



# **Orange County Transportation Authority**

## **Finance and Administration Committee Agenda**

### **Wednesday, November 13, 2024 at 10:30 a.m.**

Board Room, 550 South Main Street, Orange, California

#### **Committee Members**

Michael Hennessey, Chair  
Patrick Harper, Vice Chair  
Jamey Federico  
Stephanie Klopfenstein  
Tam T. Nguyen  
Vicente Sarmiento

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

#### **Agenda Descriptions**

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

#### **Public Availability of Agenda Materials**

All documents relative to the items referenced in this agenda are available for public inspection at [www.octa.net](http://www.octa.net) or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

#### **Meeting Access and Public Comments on Agenda Items**

Members of the public can either attend in-person or listen to audio live streaming of the Board and Committee meetings by clicking this link: <https://octa.legistar.com/Calendar.aspx>

#### **In-Person Comment**

Members of the public may attend in-person and address the Board regarding any item within the subject matter jurisdiction of the Orange County Transportation Authority. Please complete a speaker's card and submit it to the Clerk of the Board and notify the Clerk regarding the agenda item number on which you wish to speak. Speakers will be recognized by the Chair at the time of the agenda item is to be considered by the Board. Comments will be limited to three minutes. The Brown Act prohibits the Board from either discussing or taking action on any non-agendized items.

# FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

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## Written Comment

Written public comments may also be submitted by emailing them to ClerkOffice@octa.net, and must be sent by 5:00 p.m. the day prior to the meeting. If you wish to comment on a specific agenda item, please identify the item number in your email. All public comments that are timely received will be part of the public record and distributed to the Board. Public comments will be made available to the public upon request.

## Call to Order

## Pledge of Allegiance

Director Klopfenstein

## Closed Session

There are no Closed Session items scheduled.

## Special Calendar

There are no Special Calendar matters.

## Consent Calendar (Items 1 through 4)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

### 1. Approval of Minutes

Clerk of the Board

#### **Recommendation(s)**

Approve the minutes of the October 23, 2024 Finance and Administration Committee meeting.

#### **Attachments:**

[Minutes](#)

### 2. Update on the Loan Agreements with the Cities of Anaheim, Placentia, and the West Orange County Water Board

Sam Kaur/Andrew Oftelie

#### **Overview**

The Orange County Transportation Authority Board of Directors authorized loan agreements with the cities of Anaheim, Placentia, and the West Orange County Water Board. This report provides the annual update on the status of each of these agreements as requested by the Board of Directors.

#### **Recommendation(s)**

Receive and file as an information item.

#### **Attachments:**

[Staff Report](#)

[Attachment A](#)

## FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

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### 3. Orange County Transportation Authority Investment and Debt Programs Report - September 2024

Robert Davis/Andrew Oftelie

#### **Overview**

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending September 30, 2024. The report has been reviewed and is consistent with the investment practices contained in the investment policy.

#### **Recommendation(s)**

Receive and file as an information item.

#### **Attachments:**

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

### 4. Orange County Employees Retirement System Early Payment for Fiscal Year 2025-26

Robert Davis/Andrew Oftelie

#### **Overview**

The Orange County Employees Retirement System has offered an early payment discount to member agencies of seven percent if they elect to prepay their contributions for fiscal year 2025-26. Advance payments must be received by January 15, 2025. The estimated savings for the Orange County Transportation Authority over the next year and a half under this payment option will total approximately \$851,000. Board of Directors' authorization is requested for the early payment option.

#### **Recommendation(s)**

Authorize the early payment of approximately \$36.3 million by January 15, 2025, to the Orange County Employees Retirement System, for employer contributions for fiscal year 2025-26.

#### **Attachments:**

[Staff Report](#)

# FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

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## Regular Calendar

### 5. **Fiscal Year 2023-24 Audited Financial Statements and Independent Auditor's Reports on Internal Control over Financial Reporting**

Rima Tan/Andrew Oftelie

#### **Overview**

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements and schedules. Crowe LLP, an independent accounting firm, has completed its annual audit of the Orange County Transportation Authority for fiscal year 2023-24. In addition, a report has been issued on the results of additional analysis performed by Crowe LLP, to assist management in determining compliance with certain state requirements.

In connection with the annual audit of the Orange County Transportation Authority, Crowe has issued an auditor's report on internal control over financial reporting with no deficiencies.

#### **Recommendation(s)**

Receive and file the fiscal year 2023-24 audited financial statements and independent auditor's report on internal controls over financial reporting as informational items.

#### **Attachments:**

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

[Attachment D](#)

[Attachment E](#)

[Attachment F](#)

[Attachment G](#)

### 6. **Amendment to Fare Policy**

Isaac Herrera/Andrew Oftelie

#### **Overview**

The Orange County Transportation Authority is modernizing its fare collection system, with the new Rider Validation System anticipated to be implemented in summer 2025. The new system will enhance customer convenience, improve fare validation, and provide greater flexibility for introducing new fare products. Staff is recommending amendments to the existing fare policy to incorporate daily and monthly fare caps as well as a free transfer period. The recommended changes promote fare equity and streamline payment options for riders.

#### **Recommendation(s)**

- A. Approve the implementation of daily and monthly fare caps at the current cost of passes, which is \$5 for the day pass and \$69 for the monthly pass.

## FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

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- B. Approve the implementation of a free two-hour transfer period.
- C. Approve Orange County Transportation Authority's Schedule of Tariffs dated November 25, 2024.

**Attachments:**

- [Staff Report](#)
- [Attachment A](#)
- [Attachment B](#)
- [Presentation](#)

**7. Microsoft Enterprise Agreement Renewal**

Josh Duke/Andrew Oftelie

**Overview**

As part of the Orange County Transportation Authority's Fiscal Year 2024-25 Budget, a renewal of its existing Microsoft Enterprise Agreement is planned. Responsive quotes were received by four Microsoft Licensing Solutions Providers that are approved vendors of the Microsoft Enterprise Agreement on the County of Riverside's Master Agreement. Board of Directors' approval is requested for the renewal of Orange County Transportation Authority's Microsoft Enterprise Agreement.

