total expenditures	5,072	5,072	5,248	(176)
Excess of revenues over expenditures	207,541	207,541	224,408	16,867
Other financing uses				
Transfers out	(207,542)	(207,542)	(190,943)	16,599
Total other financing uses	(207,542)	(207,542)	(190,943)	16,599
Net change in fund balances	\$ (1)	\$ (1)	\$ 33,465	\$ 33,466

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Supplemental Pension Plan and OPEB Plan Trend Data
June 30, 2023

(amounts expressed in thousands)

Schedule of OCTA's Proportionate Share of the Net Pension Liability
Orange County Employees Retirement System Pension Plan
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OCTA's Proportion of the NPL	3.842 %	3.581 %	4.415 %	4.419 %	4.353 %	4.283 %	4.436 %	4.377 %	4.006 %	4.112 %
OCTA's proportionate share of the NPL	\$207,133	\$73,424	\$186,024	\$ 224,285	\$ 230,261	\$ 230,261	\$ 230,261	\$ 250,193	\$ 203,592	\$ 217,569
OCTA's covered payroll	\$105,542	\$97,538	\$102,500	\$ 101,980	\$ 97,230	\$ 94,528	\$ 94,507	\$ 93,110	\$ 95,061	\$ 92,200
OCTA's proportionate share of the NPL as a percentage of its covered payroll	196.26 %	75.28 %	181.49 %	219.93 %	277.48 %	224.40 %	243.64 %	268.71 %	214.17 %	235.98 %
Plan fiduciary net position as a percentage of the total pension liability	81.45 %	91.45 %	81.69 %	76.67 %	70.03 %	74.93 %	71.16 %	67.10 %	69.42 %	67.16 %

Note: The amounts presented for each fiscal year were determined as of December 31.

Schedule of OCTA's Contributions
Orange County Employees Retirement System Pension Plan
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 33,932	\$ 31,794	\$ 29,175	\$ 27,801	\$ 24,690	\$ 24,811	\$ 23,900	\$ 26,347	\$ 24,722	\$ 22,244
Contributions in relation to the actuarially determined contributions	33,932	31,794	29,175	27,801	24,690	24,811	23,900	26,347	24,722	22,244
Contribution excess (deficiency)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 98,906	\$ 95,163	\$ 92,887	\$ 92,496	\$ 87,887	\$ 86,117	\$ 86,925	\$ 97,616	\$ 92,878	\$ 94,244
Contributions as a percentage of covered payroll	34.31%	33.41%	31.41%	30.06%	28.09%	28.81%	27.50%	26.99%	26.62%	23.60%

* OCTA will be presenting information for those years for which information is available until a full 10-year trend is compiled.

Changes of assumptions

For fiscal year 2022-23, the inflation rate remained unchanged at 2.50% (retiree cost-of-living assumption maintained at 2.75%). Projected salary remained stable at 4.00% to 11.00%. Mortality assumptions were based on the Pub-2010 General Health Employee Amount-Weighted Above-Median Mortality Table.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Supplemental Pension Plan and OPEB Plan Trend Data
June 30, 2023

(amounts expressed in thousands)

Schedule of the Changes in OCTA's Total OPEB Liability and Related Ratios
Other Post Employment Benefit Plan
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 2,508	\$ 2,414	\$ 2,301	\$ 2,927	\$ 1,432	\$ 745
Changes for the year:						
Service cost	189	192	185	152	112	40
Interest	94	48	58	104	48	28
Changes in assumption	(94)	35	60	172	(4)	40
Difference between actual and expected experience	—	—	—	(869)	12	651
Plan change			—	—	1,419	—
Benefit payments	(181)	(181)	(190)	(185)	(92)	(72)
Total OPEB liability - ending	\$ 2,516	\$ 2,508	\$ 2,414	\$ 2,301	\$ 2,927	\$ 1,432
 Covered employee payroll	 \$94,180	 \$85,148	 \$82,937	 \$82,050	 \$70,204	 \$42,366
Total OPEB liability as a percentage of covered employee payroll	2.67 %	2.95 %	2.91 %	2.80 %	4.17 %	3.38 %

* OCTA will be presenting information for those years for which information is available until a full 10-year trend is compiled.

Notes to the schedule for OPEB Plan

Funding policy: OCTA funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

The amounts presented for fiscal year 2018 were measured as of December 31, 2017, and the amounts for fiscal year 2019 and thereafter were measured as of June 30 of the preceding year.

Plan Change: Effective July 1, 2018 for fiscal year ended June 30, 2019, Coach Operators became eligible to participate in the OPEB plan. Previously, only Unrepresented Administrative and Transportation Communications International Union employees were eligible for OPEB benefits.

Change of assumptions: For fiscal year 2022-23, the discount rate used to measure the TOL was 3.86%, an increase from the discount rate of 3.69% for fiscal year 2021-22.

For fiscal year 2021-2022, the discount rate used to measure the TOL was 3.69%, an increase from the discount rate of 1.92% for fiscal year 2020-21. For fiscal year 2021-22, mortality assumptions were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP 2019, rather than the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point, projected generationally with the two-dimensional MP-2016 projection scale, which was used to determine amounts reported in fiscal year 2020-21.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2023

(amounts expressed in thousands)

1. BUDGETARY DATA

OCTA establishes accounting control through formal adoption of an annual budget for all governmental funds. The budget is prepared in a basis consistent 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 2023 is available from the OCTA Finance and Administration Division. With the exception of accounts which have been encumbered, appropriations lapse at year end.

EXCESS EXPENDITURES OVER APPROPRIATIONS

There were no excess of expenditures over appropriations for fiscal year 2022-23 for the General fund and the major special revenue funds, except for the Local Transportation fund. In the Local Transportation fund, expenditures exceeded appropriations for supplies and services in the amount of \$28 and contributions to other local agencies in the amount of \$148. This was a result of investment expenses and OCTA receiving more sales tax revenue over the 12-month apportionment period than anticipated and contributed other other agencies based on monthly sales tax receipts, respectively.

Beginning fiscal year 2014-15, the CURE fund was consolidated with the General fund as it no longer met the definition of a special revenue fund. A separate budgetary schedule for the CURE fund is located in other supplementary information. A reconciliation is included on the General fund budgetary schedule for the consolidation.

Beginning fiscal year 2020-21, the Additional Retiree Benefit Account (ARBA) fund and the Scholarship fund were consolidated with the General fund, as they no longer met the definition of a fiduciary fund upon implementation of GASB Statement No. 84, Fiduciary Activities. A reconciliation is included on the General fund budgetary schedule for the consolidation.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION**

**June 30, 2023
(amounts expressed in thousands)**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Orange County Unified Transportation Trust (OCUTT) – This fund is used to account for the revenues received and expenditures made for disbursements to OCTA, California Department of Transportation and cities within Orange County for various transportation projects. The source of revenue is the interest earned by the general capital project fund. Expenditures of monies in this fund must be made in accordance with provisions of the California Transportation Development Act (TDA).

Service Authority for Freeway Emergencies (SAFE) – This fund is used to account for revenues received and expenditures made for the implementation and maintenance of the motorist emergency aid system. Funding is provided from a one dollar per vehicle registration fee on vehicles registered in Orange County. Expenditure of monies in this fund must be made in accordance with the provisions of Chapter 14 of the California Streets and Highways Code.