**Recommendation(s)**

- A. Approve the selection of Crayon Software Experts, LLC to provide the Microsoft Enterprise renewal license for all of the Orange County Transportation Authority's Microsoft software.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C42565 between the Orange County Transportation Authority and Crayon Software Experts, LLC, in the amount of \$8,204,212, for the renewal of the Microsoft Enterprise Agreement for a three-year term.

**Attachments:**

- [Staff Report](#)

**8. Excess Liability Insurance Renewal**

Greg Bych/Maggie McJilton

**Overview**

The Orange County Transportation Authority procured excess liability insurance continuously from 1991 through 2020. Beginning in December 2020, the Orange County Transportation Authority became fully self-insured and has maintained that self-insurance since then.

**Recommendation(s)**

- A. Authorize the Chief Executive Officer to establish a \$10 million self-insured retention for excess liability claims.

## FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

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- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A59005, in the amount not to exceed \$960,000, to Marsh Risk and Insurance Services, Inc., to purchase a \$5 million excess liability insurance policy on behalf of the Orange County Transportation Authority for the policy period of November 1, 2024 to October 31, 2025.

**Attachments:**

[Staff Report](#)

[Presentation](#)

### Discussion Items

**9. Proposed State Route 241/91 Express Connector Update**

Kirk Avila

**Overview**

In October 2019, the Orange County Transportation Authority Board of Directors approved a Term Sheet that serves as a framework for delivering a future direct, tolled connector linking the State Route 241 Toll Road to the 91 Express Lanes. Since the approval in 2019, staffs from the Orange County Transportation Authority, Riverside County Transportation Commission, Foothill/Eastern Transportation Corridor Agency, and the California Department of Transportation have been meeting regularly to advance the project to construction.

**Attachments:**

[Presentation](#)

**10. Public Comments**

**11. Chief Executive Officer's Report**

**12. Committee Members' Reports**

**13. Adjournment**

The next regularly scheduled meeting of this Committee will be held:

**10:30 a.m. on Wednesday, December 4, 2024**

OCTA Headquarters

Board Room

550 South Main Street

Orange, California



### **Committee Members Present**

Michael Hennessey, Chair  
Patrick Harper, Vice Chair  
Jamey Federico  
Stephanie Klopfenstein  
Tam T. Nguyen  
Vicente Sarmiento

### **Staff Present**

Darrell E. Johnson, Chief Executive Officer  
Sahara Meisenheimer, Clerk of the Board Specialist  
Allison Cheshire, Clerk of the Board Specialist, Senior  
Andrea West, Clerk of the Board  
James Donich, General Counsel  
OCTA Staff

### **Committee Members Absent**

None

### **Call to Order**

The October 23, 2024, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chair Hennessey at 10:30 a.m.

### **Consent Calendar (Items 1 through 9)**

#### **1. Approval of Minutes**

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to approve the minutes of the September 25, 2024 Finance and Administration Committee meeting.

#### **2. Fiscal Year 2024-25 Internal Audit Plan, First Quarter Update**

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan as an information item.

#### **3. Federal Transit Administration Drug and Alcohol Compliance Audit**

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to receive and file the Federal Transit Administration Drug and Alcohol Compliance Audit as an information item.

#### **4. Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501**

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to direct staff to implement the recommendation provided in Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501.



**5. Investment Manager Contracts, Internal Audit Report No. 25-504**

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to direct staff to implement two recommendations provided in Investment Manager Contracts, Internal Audit Report No. 25-504.

**6. SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Claims for Fiscal Year 2024-25**

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to authorize the filing of SB 1 State of Good Repair claims, in the amount of \$7.084 million, or up to the actual allocation published by the State Controller's Office, to fund capital projects approved by the Orange County Transportation Authority Board of Directors.

**7. State Transit Assistance Fund Claims for Fiscal Year 2024-25**

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to adopt Resolution No. 2024-080 to authorize the filing of State Transit Assistance Fund claims, in the amount of \$50,464,493, or up to the actual allocation published by the State Controller's Office, to support public transportation.

**8. Orange County Transportation Authority Investment and Debt Programs Report – August 2024**

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to receive and file as an information item.

**9. Fiscal Year 2023-24 Fourth Quarter Budget Status Report**

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to receive and file as an information item.

**Regular Calendar**

**10. Excess Liability Insurance Renewal**

Greg Bych, Department Manager of Risk Management, provided a PowerPoint presentation.

A motion was made by Director Sarmiento, seconded by Director Klopfenstein, and declared passed by those present to direct staff to bring this item back to the Finance and Administration Committee with additional information.





**11. Public Comments**

There were no public comments received.

**12. Chief Executive Officer's Report**

Darrell E. Johnson, Chief Executive Officer (CEO), stated he will be attending the International Bridge, Tunnel, and Turnpike Association's 92<sup>nd</sup> annual meeting in Cleveland. The 405 Improvement Project and 405 Express Lanes have been honored with the 2024 Toll Excellence Award, which will be presented at the meeting.

**13. Committee Members' Reports**

There were no Committee Members' Reports.

**14. Adjournment**

The meeting adjourned at 11:04 a.m.

The next regularly scheduled meeting of this Committee will be held:

**10:30 a.m. on Wednesday, November 13, 2024**

OCTA Headquarters  
Board Room  
550 South Main Street  
Orange, California

ATTEST:

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Sahara Meisenheimer  
Clerk of the Board Specialist



**November 13, 2024**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Update on the Loan Agreements with the Cities of Anaheim, Placentia, and the West Orange County Water Board

**Overview**

The Orange County Transportation Authority Board of Directors authorized loan agreements with the cities of Anaheim, Placentia, and the West Orange County Water Board. This report provides the annual update on the status of each of these agreements as requested by the Board of Directors.

**Recommendation**

Receive and file as an information item.

**Background**

City of Anaheim (Anaheim)

In July 2012, the Orange County Transportation Authority (OCTA) entered into a purchase and sale agreement with Anaheim selling real property valued at \$32.5 million to enable the construction of the Anaheim Regional Transportation Intermodal Center. Anaheim provided \$1 million as a down payment into escrow, with the remaining \$31.5 million to be paid over a 13-year period. The interest rate on the loan is set at a fixed-interest rate of two percent, with the interest portion of the loan to be paid in the final two years of the loan period. Anaheim uses its Measure M2 (M2) Local Fair Share (LFS) funds to repay the loan, and the funds have been automatically deducted from Anaheim's bimonthly LFS payments since July 2012.

Anaheim has fully repaid their principal balance and is currently making payments towards the accrued interest for the remainder of the loan term. The remaining interest balance is \$1.3 million as of September 30, 2024. The loan repayments will continue to be deducted from bimonthly M2 LFS payments until the loan balance reaches zero in fiscal year (FY) 2024-25. Should Anaheim become ineligible to receive LFS, or if the LFS funds are insufficient to meet the

## **Update on the Loan Agreements with the Cities of Anaheim, Page 2 Placentia, and the West Orange County Water Board**

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scheduled payment, California Highway Users Tax Account funds would be utilized to make the payments.

### **City of Placentia (Placentia)**

In February 2010, OCTA entered into a loan agreement with Placentia for \$4.1 million so Placentia could repay the California Department of Transportation for ineligible expenditures on rail grade separation projects. The loan amount of \$4.1 million is to be repaid over a 19-year period that began July 1, 2011, and continues through May 1, 2030. The remaining balance is \$0.642 million as of September 30, 2024, and is estimated to be paid by May 2026. The loan is anticipated to be paid in full ahead of schedule due to actual interest rates being lower than the rate assumed at the time the loan agreement was executed in February 2010. The initial assumption was that the interest rate for the life of the loan would be four percent. However, the actual interest rate on the loan is based on OCTA's actual short-term investment portfolio earnings rate for the prior 12-month period, and resets annually. Actual interest rates since the inception of the loan have been averaging below two percent with the current interest rate at 5.015 percent.

Placentia uses its M2 LFS funds to repay the loan, and the funds are automatically deducted from Placentia's bimonthly LFS payments. The agreement allows OCTA to withhold 30 percent of Placentia's LFS funds beginning in FY 2011-12. Placentia's contribution increases by one percentage point each FY thereafter until the advance is fully repaid. Placentia's current contribution is 43 percent of their LFS payments. Should Placentia become ineligible to receive LFS, Placentia would be required to pledge other appropriate funding to repay the full amount of the advance and interest thereon.

### **West Orange County Water Board (WOCWB)**

In October 2017, OCTA entered into a reimbursement agreement with the WOCWB for up to \$4.7 million for the relocation of a pipeline facility necessary to facilitate the Interstate 405 Widening Project. An amendment to the agreement was approved by the OCTA Board of Directors on November 27, 2017, to increase the loan amount by \$1.3 million to accommodate the final project cost received by the WOCWB.

Per the terms identified in the agreement, the WOCWB will make quarterly payments with the interest rate being equal to the State of California Surplus Money Investment Fund (SMIF). The SMIF interest rate on the September 2024 payment was 4.257 percent. The term of the loan has been structured to not exceed ten years. OCTA began receiving quarterly payments from the WOCWB

**Update on the Loan Agreements with the Cities of Anaheim, Page 3  
Placentia, and the West Orange County Water Board**

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in June 2018. In April 2020, the WOCWB returned unused principal of \$198,741 as required in the loan agreement upon project completion. The remaining balance is \$1.5 million as of September 30, 2024. The WOCWB will continue making quarterly payments until the loan has been fully repaid in March 2028.

***Discussion***

OCTA continues to withhold payments from M2 LFS funds to repay the loans established with the cities of Anaheim and Placentia, and the WOCWB continues to make quarterly payments as required per the agreement. OCTA will continue to follow the terms identified in all loan agreements by withholding payments and invoicing responsible parties as applicable. The beginning balance, amount collected, and outstanding balance for each loan as of September 30, 2024, can be found on Attachment A.

***Summary***

The Orange County Transportation Authority Board of Directors authorized loan agreements with the cities of Anaheim, Placentia, and the West Orange County Water Board. Each entity has been making payments per their respective agreements.

***Attachment***

A. Status of Loan Agreements as of September 30, 2024

**Prepared By:**



Sam Kaur  
Department Manager,  
Revenue Administration  
(714) 560-5889

**Approved By:**



Andrew Oftelie  
Chief Financial Officer,  
Finance and Administration  
(714) 560-5649

**Status of Loan Agreements**  
as of September 30, 2024

**ATTACHMENT A**

<b>Borrower</b>	<b>Type of Agreement</b>	<b>Loan Period Begin Date</b>	<b>Interest Rate % Prior Payment<sup>1</sup></b>	<b>Beginning Principal Balance</b>	<b>Principal Paid</b>	<b>Interest Accrued</b>	<b>Interest Paid</b>	<b>Outstanding Balance as of 9/30/24</b>	<b>Loan Maturity</b>
City of Anaheim <sup>2</sup>	Purchase and Sale Agreement	July 2012	2%	\$32,500,000	\$32,500,000	\$3,765,406	\$2,510,270	\$1,255,136	May 20, 2025
City of Placentia	Loan Agreement	February 2010	5.015%	\$4,100,000	\$3,585,847	\$664,210	\$536,625	\$641,738	May 1, 2030
West Orange County Water Board <sup>3</sup>	Reimbursement Agreement for Utility Relocation	October 2017	4.257%	\$5,995,394	\$4,540,313	\$310,348	\$310,348	\$1,455,081	March 1, 2028

1. Interest rates vary for the City of Placentia and the West Orange County Water Board. Interest rates listed represent rates for the prior payment.
2. Interest for the City of Anaheim loan is scheduled to be paid in the final two years of the loan and is fixed at two percent.
3. The West Orange County Water Board made an additional principal payment of \$1.5 million in September 2018 and returned unused principal of \$198,741.28 in April 2020.