State Transit Assistance Fund (STAF) – This fund is used to account for revenues received and expenditures made for OCTD transit operations and fare assistance for seniors and disabled persons. Funding is provided by sales taxes on gasoline and use taxes on diesel fuel. Expenditure of these funds is governed by the provisions of the TDA.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

<i>(amounts expressed in thousands)</i>	Special Revenue			Total Nonmajor Governmental Funds
	OCUTT	SAFE	STAF	
Assets				
Cash and investments	\$ 13,713	\$ 1,600	\$ 35,654	\$ 50,967
Receivables:				
Interest	111	32	311	454
Operating Grants	—	—	—	—
Capital Grants	—	—	—	—
Other	—	20	—	20
Due from other governments	—	1,344	15,788	17,132
Note receivable	1,144	—	—	1,144
Advances to other funds	—	—	—	—
Total assets	14,968	2,996	51,753	69,717
Liabilities and Fund Balances				
Liabilities				
Accounts payable	2	722	5	729
Due to other funds	—	—	9,314	9,314
Due to other governments	—	47	—	47
Total liabilities	2	769	9,319	10,090
Deferred Inflows of Resources				
Unavailable revenue - reimbursements from grants	—	852	—	852
Total deferred inflows of resources	—	852	—	852
Fund Balances				
Restricted for:				
Transportation programs	14,966	—	42,434	57,400
Motorist services	—	1,375	—	1,375
Total fund balances	14,966	1,375	42,434	58,775
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,968	\$ 2,996	\$ 51,753	\$ 69,717

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	Special Revenue			Total Nonmajor Governmental Funds
	OCUTT	SAFE	STAF	
Revenues				
Sales tax revenue	\$ —	\$ —	\$ 56,447	\$ 56,447
Transportation improvement fee	—	—	6,619	6,619
Vehicle registration fees	—	2,952	—	2,952
Contributions from other agencies	—	4,418	—	4,418
Interest and investment earnings	204	23	656	883
Miscellaneous	—	25	—	25
Total revenues	204	7,418	63,722	71,344
Expenditures				
Current:				
General government:				
Supplies and services	7	9,322	23	9,352
Capital outlay	—	14	—	14
Total expenditures	7	9,336	23	9,366
Excess (deficiency) of revenues over (under) expenditures	197	(1,918)	63,699	61,978
Other financing uses				
Transfers out	—	—	(37,614)	(37,614)
Total other financing uses	—	—	(37,614)	(37,614)
Net change in fund balances	197	(1,918)	26,085	24,364
Fund balances - beginning	14,769	3,293	16,349	34,411
Fund balances - ending	\$ 14,966	\$ 1,375	\$ 42,434	\$ 58,775

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Commuter and Urban Rail Endowment Fund (Budgetary Basis)
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines	\$ —	\$ —	\$ 1	\$ 1
Contributions from other agencies	—	—	193	193
Interest and investment earnings	—	—	944	944
Total revenues	—	—	1,138	1,138
Expenditures				
Current:				
General government:				
Supplies and services	233	233	232	1
Capital outlay	263	263	263	—
Total expenditures	496	496	495	1
Excess (deficiency) of revenues over (under) expenditures	(496)	(496)	643	1,139
Other financing sources				
Proceeds from sale of capital assets	—	—	1,333	1,333
Total other financing sources	—	—	1,333	1,333
Net change in fund balances	\$ (496)	\$ (496)	\$ 1,976	\$ 2,472
Reconciliation to GAAP:				
Net change in fund balance (budgetary basis)			\$	1,976
Less: Estimated revenues for encumbrances outstanding at June 30				—
Add: Current year encumbrances outstanding at June 30				450
Net change in fund balance (GAAP basis)			\$	<u>2,426</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Local Transportation Authority Debt Service Fund (Budgetary Basis)
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and investment earnings	\$ 5,857	\$ 5,857	\$ 8,698	\$ 2,841
Total revenues	5,857	5,857	8,698	2,841
Expenditures				
Debt service:				
Principal payments on long-term debt	19,935	19,935	19,935	—
Interest on long-term debt	34,949	34,949	34,949	—
Total expenditures	54,884	54,884	54,884	—
Deficiency of revenues under expenditures	(49,027)	(49,027)	(46,186)	2,841
Other financing sources (uses)				
Transfers in	54,884	54,884	56,290	1,406
Transfers out	(5,857)	(5,857)	(2,963)	2,894
Total other financing sources	49,027	49,027	53,327	4,300
Net change in fund balances	\$ —	\$ —	\$ 7,141	\$ 7,141

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Orange County Unified Transportation Trust Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and investment earnings	\$ 106	\$ 106	\$ 204	\$ 98
Total revenues	106	106	204	98
Expenditures				
Current:				
General government:				
Supplies and services	110	110	7	103
Total expenditures	110	110	7	103
Excess (deficiency) of revenues over (under) expenditures	(4)	(4)	197	201
Net change in fund balances	\$ (4)	\$ (4)	\$ 197	\$ 201

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Service Authority for Freeway Emergencies Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
(amounts expressed in thousands)	Original	Final		
Revenues				
Vehicle registration fees	\$ 2,600	\$ 2,600	\$ 2,952	\$ 352
Contributions from other agencies	6,297	6,297	4,418	(1,879)
Interest and investment earnings	10	10	23	13
Miscellaneous	5	5	25	20
Total revenues	8,912	8,912	7,418	(1,494)
Expenditures				
Current:				
General government:				
Supplies and services	10,687	10,687	9,369	1,318
Capital outlay	50	50	50	—
Total expenditures	10,737	10,737	9,419	1,318
Deficiency of revenues under expenditures	(1,825)	(1,825)	(2,001)	(176)
Other financing sources				
Transfers in	4,006	4,006	—	(4,006)
Total other financing sources	4,006	4,006	—	(4,006)
Net change in fund balances	\$ 2,181	\$ 2,181	\$ (2,001)	\$ (4,182)
Reconciliation to GAAP:				
Net change in fund balance (budgetary basis)				\$ (2,001)
Less: Estimated revenues for encumbrances outstanding at June 30				—
Add: Current year encumbrances outstanding at June 30				83
Net change in fund balance (GAAP basis)				\$ (1,918)

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
State Transit Assistance Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Sales tax revenue	\$ 39,983	\$ 39,983	\$ 56,447	\$ 16,464
Transportation improvement fee	6,585	6,585	6,619	34
Interest and investment earnings	21	21	656	635
Total revenues	46,589	46,589	63,722	17,133
Expenditures				
Current:				
General government:				
Supplies and services	—	—	23	(23)
Total expenditures	—	—	23	(23)
Excess of revenues over expenditures	46,589	46,589	63,699	17,110
Other financing uses				
Transfers out	(46,589)	(46,589)	(37,614)	8,975
Total other financing uses	(46,589)	(46,589)	(37,614)	8,975
Net change in fund balances	\$ —	\$ —	\$ 26,085	\$ 26,085

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
General Capital Project Fund (Budgetary Basis)
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Capital assistance grants	\$ 31,010	\$ 31,010	\$ 78,909	\$ 47,899
Miscellaneous	—	—	—	—
Total revenues	31,010	31,010	78,909	47,899
Expenditures				
Current:				
General government:				
Supplies and services	24,002	24,002	8,679	15,323
Transportation:				
Contributions to other local agencies	1,798	1,798	63	1,735
Capital outlay	174,909	174,909	162,540	12,369
Total expenditures	200,709	200,709	171,282	29,427
Deficiency of revenues under expenditures	(169,699)	(169,699)	(92,373)	77,326
Other financing sources				
Transfers in	37,282	37,282	45,266	7,984
Total other financing sources	37,282	37,282	45,266	7,984
Net change in fund balances	\$ (132,417)	\$ (132,417)	\$ (47,107)	\$ 85,310

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	\$ (47,107)
Less: Estimated revenues for encumbrances outstanding at June 30	38,831
Add: Current year encumbrances outstanding at June 30	84,878
Net change in fund balance (GAAP basis)	<u>\$ (1,060)</u>

**ORANGE COUNTY TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023
(amounts expressed in thousands)**

NONMAJOR ENTERPRISE FUND

OC Streetcar Fund – This fund is established to account for the operations of the OC Streetcar which is planned to be operative in fiscal year 2024-25. The funding sources for the operation will be Measure M program, Congestion Mitigation and Air Quality (CMAQ) program, fare collections, and local city match.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Net Position
Nonmajor Enterprise Fund
June 30, 2023

<i>(amounts expressed in thousands)</i>	OC Streetcar	Total Nonmajor Enterprise Fund
Assets		
Current assets:		
Due from other funds	\$ 9	\$ 9
Total current assets	9	9
Total assets	9	9
Liabilities		
Current liabilities:		
Accounts payable	9	9
Total current liabilities	9	9
Total liabilities	9	9
Net Position		
Unrestricted	—	—
Total net position	\$ —	\$ —