**November 13, 2024**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Orange County Transportation Authority Investment and Debt Programs Report – September 2024

**Overview**

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending September 30, 2024. The report has been reviewed and is consistent with the investment practices contained in the investment policy.

**Recommendation**

Receive and file as an information item.

**Discussion**

As of September 30, 2024, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2.6 billion. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, the short-term portfolio for future budgeted expenditures, and the bond proceeds portfolio to meet Measure M2 (M2) transportation program needs. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program.

Portfolio Compliance and Liquidity Requirements for the Next Six Months: The portfolio is in full compliance with OCTA's Investment Policy and the State of California Government Code. Additionally, OCTA has reviewed the liquidity requirements for the next six months and anticipates that OCTA's liquidity will be sufficient to meet projected expenditures during the next six months.

The weighted average book yield for the OCTA portfolio is 4.2 percent. The book yield measures the exact income, or interest, on a bond without regard to market price change. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and market value.

OCTA's month-end balance in the Local Agency Investment Fund (LAIF), a pooled investment fund for California local agencies, was \$7,033,549, with an average monthly effective yield of 4.58 percent. The LAIF offers local agencies an opportunity to invest funds in a diversified portfolio of high-quality, short-term securities managed by the State Treasurer's Office. OCTA's month-end balance in the Orange County Investment Pool (OCIP), a collective investment fund for local government entities in Orange County, was \$792,603. For the month of August, the monthly gross yield for the OCIP was 4.38 percent. The yield for the month of September will be received in October 2024. OCIP allows local government entities to invest funds in a diversified portfolio managed by the Orange County Treasurer-Tax Collector's Office, aiming for competitive returns while prioritizing safety and liquidity. Mandated by the Transportation Development Act (TDA), OCTA is obliged to participate in the OCIP. It serves as a temporary holding account for TDA funds until claimed by OCTA and then processed by the County of Orange. This framework ensures effective fund management and adherence to regulatory compliance.

During the month of August, no security held within OCTA's investment portfolio was downgraded and placed on negative credit watch. Please refer to A-8 (Rating Downgrades and Negative Credit Watch) of Attachment A for further details.

OCTA's debt program is separate from its investment program and is comprised of M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and the 2021 Transportation Infrastructure Finance and Innovation Act Loan. The debt program currently has an outstanding principal balance of \$1.2 billion as of September 30, 2024. Approximately 46 percent of the outstanding balance is comprised of M2 debt, three percent is associated with the 91 Express Lanes Program, and 51 percent is associated with the 405 Express Lanes.

***Summary***

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending September 30, 2024.

***Attachments***

- A. Orange County Transportation Authority Investment and Debt Programs – For the Period Ending September 30, 2024
- B. Orange County Transportation Authority Portfolio Listing as of September 30, 2024

**Prepared by:**



Robert Davis  
Department Manager  
Treasury/Public Finance  
(714) 560-5675

**Approved by:**



Andrew Oftelie  
Chief Financial Officer  
Finance and Administration  
(714) 560-5649



**Treasury/Public Finance Department's  
Report On**

**Orange County Transportation Authority  
Investment and Debt Programs**



**Presented to the  
Finance and Administration Committee**

**For The Period Ending  
September 30, 2024**

# INVESTMENT PROGRAM

# OCTA Investment Dashboard

9/30/2024

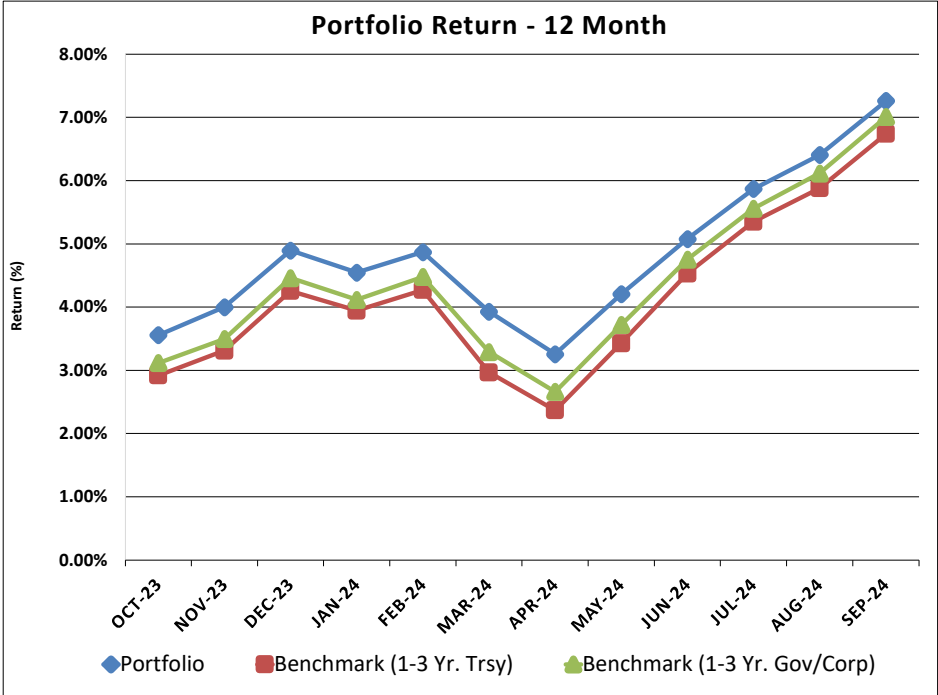
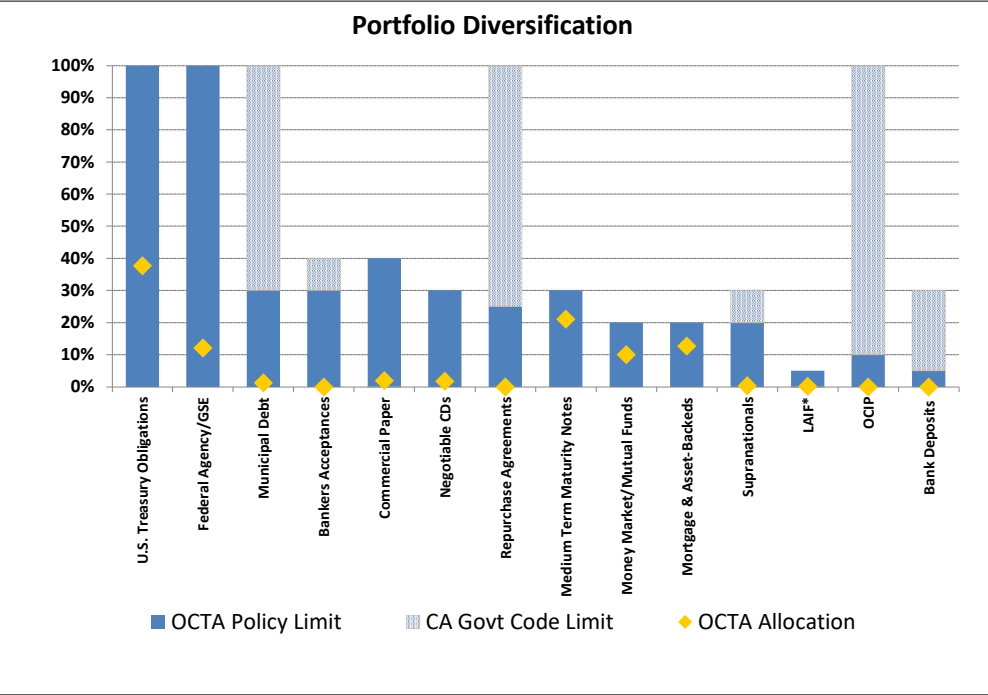
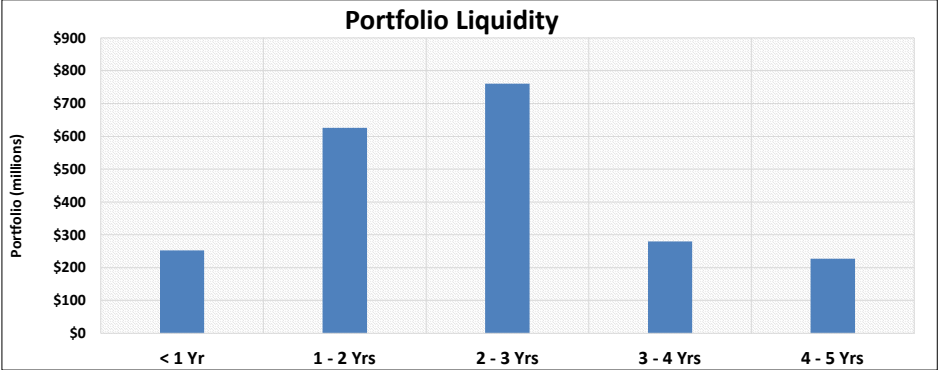
### Safety of Principal

**Securities that fell below OCTA's minimum credit quality requirements during the month of September 2024:**  
N/A

**Securities currently held within OCTA's portfolio that fell below OCTA's minimum credit quality requirements during prior reporting periods:**  
Two Keybank securities held within OCTA's investment portfolio were downgraded below minimum credit quality requirements for the month of October 2023

**Securities downgraded or placed on Negative Credit Watch during the month of September 2024, but remain in compliance with OCTA's Investment Policy:**  
N/A

For further details please refer to A-8 of this report.



\* Per CA Government Code LAIF limit is \$75 million  
 \*\* Per OCTA's Investment Policy the limit is 30% for variable and floating rate securities. As of September 30, 2024, 7.1% of the portfolio was invested in variable & floating rate securities.

## Investment Compliance

9/30/2024

Portfolio Subject to Investment Policy			
Short-Term/Liquid Portfolio <sup>1</sup>	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Max. Percentages
U.S. Treasury Obligations	\$ 918,809,940	37.8%	100%
Federal Agency/GSE	295,782,688	12.2%	100%
Municipal Debt	\$ 32,705,473	1.3%	30%
Commercial Paper	48,715,563	2.0%	40%
Negotiable Certificates of Deposit	\$ 45,250,000	1.9%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	\$ 513,558,744	21.1%	30%
Money Market/Mutual Funds	245,719,638	10.1%	20%
Mortgage & Asset-Backed	\$ 311,032,840	12.8%	20%
Supranationals	12,012,200	0.5%	20%
Local Agency Investment Fund	\$ 7,033,549	0.3%	\$ 75 Million
Orange County Investment Pool	792,603	0.0%	10%
Bank Deposits	\$ 837,500	0.0%	5%
<b>Total Short-Term/Liquid Portfolio<sup>2</sup></b>	<b>\$ 2,432,250,737</b>		

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$173,035,037 (7.1% of total Short-Term/Liquid portfolio) and subject to 30% limit per OCTA's Investment Policy.