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenses and Charges in Net Position
Nonmajor Enterprise Fund
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	OC Streetcar	Total Nonmajor Enterprise Fund
Operating revenues:		
Permit fees	\$ —	\$ —
Total operating revenues	<u>—</u>	<u>—</u>
Operating expenses:		
Wages, salaries and benefits	—	—
Administrative services	640	640
Professional services	107	107
Total operating expenses	<u>747</u>	<u>747</u>
Operating loss	<u>(747)</u>	<u>(747)</u>
Nonoperating revenues:		
Federal operating assistance grants	—	—
Investment earnings	—	—
Total nonoperating revenues	<u>—</u>	<u>—</u>
Loss before contributions and transfers	(747)	(747)
Transfers in	747	747
Change in net position	—	—
Total net position - beginning	<u>—</u>	<u>—</u>
Total net position - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Cash Flows
Nonmajor Enterprise Fund
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	OC Streetcar	Total Nonmajor Enterprise Fund
Cash flows from operating activities:		
Receipts from customers and users	\$ —	\$ —
Payments to suppliers	(107)	(107)
Payments to employees	—	—
Payments for interfund services used	(640)	(640)
Net cash used for operating activities	(747)	(747)
Cash flows from noncapital financing activities:		
Operating assistance grants received	—	—
Transfers from other funds	747	747
Net cash provided by noncapital financing activities	747	747
Cash flows from investing activities:		
Investment earnings	—	—
Net cash provided by investing activities	—	—
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of year	—	—
Cash and cash equivalents at end of year	\$ —	\$ —
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	\$ (747)	\$ (747)
Change in assets and liabilities:		
Prepaid retirement	—	—
Deferred outflows of resources related to pensions	—	—
Deferred outflows of resources related to OPEB	—	—
Accounts payable	—	—
Accrued payroll and related items	—	—
Compensated absences	—	—
Unearned revenue	—	—
Total OPEB liability	—	—
Net pension liability	—	—
Deferred inflows of resources related to pensions	—	—
Deferred inflows of resources related to OPEB	—	—
Total adjustments	—	—
Net cash used for operating activities	\$ (747)	\$ (747)

ORANGE COUNTY TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023
(amounts expressed in thousands)

INTERNAL SERVICE FUNDS

General liability - This fund is used to account for OCTA's risk management activities related to public liability, property damage and automobile liability.

Workers' compensation - This fund is used to account for OCTA's risk management activities related to workers' compensation.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

<i>(amounts expressed in thousands)</i>	General Liability	Workers' Compensation	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	\$ 19,709	\$ 34,552	\$ 54,261
Receivables:			
Interest	168	294	462
Other	211	313	524
Other assets	392	964	1,356
Total current assets	<u>20,480</u>	<u>36,123</u>	<u>56,603</u>
Total assets	<u>20,480</u>	<u>36,123</u>	<u>56,603</u>
Liabilities			
Current liabilities:			
Accounts payable	312	491	803
Claims payable	1,220	2,650	3,870
Total current liabilities	<u>1,532</u>	<u>3,141</u>	<u>4,673</u>
Noncurrent liabilities:			
Claims payable	4,882	12,075	16,957
Total liabilities	<u>6,414</u>	<u>15,216</u>	<u>21,630</u>
Net Position			
Unrestricted	14,066	20,907	34,973
Total net position	<u>\$ 14,066</u>	<u>\$ 20,907</u>	<u>\$ 34,973</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	General Liability	Workers' Compensation	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 5,824	\$ 7,677	\$ 13,501
Total operating revenues	5,824	7,677	13,501
Operating expenses:			
Administrative services	189	109	298
Other	40	206	246
Insurance claims and premiums	4,670	3,738	8,408
Professional services	937	510	1,447
Total operating expenses	5,836	4,563	10,399
Operating income (loss)	(12)	3,114	3,102
Nonoperating revenues (expenses):			
Investment earnings	239	500	739
Other	177	11	188
Total nonoperating revenues	416	511	927
Change in net position	404	3,625	4,029
Total net position - beginning	13,662	17,282	30,944
Total net position - ending	\$ 14,066	\$ 20,907	\$ 34,973

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

<i>(amounts expressed in thousands)</i>	General Liability	Workers' Compensation	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 5,792	\$ 7,663	\$ 13,455
Payments to suppliers	(1,130)	(550)	(1,680)
Payments to claimants	(1,680)	(5,558)	(7,238)
Payments for interfund services used	(189)	(109)	(298)
Miscellaneous revenue received	177	11	188
Net cash provided by operating activities	2,970	1,457	4,427
Cash flows from investing activities:			
Investment earnings	150	303	453
Net cash provided by investing activities	150	303	453
Net increase in cash and cash equivalents	3,120	1,760	4,880
Cash and cash equivalents at beginning of year	16,589	32,792	49,381
Cash and cash equivalents at end of year	\$ 19,709	\$ 34,552	\$ 54,261
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (12)	\$ 3,114	\$ 3,102
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Insurance recoveries	177	11	188
Change in assets and liabilities:			
Other receivables	(42)	(12)	(54)
Other assets	(32)	(14)	(46)
Accounts payable	(193)	(40)	(233)
Claims payable	3,072	(1,602)	1,470
Total adjustments	2,982	(1,657)	1,325
Net cash provided by operating activities	\$ 2,970	\$ 1,457	\$ 4,427
Noncash capital, financing and investing activities:			
Investment earnings	\$ 85	\$ 189	\$ 274



91 EXPRESS LANES





VANPOOL



ORANGE COUNTY TRANSPORTATION AUTHORITY
STATISTICAL SECTION
(Unaudited)
June 30, 2023

This part of OCTA's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about OCTA's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	96
These schedules contain trend information to help the reader understand how OCTA's financial performance and well-being have changed over time.	
Revenue Capacity	101
These schedules contain information to help the reader assess OCTA's most significant local revenue source, the sales tax.	
Debt Capacity	106
These schedules present information to help the reader assess the affordability of OCTA's current levels of outstanding debt and OCTA's ability to issue additional debt in the future.	
Demographic and Economic Information	109
These schedules offer demographic and economic indicators to help the reader understand the environment within which OCTA's financial activities take place.	
Operating Information	112
These schedules contain service and infrastructure data to help the reader understand how the information in OCTA's financial report relates to the services OCTA provides and the activities it performs.	

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 1
Net Position by Component, Last Ten Fiscal Years (Unaudited)

<i>(accrual basis of accounting - thousands)</i>		As of June 30,									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:											
Net investment in capital assets	\$	159,427	\$ 177,195	\$ 185,209	\$ 202,587	\$ 211,433	\$ 262,985	\$ 340,129	\$ 433,782	\$ 501,053	\$ 582,156
Restricted		352,878	421,285	545,220	621,580	565,653	677,934	626,302	545,091	735,780	773,909
Unrestricted		181,216	94,641	67,517	29,578	37,947	(14,857)	(49,044)	(23,655)	18,118	5,854
Total governmental activities net position	\$	693,521	\$ 693,121	\$ 797,946	\$ 853,745	\$ 815,033	\$ 926,062	\$ 917,387	\$ 955,218	\$ 1,254,951	\$ 1,361,919
Business-type activities:											
Net investment in capital assets	\$	265,584	\$ 279,153	\$ 300,737	\$ 389,791	\$ 339,677	\$ 320,212	\$ 303,484	\$ 287,575	\$ 306,992	\$ 302,428
Restricted		13,015	13,032	13,075	13,199	16,776	18,229	25,156	31,268	29,252	28,432
Unrestricted		376,340	275,052	305,689	323,682	439,737	487,407	547,164	583,939	482,767	641,516
Total business-type activities net position	\$	654,939	\$ 567,237	\$ 619,501	\$ 726,672	\$ 796,190	\$ 825,848	\$ 875,804	\$ 902,782	\$ 819,011	\$ 972,376
Primary government:											
Net investment in capital assets	\$	425,011	\$ 456,348	\$ 485,946	\$ 592,378	\$ 551,110	\$ 583,197	\$ 643,613	\$ 721,357	\$ 808,045	\$ 884,584
Restricted		365,893	434,317	558,295	634,779	582,429	696,163	651,458	576,359	765,032	802,341
Unrestricted		557,556	369,693	373,206	353,260	477,684	472,550	498,120	560,284	500,885	647,370
Total primary government net position	\$	1,348,460	\$1,260,358	\$1,417,447	\$1,580,417	\$1,611,223	\$1,751,910	\$1,793,191	\$ 1,858,000	\$ 2,073,962	\$ 2,334,295

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2014-15, OCTA implemented GASB 68.