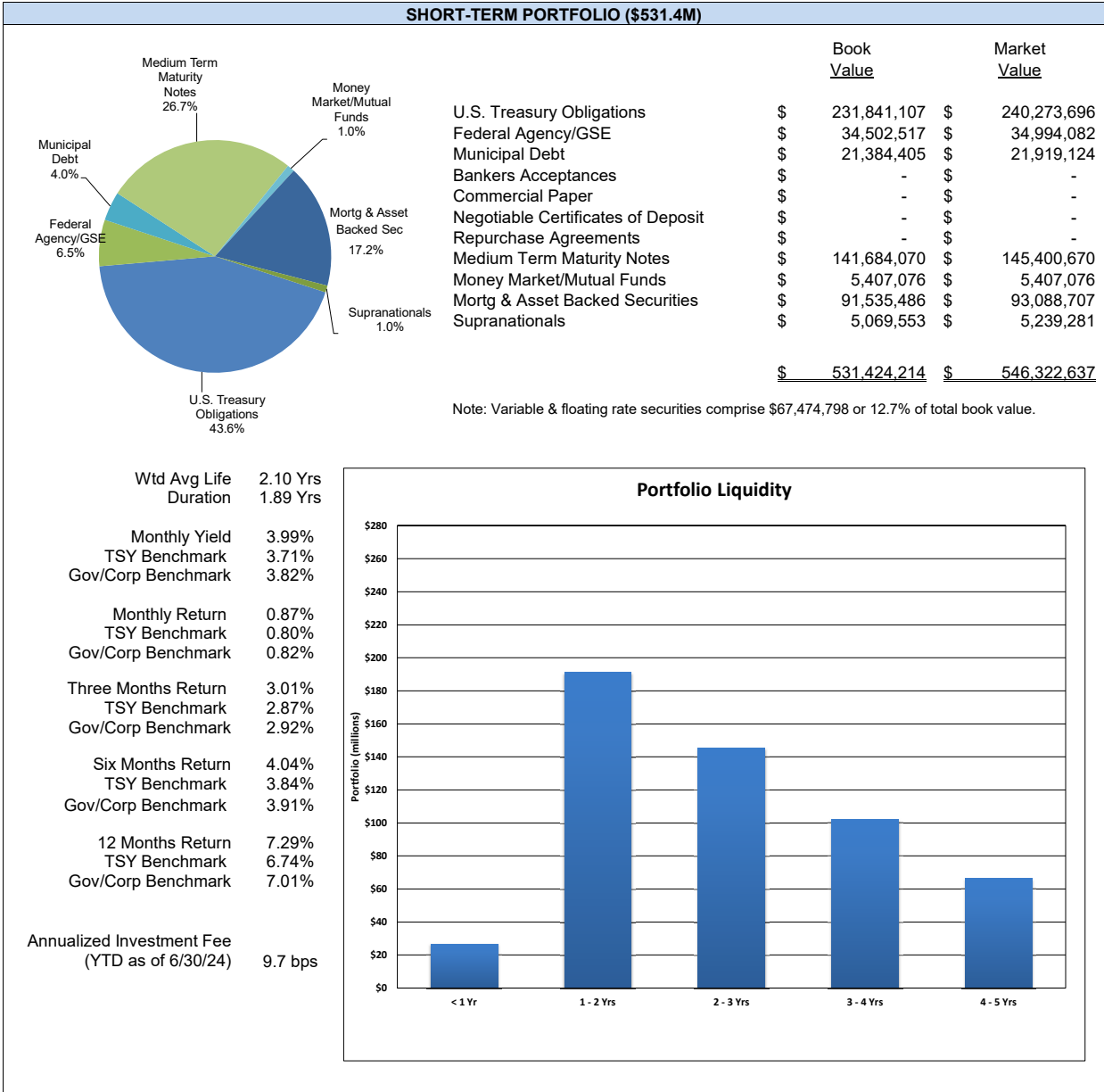
Portfolio Subject to Indenture					
Portfolio	Dollar Amount Invested	OCTA		Indenture Requirements	
		Credit Quality	Term	Min. Credit Quality	Max. Term
<b>Liquid Portfolio*</b>					
Government Obligations MMKT Fund	96,645,375	"AAAm"	N/A	AAA Category	N/A
Government Obligations MMKT Fund	27,373,871	"AAAm"/"Aammf"	N/A	AAA Category	N/A
<b>Total Liquid Portfolio</b>	<b>\$ 124,019,246</b>				
<b>Bond Proceeds Portfolio</b>					
<b>2021 Bond Anticipation Notes (BANs):</b>					
Government Obligations MMKT Fund	55,875	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	"AAAm" or "AAAm-G"	N/A
<b>91 Express Lanes 2023 Bonds:</b>					
Government Obligations MMKT Fund	2,637	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
<b>Total Bond Proceeds Portfolio</b>	<b>\$ 58,512</b>				
<b>Reserve Funds Portfolio</b>					
Government Obligations MMKT Fund	\$ 5,236,953	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Negotiable Certificates of Deposit	5,000,000	"A-1"/"P-1"/"F1+"	267 days	"A-1"/"P-1"/"F1"	270 days
Negotiable Certificates of Deposit	3,000,000	"A-1"/"P-1"/"F1+"	270 days	"A-1"/"P-1"/"F1"	270 days
Government Obligations MMKT Fund**	5,663	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
<b>Total Reserve Funds Portfolio</b>	<b>\$ 13,242,616</b>				
<b>Total Portfolio Subject to Indenture</b>	<b>\$ 13,301,128</b>				
<b>Portfolio Total</b>	<b>\$ 2,569,571,112</b>				

\*Reflects portion of Liquid Portfolio subject to Indenture (OCTA Sales Tax Revenue)

\*\*91 EL Debt Service Fund

**Investment Manager Diversification and Maturity Schedules**

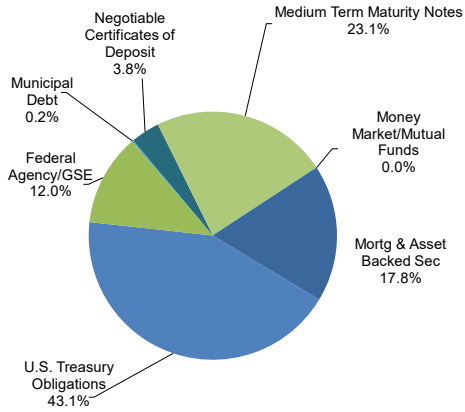
**MetLife Investment Management  
9/30/2024**