In fiscal year 2016-17, the increase in the business-type activities net position is mainly due to a major revenue vehicle purchase.

In fiscal year 2018-19, the increase in the government-type activities net position is mainly due to the Measure M program and the construction of the OC Streetcar project.

In fiscal year 2019-20, the increase in the business-type activities net position is mainly due to a reduction in net pension liabilities.

In fiscal year 2020-21, the increase in the governmental-type activities net position is mainly due to capital grants and contributions and taxes. The increase in business-type activities net position is mainly due to operating grants and contributions.

In fiscal year 2021-22, the increase in the governmental-type activities net position is mainly due to sales tax revenues. The decrease in business-type activities net position is mainly due to the construction of I-405 improvement project.

In fiscal year 2022-23, the increase in the business-type activities net position is mainly due to reclassification of the I-405 improvement project (long-term debt TIFIA loan and construction in progress) from unrestricted to net investment in capital assets.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 2
Changes in Net Position, Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting - thousands)

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 68,262	\$ 74,852	\$ 95,155	\$ 94,929	\$ 80,877	\$ 88,394	\$ 89,868	\$ 87,346	\$ 89,924	\$ 104,701
Measure M program	372,137	301,329	272,627	280,154	439,279	390,253	453,965	534,584	543,991	482,865
Motorist services	5,187	5,281	6,355	5,826	5,725	6,359	7,724	7,092	8,284	8,206
Commuter rail	23,556	29,347	34,004	39,736	414	117	454	47	194	15
Total governmental activities expenses	469,142	410,809	408,141	420,645	526,295	485,123	552,011	629,069	642,393	595,787
Business-type activities:										
Fixed route	212,170	201,630	208,851	204,969	208,167	230,256	201,819	174,441	179,877	210,789
Paratransit	51,735	51,392	63,071	64,594	67,883	71,104	88,086	75,431	88,131	99,541
Tollroad	22,996	22,980	25,120	38,455	25,672	26,491	29,239	30,137	30,162	15,409
Taxicab administration	506	584	567	524	385	348	160	86	—	—
Fixed guideway	—	—	—	—	—	6	7	28	51	107
Total business-type activities expenses	287,407	276,586	297,609	308,542	302,107	328,205	319,311	280,123	298,221	325,846
Total primary government expenses	\$ 756,549	\$ 687,395	\$ 705,750	\$ 729,187	\$ 828,402	\$ 813,328	\$ 871,322	\$ 909,192	\$ 940,614	\$ 921,633
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 155	\$ 181	\$ 1,180	\$ 730	\$ 842	\$ 855	\$ 872	\$ 1,113	\$ 1,094	\$ 935
Other activities	1,350	1,644	1,087	1,104	1,544	968	1,197	1,149	1,373	1,258
Operating grants and contributions	146,863	122,282	125,220	92,486	98,233	83,458	78,703	74,365	63,978	61,774
Capital grants and contributions	2,222	586	3,897	17,602	7,679	19,994	37,921	65,919	65,949	47,923
Total governmental activities program revenues	150,590	124,693	131,384	111,922	108,298	105,275	118,693	142,546	132,394	111,890
Business-type activities:										
Charges for services:										
Fixed route	56,784	51,265	50,197	42,753	40,821	41,067	39,747	22,380	37,647	38,580
Tollroad	42,610	46,132	52,240	56,005	57,615	57,417	43,944	45,353	64,848	61,376
Other activities	8,579	8,695	8,650	8,656	8,280	8,727	7,654	2,193	4,824	6,183
Operating grants and contributions	63,099	67,356	65,226	74,966	74,236	87,667	64,917	164,819	258,866	77,750
Capital grants and contributions	23,717	14,139	35,848	89,740	17,849	11,172	4,747	7,154	10,568	84,923
Total business-type activities program revenues	194,789	187,587	212,161	272,120	198,801	206,050	161,009	241,899	376,753	268,812
Total primary government program revenues	\$ 345,379	\$ 312,280	\$ 343,545	\$ 384,042	\$ 307,099	\$ 311,325	\$ 279,702	\$ 384,445	\$ 509,147	\$ 380,702

(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 2
Changes in Net Position, Last Ten Fiscal Years, *continued*

(accrual basis of accounting - thousands)

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Indirect expenses allocation:										
Governmental activities	\$ (34,089)	\$ (35,996)	\$ (37,748)	\$ (41,045)	\$ (43,163)	\$ (44,411)	\$ (46,890)	\$ (48,485)	\$ (52,347)	\$ (55,455)
Business-type activities	34,089	35,996	37,748	41,045	43,163	44,411	46,890	48,485	52,347	55,455
Net (expense) revenue										
Governmental activities	(284,463)	(250,120)	(239,009)	(267,678)	(374,834)	(335,437)	(386,428)	(438,038)	(457,652)	(428,442)
Business-type activities	(126,707)	(124,995)	(123,196)	(77,467)	(146,469)	(166,566)	(205,192)	(86,709)	26,185	(112,489)
Total primary government net expense	<u>\$ (411,170)</u>	<u>\$ (375,115)</u>	<u>\$ (362,205)</u>	<u>\$ (345,145)</u>	<u>\$ (521,303)</u>	<u>\$ (502,003)</u>	<u>\$ (591,620)</u>	<u>\$ (524,747)</u>	<u>\$ (431,467)</u>	<u>\$ (540,931)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales taxes	\$ 451,153	\$ 466,127	\$ 476,368	\$ 475,863	\$ 515,475	\$ 546,912	\$ 518,933	\$ 554,785	\$ 679,399	\$ 718,022
Unrestricted investment earnings	13,776	13,301	19,447	9,807	12,609	48,527	55,593	21,334	(27,383)	38,383
Other miscellaneous revenue	288	168	918	99	133	233	159	2,028	1,360	826
Transfers	(169,278)	(169,199)	(152,899)	(162,292)	(191,734)	(149,206)	(196,930)	(117,292)	104,009	(221,821)
Total governmental activities	<u>295,939</u>	<u>310,397</u>	<u>343,834</u>	<u>323,477</u>	<u>336,483</u>	<u>446,466</u>	<u>377,755</u>	<u>460,855</u>	<u>757,385</u>	<u>535,410</u>
Business-type activities:										
Taxes:										
Property taxes	12,366	13,293	14,098	14,943	15,995	16,971	17,829	18,648	19,646	21,155
Unrestricted investment earnings	4,765	4,531	7,672	2,332	2,892	24,654	29,285	4,859	(32,167)	14,586
Other miscellaneous revenue	413	1,218	791	5,071	5,604	5,393	11,104	7,685	6,574	8,292
Transfers	169,278	169,199	152,899	162,292	191,734	149,206	196,930	117,292	(104,009)	221,821
Total business-type activities	<u>186,822</u>	<u>188,241</u>	<u>175,460</u>	<u>184,638</u>	<u>216,225</u>	<u>196,224</u>	<u>255,148</u>	<u>148,484</u>	<u>(109,956)</u>	<u>265,854</u>
Total primary government	<u>\$ 482,761</u>	<u>\$ 498,638</u>	<u>\$ 519,294</u>	<u>\$ 508,115</u>	<u>\$ 552,708</u>	<u>\$ 642,690</u>	<u>\$ 632,903</u>	<u>\$ 609,339</u>	<u>\$ 647,429</u>	<u>\$ 801,264</u>
Change in Net Position										
Governmental activities	\$ 11,476	\$ 60,277	\$ 104,825	\$ 55,799	\$ (38,351)	\$ 111,029	\$ (8,673)	\$ 22,817	\$ 299,733	\$ 106,968
Business-type activities	60,115	63,246	52,264	107,171	69,756	29,658	49,956	61,775	(83,771)	153,365
Total primary government	<u>\$ 71,591</u>	<u>\$ 123,523</u>	<u>\$ 157,089</u>	<u>\$ 162,970</u>	<u>\$ 31,405</u>	<u>\$ 140,687</u>	<u>\$ 41,283</u>	<u>\$ 84,592</u>	<u>\$ 215,962</u>	<u>\$ 260,333</u>