**Investment Manager Diversification and Maturity Schedules**

**PFM  
9/30/2024**

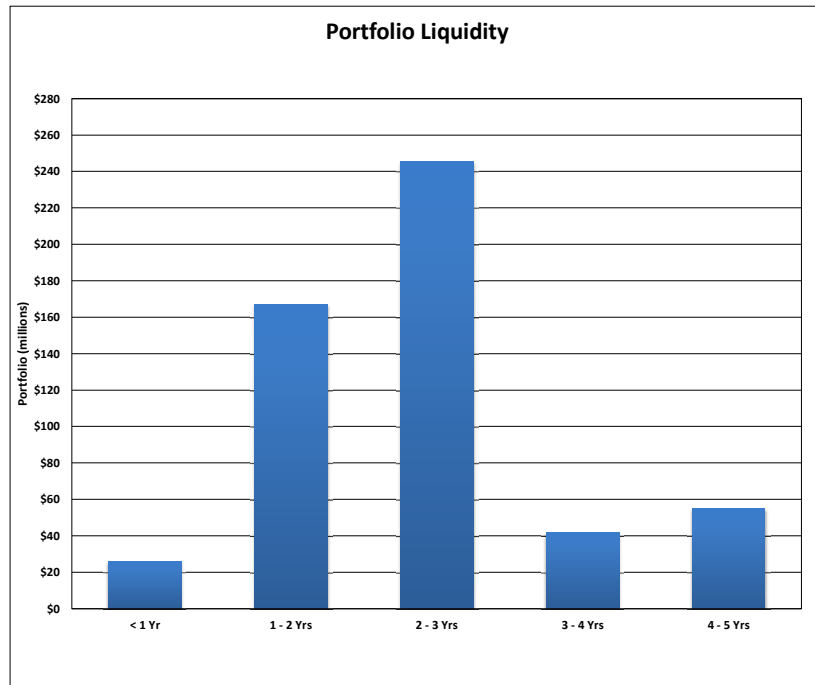
**SHORT-TERM PORTFOLIO (\$535.6M)**



	Book Value	Market Value
U.S. Treasury Obligations	\$ 231,058,697	\$ 237,067,364
Federal Agency/GSE	\$ 64,030,070	\$ 65,297,233
Municipal Debt	\$ 1,025,000	\$ 1,003,747
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ 20,250,000	\$ 21,377,383
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 123,634,241	\$ 126,885,434
Money Market/Mutual Funds *	\$ 103,914	\$ 103,914
Mortg & Asset Backed Securities	\$ 95,460,092	\$ 96,169,800
Supranationals	\$ -	\$ -
	<b>\$ 535,562,015</b>	<b>\$ 547,904,873</b>

Note: Variable & floating rate securities comprise \$40,497,944 or 7.6% of total book value.

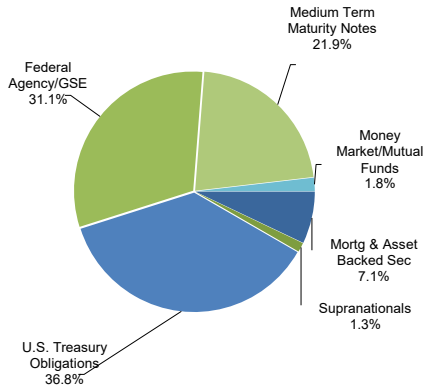
Wtd Avg Life	2.03 Yrs
Duration	1.86 Yrs
Monthly Yield	3.98%
TSY Benchmark	3.71%
Gov/Corp Benchmark	3.82%
Monthly Return	0.84%
TSY Benchmark	0.80%
Gov/Corp Benchmark	0.82%
Three Months Return	2.91%
TSY Benchmark	2.87%
Gov/Corp Benchmark	2.92%
Six Months Return	3.95%
TSY Benchmark	3.84%
Gov/Corp Benchmark	3.91%
12 Months Return	7.24%
TSY Benchmark	6.74%
Gov/Corp Benchmark	7.01%
Annualized Investment Fee (YTD as of 6/30/24)	5.8 bps