Source: Accounting and Financial Reporting Department

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 3

Fund Balances, Governmental Funds, Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting - thousands)

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	—	—	—	—	—	—	—	—	—	—
Nonspendable	7,473	11,038	11,862	20,672	11,699	13,717	12,746	13,763	13,282	12,802
Restricted	—	24,732	23,548	22,992	23,189	23,101	23,517	44,642	40,881	41,994
Assigned	—	25,173	14,453	—	2,413	8,740	11,562	14,735	25,759	28,218
Unassigned	(210)	22,115	—	(17,135)	—	(2,217)	—	—	(2)	—
Total general fund	\$ 7,263	\$ 83,058	\$ 49,863	\$ 26,529	\$ 37,301	\$ 43,341	\$ 47,825	\$ 73,140	\$ 79,920	\$ 83,014
All Other Governmental Funds										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in:										
Special revenue funds	—	—	—	—	—	—	—	—	—	—
Capital projects funds	—	—	—	—	—	—	—	—	—	—
Nonspendable	56,991	20,575	12,519	7,177	12,144	15,772	12,230	17,507	39,222	25,887
Restricted	707,365	753,071	862,565	953,569	892,703	1,337,025	1,252,083	1,155,000	1,314,797	1,343,802
Committed	—	—	—	—	—	—	—	—	—	—
Assigned, reported in:										
Special revenue funds	41,273	—	—	—	—	—	—	—	—	—
Transportation capital projects	9,495	9,469	8,682	1,158	—	2,521	—	—	—	—
Unassigned	—	—	—	—	(6,917)	(883)	(2,024)	(3,562)	(7,658)	(10,171)
Total all other governmental funds	\$ 815,124	\$ 783,115	\$ 883,766	\$ 961,904	\$ 897,930	\$ 1,354,435	\$ 1,262,289	\$ 1,168,945	\$ 1,346,361	\$ 1,359,518

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2014-15, the increase in restricted fund balance of General Fund is due to transfers from LTA as a result of finalizing Measure M1 projects. Additionally, the CURE Fund was consolidated with the General Fund as it no longer met the definition of a special revenue fund, which resulted in an increase of assigned and unassigned fund balance for the General Fund.

In fiscal year 2018-19, the increase in restricted fund balance of All Other Governmental Funds is due to the issuance of sales tax revenue bonds for the Measure M2 program.

In fiscal year 2019-23, the changes in restricted fund balance of All Other Governmental funds is due to the fluctuations of sales tax revenue for Measure M2 program.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 4

Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting -
thousands)

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Sales taxes	\$451,153	\$466,127	\$465,830	\$486,401	\$507,584	\$554,804	\$518,933	\$554,785	\$679,399	\$718,022
Gasoline taxes	—	—	—	—	—	—	—	—	—	—
Transportation improvement fee	—	—	—	—	5,673	5,603	5,823	6,230	7,581	6,619
Vehicle registration fees	2,669	2,351	3,401	2,960	2,941	2,978	2,773	3,099	2,896	2,952
Fines	176	197	220	205	201	200	245	125	182	163
Contributions from other agencies	146,216	121,341	103,532	87,870	92,239	67,550	96,817	84,483	51,603	77,858
Interest and investment income	13,144	12,732	18,917	11,894	12,253	48,528	53,209	23,840	(29,596)	41,529
Capital assistance grants	11,075	768	3,220	14,552	7,541	14,171	29,102	45,999	46,975	42,384
Miscellaneous	3,899	4,221	5,090	8,060	6,361	3,649	1,425	3,250	2,365	2,555
Total revenues	628,332	607,737	600,210	611,942	634,793	697,483	708,327	721,811	761,405	892,082
Expenditures										
Current:										
General government	83,294	105,995	126,370	116,183	110,973	110,537	106,911	114,120	101,883	122,642
Transportation:										
Contributions to other local agencies	191,698	133,286	124,230	146,199	109,767	114,543	97,116	103,286	104,090	105,526
Capital outlay	135,747	129,312	103,441	106,921	250,292	235,559	354,492	430,188	435,542	372,308
Debt service:										
Principal payments on long-term debt	6,600	6,865	7,210	7,475	7,775	8,165	8,530	8,065	8,455	19,935
Interest	22,264	21,961	21,614	21,343	21,059	20,677	35,615	35,777	35,808	34,949
Bond issuance costs	—	—	—	—	—	826	—	—	—	—
Total expenditures	439,603	397,419	382,865	398,121	499,866	490,307	602,664	691,436	685,778	655,360
Excess of revenues over expenditures	188,729	210,318	217,345	213,821	134,927	207,176	105,663	30,375	75,627	236,722
Other financing sources (uses):										
Transfers in	48,196	65,411	56,722	74,074	46,148	155,033	137,216	99,830	217,996	122,116
Transfers out	(217,474)	(234,610)	(209,621)	(236,366)	(237,882)	(304,239)	(334,146)	(217,122)	(113,987)	(343,936)
Proceeds from sale of capital assets	2,167	2,667	3,010	3,275	3,605	3,605	3,605	3,866	4,560	1,349
Bond issuance	—	—	—	—	—	376,690	—	—	—	—
Bond premium	—	—	—	—	—	69,342	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	—	—	(45,062)	—	—	—	—
Total other financing sources (uses)	(167,111)	(166,532)	(149,889)	(159,017)	(188,129)	255,369	(193,325)	(113,426)	108,569	(220,471)
Net changes in fund balances	\$ 21,618	\$ 43,786	\$ 67,456	\$ 54,804	\$ (53,202)	\$462,545	\$ (87,662)	\$ (83,051)	\$184,196	\$ 16,251
Debt service as a percentage of noncapital expenditures	6.6 %	7.6 %	7.7 %	7.6 %	5.9 %	6.6 %	8.4 %	7.2 %	6.8 %	9.6 %

Source: Accounting and Financial Reporting Department

Notes:

In fiscal years 2019-21, the increases in capital outlay is due to the I-405 Improvement project under Measure M program.

In fiscal years 2021-22, the increases in fund balances is due to the increase of sales tax revenue for Measure M2 program.

In fiscal years 2022-23, the increase in revenues is due to the increase of investment income due to favorable investment performance.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 5

Program Revenues by Function/Program, Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting - thousands)

Program Revenues	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/Program										
Governmental activities:										
General government	\$ 5,280	\$ 4,101	\$ 8,963	\$ 22,323	\$ 18,830	\$ 27,932	\$ 46,179	\$ 76,165	\$ 77,831	\$ 54,580
Measure M program	136,929	112,056	111,050	76,881	81,902	67,979	63,996	59,115	48,550	48,894
Motorist services	5,274	5,521	5,648	5,575	5,492	8,755	8,516	7,251	5,968	8,222
Commuter rail	3,107	3,015	5,723	7,143	2,074	609	2	15	45	194
Total governmental activities	150,590	124,693	131,384	111,922	108,298	105,275	118,693	142,546	132,394	111,890
Business-type activities:										
Fixed route	123,244	112,721	123,504	173,107	105,539	108,244	107,503	193,353	306,103	200,782
Paratransit	28,130	28,059	28,080	40,777	33,882	38,859	7,496	2,192	4,824	6,183
Tollroad	42,610	46,132	60,059	57,816	59,069	58,576	45,835	46,342	65,826	61,847
Taxicab administration	805	675	518	420	311	371	175	12	—	—
Total business-type activities	194,789	187,587	212,161	272,120	198,801	206,050	161,009	241,899	376,753	268,812
Total primary government	\$ 345,379	\$ 312,280	\$ 343,545	\$ 384,042	\$ 307,099	\$ 311,325	\$ 279,702	\$ 384,445	\$ 509,147	\$ 380,702

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2014-15, the decrease in Measure M program is primarily due to finalizing Measure M1 projects.

In fiscal year 2016-17, the decrease in Measure M program is primarily due to decreased funding of RSTP and Proposition 1B as well as closing phase of the grade separation projects.

In fiscal year 2017-18, the decrease in Fixed route is primarily due to capital grants received in the prior year related to the CNG bus purchase project.

In fiscal year 2019-20, the decrease in General government, fixed route, paratransit, and tollroad revenues is primarily due to the COVID-19 pandemic.

In fiscal year 2020-22, the increase in Fixed route is primarily due to increased operating grants and contributions.

In fiscal year 2022-23, the decrease in Fixed route is primarily due to decreased operating grants and contributions relating to transit operations.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 6

Tax Revenues by Source, Governmental Activities, Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting - thousands)

For the Year Ended June 30,	Sales & Use	Total
2014	\$ 451,153	\$ 451,153
2015	466,127	466,127
2016	476,368	476,368
2017	475,863	475,863
2018	515,475	515,475
2019	546,912	546,912
2020	518,933	518,933
2021	554,785	554,785
2022	679,399	679,399
2023	718,022	718,022
Change		
2014 - 2023	59.2 %	59.2 %

Source: Accounting and Financial Reporting Department

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 7
Taxable Sales by Category, Last Ten Calendar Years (Unaudited)

(amounts expressed in thousands)	Calendar Year										(a)
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Clothing and Clothing Accessories Stores	\$3,942,629	\$4,062,185	\$4,173,147	\$4,179,348	\$4,420,905	\$4,501,642	\$3,445,233	\$5,265,145	\$5,645,156	\$2,535,128	
General Merchandise Stores	5,206,936	5,331,919	5,266,498	5,314,636	5,424,321	5,561,761	5,214,858	6,114,659	6,661,626	2,893,044	
Specialty Stores	1,625,444	—	—	—	—	—	—	—	—	—	
Food and Beverage Stores	2,177,054	2,249,980	2,315,300	2,399,937	2,460,590	2,483,191	2,630,703	2,705,682	2,843,138	1,293,788	
Food Services and Drink Places	6,637,321	7,174,652	7,561,709	7,953,351	8,195,164	8,559,216	6,232,835	8,795,493	10,252,167	5,253,420	
Home Furnishings and Appliance Stores	3,340,006	2,995,975	3,082,463	3,074,257	3,037,974	2,907,710	2,578,348	3,104,704	3,116,190	1,413,353	
Building Material & Garden Equipment & Supplies Dealers	2,662,657	2,870,940	2,961,129	3,106,396	3,184,381	3,174,208	3,539,541	3,817,836	4,006,427	1,958,442	
Motor Vehicle and Parts Dealers	12,440,522	8,352,815	8,648,763	8,927,827	9,408,045	9,646,527	9,482,960	11,324,257	11,775,654	5,581,929	
Gasoline Stations	—	3,979,166	3,489,276	3,745,819	4,203,824	4,142,023	2,670,300	4,110,466	5,137,709	2,132,443	
Other Retail Group	1,219,968	5,130,425	5,318,826	5,562,771	5,742,982	6,158,835	8,462,565	8,412,348	8,661,056	4,410,947	
Business and Personal Services	2,035,999	—	—	—	—	—	—	—	—	—	
All other outlets	18,808,591	19,768,161	20,241,650	20,883,715	21,390,429	22,553,862	19,576,172	24,603,345	29,927,949	14,462,486	
Total	\$60,097,127	\$61,916,218	\$63,058,761	\$65,148,057	\$67,468,615	\$69,688,975	\$63,833,515	\$78,253,935	\$88,027,072	\$41,934,980	
Measure M Ordinance direct sales tax rate	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	

Sources: California State Board of Equalization for data prior to 2015; California Department of Tax and Fee Administration for data starting 2015

Note:

Starting 2015, the category was modified by BOE. Data for Gasoline Stations was reported within Automotive category in prior years.

Also, Specialty Stores and Business and Personal Services are recategorized in the Other Retail Group category.

(a) Taxable Sales reported for year 2023 includes first & second quarter data.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 8
Direct and Overlapping Sales Tax Rates, Last Ten Calendar Years
(Unaudited)

Calendar Year	Measure M Direct rate	County of Orange	
2014	0.50%	7.50%	(a)
2015	0.50%	7.50%	
2016	0.50%	7.50%	
2017	0.50%	7.50%	
2018	0.50%	7.25%	(b)
2019	0.50%	7.25%	
2020	0.50%	7.25%	
2021	0.50%	7.25%	
2022	0.50%	7.25%	
2023	0.50%	7.25%	

Sources: County of Orange information provided by the California Department of Tax and Fee Administration

Notes: Measure M information provided by the Measure M Ordinance

- (a) Effective April 1, 2013 the state sales and use tax rate increased by .25%
(b) Effective January 1, 2017 the state sales and use tax rate decreased by .25%.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 9

Principal Taxable Sales Generation by City, Current Year and Nine Years Ago

(amounts express in thousands)

City	Calendar Year 2022			Calendar Year 2013		
	Taxable Sales	Rank	Percentage of Total	Taxable Sales	Rank	Percentage of Total
Aliso Viejo	\$ 523,799	28	0.71 %	\$ 424,016	27	0.83 %
Anaheim	9,062,567	1	12.36 %	5,806,581	1	11.40 %
Brea	2,262,980	12	3.09 %	1,706,627	12	3.35 %
Buena Park	2,852,017	9	3.89 %	2,375,355	8	4.66 %
Costa Mesa	6,656,445	3	9.08 %	4,291,314	3	8.43 %
Cypress	1,132,992	19	1.55 %	1,017,925	16	2.00 %
Dana Point	598,039	26	0.82 %	442,273	26	0.87 %
Fountain Valley	1,360,767	16	1.86 %	985,852	18	1.94 %
Fullerton	2,548,828	11	3.48 %	1,725,316	11	3.39 %
Garden Grove	2,588,479	10	3.53 %	1,782,344	10	3.50 %
Huntington Beach	4,228,372	6	5.77 %	2,969,480	6	5.83 %
Irvine	7,527,093	2	10.27 %	4,851,941	2	9.53 %
La Habra	1,238,512	18	1.69 %	828,764	19	1.63 %
La Palma	186,821	32	0.25 %	294,289	31	0.58 %
Laguna Beach	612,102	25	0.83 %	409,964	29	0.80 %
Laguna Hills	589,013	27	0.80 %	494,819	24	0.97 %
Laguna Niguel	1,301,669	17	1.78 %	991,919	17	1.95 %
Laguna Woods	99,253	33	0.14 %	81,420	33	0.16 %
Lake Forest	1,671,059	14	2.28 %	1,200,061	15	2.36 %
Los Alamitos	327,441	31	0.45 %	246,468	32	0.48 %
Mission Viejo	1,754,002	13	2.39 %	1,467,087	13	2.88 %
Newport Beach	4,007,949	7	5.47 %	2,695,874	7	5.29 %
Orange	5,245,955	5	7.16 %	3,270,219	5	6.42 %
Placentia	687,112	24	0.94 %	490,040	25	0.96 %
Rancho Santa Margarita	725,817	23	0.99 %	536,028	22	1.05 %
San Clemente	1,047,866	20	1.43 %	640,490	21	1.26 %
San Juan Capistrano	1,006,957	21	1.37 %	684,759	20	1.34 %
Santa Ana	5,263,451	4	7.18 %	3,655,025	4	7.18 %
Seal Beach	410,175	30	0.56 %	421,891	28	0.83 %
Stanton	456,679	29	0.62 %	338,677	30	0.66 %
Tustin	2,968,921	8	4.05 %	1,934,777	9	3.80 %
Villa Park	27,534	34	0.04 %	15,562	34	0.03 %
Westminster	1,591,431	15	2.17 %	1,336,609	14	2.62 %
Yorba Linda	755,778	22	1.03 %	517,884	23	1.02 %
Total	73,317,875		100 %	50,931,650		100 %
Unincorporated Cities	14,709,196			6,659,567		
Total Orange County	<u>\$88,027,071</u>			<u>\$57,591,217</u>		

Source: California Department of Tax and Fee Administration, www.cdtfa.ca.gov

Note: The most current data available is for 2022.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 10

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands except per capita)

As of June 30,	Governmental Activities		Business-Type Activities			Government	Percentage of Personal Income	Per Capita
	Sales Tax Revenue Bonds	Commercial Paper Notes	Toll Road Revenue Bonds	TIFIA Loan	Capital Leases			
2014	\$ 343,174	\$ 25,000	\$ 135,013	\$ —	\$ —	\$ 503,187	0.29 %	160.35
2015	335,707	—	129,444	—	—	465,151	0.24 %	147.08
2016	327,894	—	123,725	—	—	451,619	0.23 %	142.06
2017	319,817	—	117,796	—	—	437,613	0.21 %	136.72
2018	311,440	—	111,627	165,988	—	589,055	0.28 %	182.87
2019	704,094	—	105,173	294,762	—	1,104,029	0.49 %	342.60
2020	691,810	—	98,419	303,421	—	1,093,650	0.45 %	342.37
2021	680,592	—	91,356	312,329	—	1,084,277	0.42 %	343.80
2022	668,985	—	83,962	—	—	752,947	n/a	238.11
2023	645,899	—	76,223	620,189	—	1,342,311	n/a	427.87

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.

In fiscal year 2017-18, OCTA and DOT Bureau executed the TIFIA loan.

In fiscal year 2018-19, the increase in sales tax revenue bonds of governmental activities is due to issuance of sales tax revenue bonds.

In fiscal year 2021-22, OCTA prepaid the TIFIA loan and secured bridge loan (BAN 2021).

In fiscal year 2022-23, OCTA and DOT Bureau executed the TIFIA loan, and paid off the BAN 2021.

See schedule 13 for personal income and population data.

n/a - data not available

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 11

Legal Debt Margin Information, Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands)

Measure M Ordinance No. 3 (Measure M2)

Legal Debt Margin Calculation for Fiscal Year 2023

Debt service	\$ 54,884
Debt coverage (130 % of debt service)	<u>71,349</u>
Sales tax revenue	442,081
Less: local fair share & other expenses	<u>(92,601)</u>
Net sales tax revenues	<u>349,480</u>
Legal debt margin	<u><u>\$ 278,131</u></u>

Toll Road Revenue Bonds

Legal Debt Margin Calculation for Fiscal Year 2023

Debt service	\$ 10,795
Debt coverage (130 % of debt service)	<u>14,034</u>
Toll revenues	64,827
Less: operating expenses	<u>(13,388)</u>
Net toll revenues	<u>51,439</u>
Legal debt margin	<u><u>\$ 37,406</u></u>

For Year Ended June 30,	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit
2014	\$ 212,707	\$ 22,386	\$ 190,321	10.5 %	25,478	10,742	14,736	42.2 %
2015	227,936	29,039	198,897	12.7 %	30,825	14,035	16,790	45.5 %
2016	237,151	29,021	208,130	12.2 %	35,576	14,035	21,541	39.5 %
2017	239,727	29,244	210,483	12.2 %	25,002	14,039	10,963	56.2 %
2018	249,427	29,080	220,347	11.7 %	42,211	14,034	28,177	33.2 %
2019	258,085	37,434	220,651	14.5 %	49,624	14,035	35,589	28.3 %
2020	252,570	57,360	195,210	22.7 %	37,268	14,037	23,231	37.7 %
2021	262,280	56,992	205,288	21.7 %	31,734	14,034	17,701	44.2 %
2022	330,050	56,974	273,076	17.3 %	37,145	14,122	23,023	38.0 %
2023	349,480	71,349	278,131	20.4 %	51,439	14,034	37,406	27.3 %

Source: Treasury and Accounting and Financial Reporting Departments

Notes:

In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 12
Pledged-Revenue Coverage, Last Ten Fiscal Years (Unaudited)
(amounts expressed in thousands)

For the Year Ended June 30,	Measure M2 Sales Tax Revenue Bonds						Toll Road Revenue Bonds					
	Sales Tax Revenue	Less: Fair Share & Other Expenses	Debt Service		Coverage		Toll Road Revenue	Less: Operating Expenses	Debt Service		Coverage	
			Principal	Interest					Principal	Interest		
2014	\$ 277,939	\$ (58,516)	\$ 6,600	\$ 15,786	9.80		\$ 43,857	\$ (15,156)	\$ 5,525	\$ 5,218	2.67	
2015	289,359	(61,423)	6,865	15,473	10.20		47,351	(16,526)	4,925	5,871	2.86	
2016	300,602	(63,451)	7,210	15,114	10.62		54,267	(18,691)	5,075	5,721	3.30	
2017	305,057	(65,330)	7,475	15,020	10.66		56,835	(31,833)	5,285	5,514	2.32	
2018	316,093	(66,666)	7,775	14,594	11.15		58,613	(16,403)	5,525	5,270	3.91	
2019	328,892	(70,807)	8,165	20,629	8.96		64,932	(15,308)	5,810	4,986	4.60	
2020	322,448	(69,878)	8,530	35,592	5.72		52,313	(15,045)	6,110	4,688	3.45	
2021	332,888	(70,608)	8,065	35,774	5.98		46,463	(14,729)	6,420	4,375	2.94	
2022	419,531	(89,481)	8,455	35,371	7.53		57,626	(20,481)	6,750	4,046	3.44	
2023	442,081	(92,601)	19,935	34,949	6.37		64,827	(13,388)	7,095	3,700	4.77	

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.

In fiscal year 2018-19, Measure M2 sales tax revenue bonds were issued.

In fiscal year 2019-20, Measure M2 sales tax revenue decreased due to COVID-19 pandemic and state order to refrain from non-essential travel.

In fiscal year 2019-20, decrease in toll road revenue is primarily due to a decrease in trips due to COVID-19 pandemic and state orders to refrain from non-essential travel.

In fiscal year 2022-23, increase in toll road revenue and sales tax revenues were primarily due to an increase in average trips cost and economic recovery from COVID-19 pandemic.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 13

Demographic and Economic Statistics, Last Ten Calendar Years (Unaudited)

Calendar Year	Population (a)	Personal Income (millions) (b)	Per Capita Personal Income (c)	Median Age (d)	School Enrollment (e)	Unemployment Rate (f)
2014	3,138,057	\$ 176,537	\$ 56,344	36.70	500,487	5.2 %
2015	3,162,622	190,154	60,228	37.10	497,116	4.3 %
2016	3,179,122	197,232	62,135	37.30	493,030	4.4 %
2017	3,200,748	204,912	64,321	37.50	490,430	3.8 %
2018	3,221,103	212,807	66,735	37.80	485,835	3.2 %
2019	3,222,498	224,716	70,539	38.10	478,823	3.0 %
2020	3,194,332	241,153	75,737	38.30	473,612	13.6 %
2021	3,153,764	256,700	81,034	38.50	456,572	6.5 %
2022	3,162,245	n/a	n/a	39.50	448,729	2.9 %
2023	3,137,164	n/a	n/a	n/a	441,249	3.7 %

Notes:

n/a - data not available

Estimates for personal income and per capita personal income for 2013-2019 were revised for new estimates.

Sources:

- (a) July 1 estimates for 2013-2017 and January 1 estimate for 2018-2022 from California Department of Finance, <http://www.dof.ca.gov/>
- (b) U.S. Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/>
- (c) U.S. Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/>
- (d) U.S. Census Bureau, <https://data.census.gov/table>
- (e) California Department of Education, <http://www.cde.ca.gov/>
- (f) CA Employment Development Department, <http://www.labormarketinfo.edd.ca.gov/>

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 14
Principal Employers, Current Year and Nine Years Ago (Unaudited)

Employer	Calendar Year 2023				(b)	Calendar Year 2014				(b)
	Employees	(a)	Rank	Percentage of Total County Employment		Employees	(a)	Rank	Percentage of Total County Employment	
Walt Disney Co.	34,000		1	2.21 %		25,000		1	1.60 %	
University of California, Irvine	24,867		2	1.62 %		22,253		2	1.42 %	
County of Orange	18,000		3	1.17 %		18,035		3	1.15 %	
Providence	13,037		4	0.85 %						
Kaiser Permanente	9,592		5	0.62 %		6,040		6	0.39 %	
Hoag Memorial Hospital Presbyterian	7,888		6	0.51 %						
Albertsons Southern CA Division	7,633		7	0.50 %						
Target Corp.	6,000		8	0.39 %		5,400		10	0.34 %	
Allied Universal	5,929		9	0.39 %						
Walmart Inc.	5,900		10	0.38 %		6,000		8	0.38 %	
St. Joseph Health System						12,062		4	0.77 %	
Boeing Co.						6,890		5	0.44 %	
Bank of America Corp.						6,000		7	0.38 %	
Memorial Care Health System						5,635		9	0.36 %	
Total County Employment	1,538,100					1,565,400				

Sources: (a) Orange County Business Journal Book of Lists - County of Orange

(b) Total County Employment information obtained from California Employment Development Department
<http://www.labormarketinfo.edd.ca.gov>

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 15

Full-Time Equivalent Government Employees by Function/Program for Ten Years (Unaudited)

	Full-Time Equivalent Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	226.0	224.0	238.0	239.0	240.5	247.5	243.0	246.0	250.5	260.5
Measure M program	40.0	40.0	39.5	39.0	39.0	40.5	41.5	39.5	38.0	38.0
Motorist services	3.0	3.0	4.0	4.0	5.0	5.0	5.0	5.0	3.0	3.0
Commuter rail	10.0	9.0	10.5	11.0	8.0	7.0	6.0	7.0	6.0	6.0
Fixed route	1,152.0	1,078.0	1,020.0	981.0	906.5	964.0	990.5	972.5	886.0	888.0
Paratransit	12.0	12.0	5.0	7.5	7.5	6.5	8.5	7.5	7.5	8.0
Tollroad	3.0	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.5	6.0
Taxicab	4.0	4.0	4.0	3.0	2.0	2.0	1.0	—	—	—
LOSSAN	—	—	6.0	7.0	8.0	11.0	14.0	14.0	15.0	15.0
Total	1,450.0	1,373.0	1,330.0	1,294.5	1,220.0	1,287.0	1,313.0	1,295.0	1,209.5	1,224.5

Source: Financial Planning & Analysis Department

Notes:

In fiscal year 2013-14, the number of full-time equivalent positions for General government and Fixed route reported for fiscal year 2012-13 were restated.

In fiscal year 2015-16, the LOSSAN Division was created. The number of full-time equivalent positions for General government were increased due to new hires. There were decreases in the full-time equivalent positions in Fixed Route and Paratransit due to service reductions.

In fiscal year 2016-18, the decrease of full-time equivalent positions in Fixed Route is due to service reductions.

In fiscal year 2018-19, the increase of full-time equivalent positions is primarily due to new hires in Fixed Route.

In fiscal year 2020-22, the decrease of full-time equivalent positions in Fixed Route is due to service reductions.

In fiscal year 2022-23, the increase of full-time equivalent positions in Tollroad is due to hiring 405 Express Lanes staff and the increase in General government is due to new hires.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 16
Operating Indicators by Function/Program (Unaudited)

Function/Program	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Measure M1 program (thousands)										
Freeways	\$ 11,318	\$ 30,434	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Regional streets and roads	17,697	25,371	—	—	—	—	—	—	—	—
Local streets and roads	14,614	14,796	—	—	—	—	—	—	—	—
Transit	14,392	128,110	—	—	—	—	—	—	—	—
Total program expenses	\$ 58,021	\$ 198,711	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Measure M2 program (thousands)										
Freeways	\$ 32,387	\$ 58,775	\$ 68,486	\$ 100,729	\$ 251,130	\$ 204,726	\$ 295,020	\$ 355,936	\$ 399,043	\$ 310,105
Streets and roads	199,311	161,622	163,699	138,273	106,691	110,412	105,555	92,472	60,180	94,112
Transit	82,721	47,876	22,464	16,516	20,419	173,782	74,815	68,617	143,009	68,792
Environmental cleanup	2,398	2,220	9,578	10,189	6,409	7,117	2,656	1,499	1,938	1,347
Total program expenses	\$ 316,817	\$ 270,493	\$ 264,227	\$ 265,707	\$ 384,649	\$ 496,037	\$ 478,046	\$ 518,524	\$ 604,170	\$ 474,356
Motorist services										
Calls made from call boxes	4,949	2,011	1,717	1,363	1,246	1,049	845	922	953	1,332
Vehicles removed	357	—	—	—	—	—	—	—	—	—
Vehicles assisted by FSP	59,014	69,045	68,678	62,527	54,136	52,673	56,374	60,062	67,224	59,129
511 Motorist Assistance Calls	—	2,886	4,023	4,120	3,888	4,298	3,838	3,774	4,815	6,015
Commuter rail										
Weekday trips	54	54	54	54	54	54	54	41	45	45
Annual boardings	4,437,991	4,579,000	4,198,189	4,477,735	5,069,929	5,073,474	3,874,618	797,715	1,592,803	1,983,306
Fixed route										
Annual boardings	48,963,660	47,021,445	43,202,265	39,903,682	39,272,747	37,846,066	30,800,075	19,880,122	26,680,576	31,191,444
Vehicle revenue hours	1,603,969	1,613,276	1,618,070	1,629,802	1,602,192	1,626,394	1,443,821	1,210,496	1,378,707	1,534,698
Miles of fixed route	2,045	2,047	2,045	1,820	1,801	1,762	1,792	1,562	1,587	1,546
Paratransit										
Annual boardings	1,654,081	1,714,550	1,779,530	1,864,312	1,647,378	1,667,292	1,268,429	485,746	837,644	1,031,899
Vehicle revenue hours	718,150	741,291	754,004	780,798	744,746	756,391	603,477	312,776	461,261	559,776
Eligible riders	31,576	31,602	32,173	32,871	32,735	32,744	31,812	28,851	28,248	27,710
Tollroad										
Annual drivers trips	12,326,874	13,106,882	13,772,971	14,384,133	16,719,371	17,546,304	14,990,602	15,359,785	19,810,256	19,736,624
Taxicab										
Permits Issued	3,066	2,513	1,855	1,521	1,214	971	437	—	—	—

Source: Various departments within OCTA

Notes: In fiscal year 2022-23, the increase in 511 motorist assistance calls is partly due to an increased awareness of the program through outreach. The increase in commuter rail annual boarding is due to Metrolink implementing pass discounts and promoting the service to encourage ridership. The increase in Fixed route annual boarding is due to recovery from the COVID-19 pandemic. The increase in Paratransit annual boarding and vehicle revenue hours is due to programs and facilities impacted by COVID restrictions having been lifted are seeing their pre-pandemic demand return.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 17
Capital Asset Statistics by Function/Program (Unaudited)

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fixed route										
Bus bases	5	5	5	5	5	5	5	5	5	5
Large revenue vehicles	537	537	537	517	492	498	505	495	508	416
Small revenue vehicles	19	19	18	11	35	43	24	38	36	19
Paratransit										
Paratransit vehicles	248	248	248	248	248	248	248	245	245	254
Tollroad										
Transponders in use	171,304	176,790	182,522	196,997	213,993	225,621	208,656	163,235	145,393	128,715

Source: Various departments within the Orange County Transportation Authority

Note:

In fiscal year 2017-18, the decreases in Fixed route large vehicles is due to the change in service levels.

In fiscal year 2017-18, the increase in Fixed route small vehicles resulted from operations of Irvine I-Shuttle.

In fiscal year 2018-19, the increase in Fixed route small vehicles was a result of increase in I-Shuttle service.

In fiscal year 2019-20, the decrease in Fixed route small revenue vehicles is related to a decrease in service levels due to COVID-19 pandemic.

In fiscal year 2019-20, the balance was adjusted to reflect only transponders that are considered capital asset, the newly assigned 6C transponders are considered to be inventory.

In fiscal year 2020-22, the decrease in tollroad transponders is due to the newly assigned 6C transponders.

In fiscal year 2022-23, the decrease in Fixed route large & small revenue vehicles is related to a decrease in service levels due to COVID-19 pandemic impact.

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