**Investment Manager Diversification and Maturity Schedules**

**Chandler Asset Management  
9/30/2024**

**SHORT-TERM PORTFOLIO (\$535.6M)**

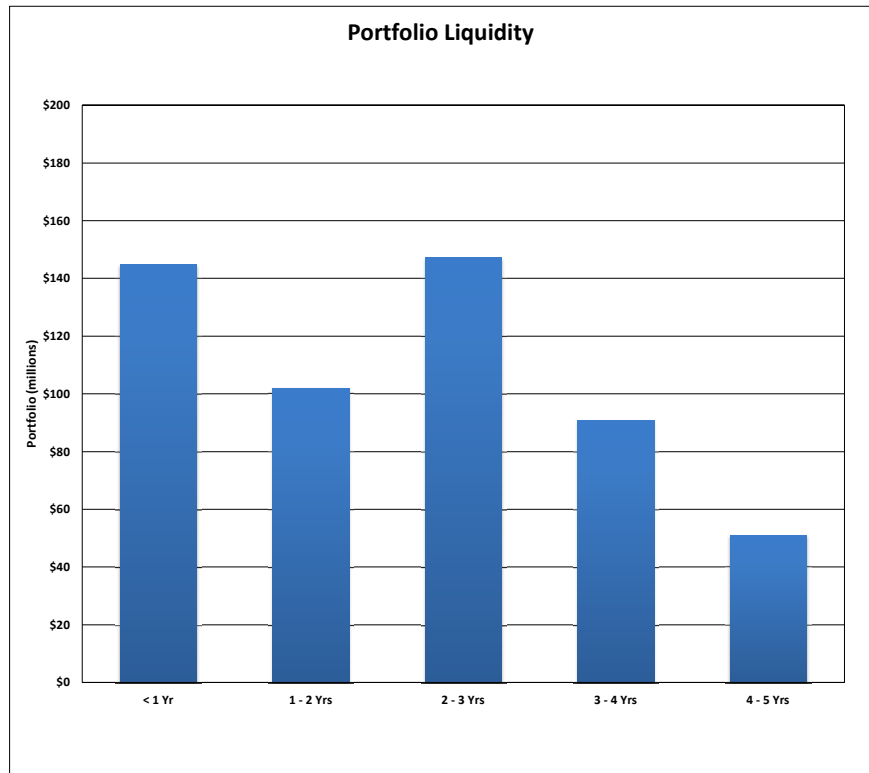


	<u>Book Value</u>	<u>Market Value</u>
U.S. Treasury Obligations	\$ 197,036,513	\$ 199,250,302
Federal Agency/GSE	\$ 166,681,351	\$ 170,660,504
Municipal Debt	\$ -	\$ -
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 117,385,829	\$ 120,273,818
Money Market/Mutual Funds	\$ 9,776,991	\$ 9,776,991
Mortg & Asset Backed Sec	\$ 37,797,619	\$ 38,280,943
Supranationals	\$ 6,942,647	\$ 7,073,401
	<u>\$ 535,620,950</u>	<u>\$ 545,315,959</u>

Note: Variable & floating rate securities comprise \$15,947,640 or 3.0% of total book value.

Wtd Avg Life	2.00 Yrs
Duration	1.86 Yrs
Monthly Yield	4.00%
TSY Benchmark	3.71%
Gov/Corp Benchmark	3.82%
Monthly Return	0.77%
TSY Benchmark	0.80%
Gov/Corp Benchmark	0.82%
Three Months Return	2.86%
TSY Benchmark	2.87%
Gov/Corp Benchmark	2.92%
Six Months Return	3.89%
TSY Benchmark	3.84%
Gov/Corp Benchmark	3.91%
12 Months Return	7.14%
TSY Benchmark	6.74%
Gov/Corp Benchmark	7.01%

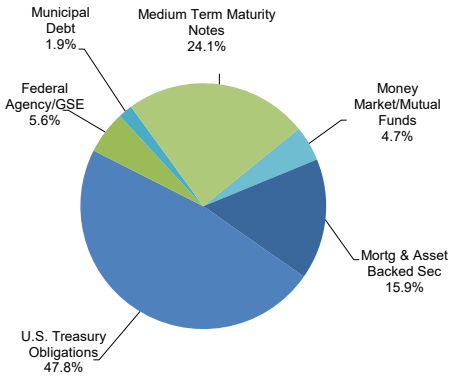
Annualized Investment Fee  
(YTD as of 6/30/24) 5.1 bps



**Investment Manager Diversification and Maturity Schedules**

**Payden & Rygel**  
9/30/2024

**SHORT-TERM PORTFOLIO (\$542.1M)**



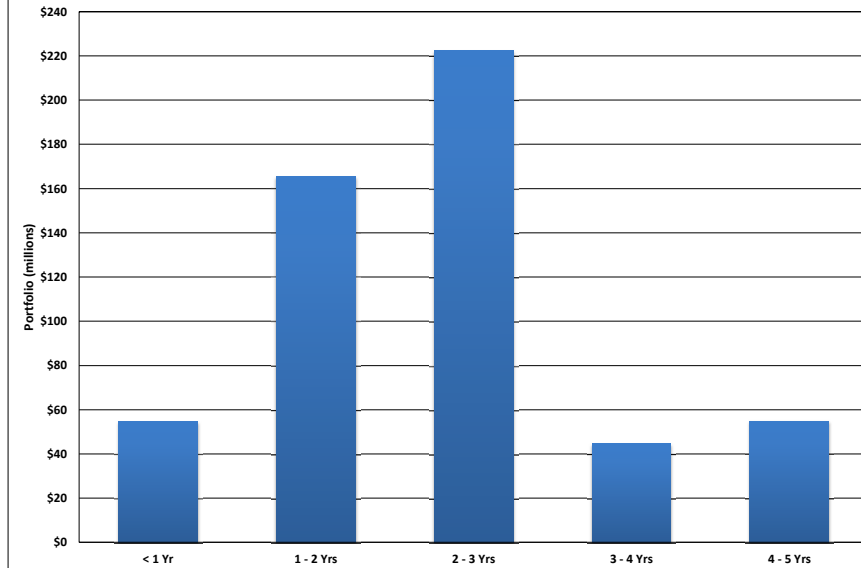
	Book Value	Market Value
U.S. Treasury Obligations	\$ 258,873,622	\$ 264,249,666
Federal Agency/GSE	\$ 30,568,749	\$ 31,157,762
Municipal Debt	\$ 10,296,068	\$ 10,296,649
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 130,854,604	\$ 133,436,864
Money Market/Mutual Funds	\$ 25,299,633	\$ 25,299,633
Mortg & Asset Backed Sec	\$ 86,239,644	\$ 87,470,180
Supranationals	\$ -	\$ -
	<b>\$ 542,132,320</b>	<b>\$ 551,910,754</b>

Note: Variable & floating rate securities comprise \$49,114,655 or 9.1% of total book value.

Wtd Avg Life	2.17 Yrs
Duration	1.96 Yrs
Monthly Yield	4.05%
TSY Benchmark	3.71%
Gov/Corp Benchmark	3.82%
Monthly Return	0.81%
TSY Benchmark	0.80%
Gov/Corp Benchmark	0.82%
Three Months Return	2.89%
TSY Benchmark	2.87%
Gov/Corp Benchmark	2.92%
Six Months Return	3.95%
TSY Benchmark	3.84%
Gov/Corp Benchmark	3.91%
12 Months Return	7.39%
TSY Benchmark	6.74%
Gov/Corp Benchmark	7.01%

Annualized Investment Fee (YTD as of 6/30/24) 9.8 bps

**Portfolio Liquidity**

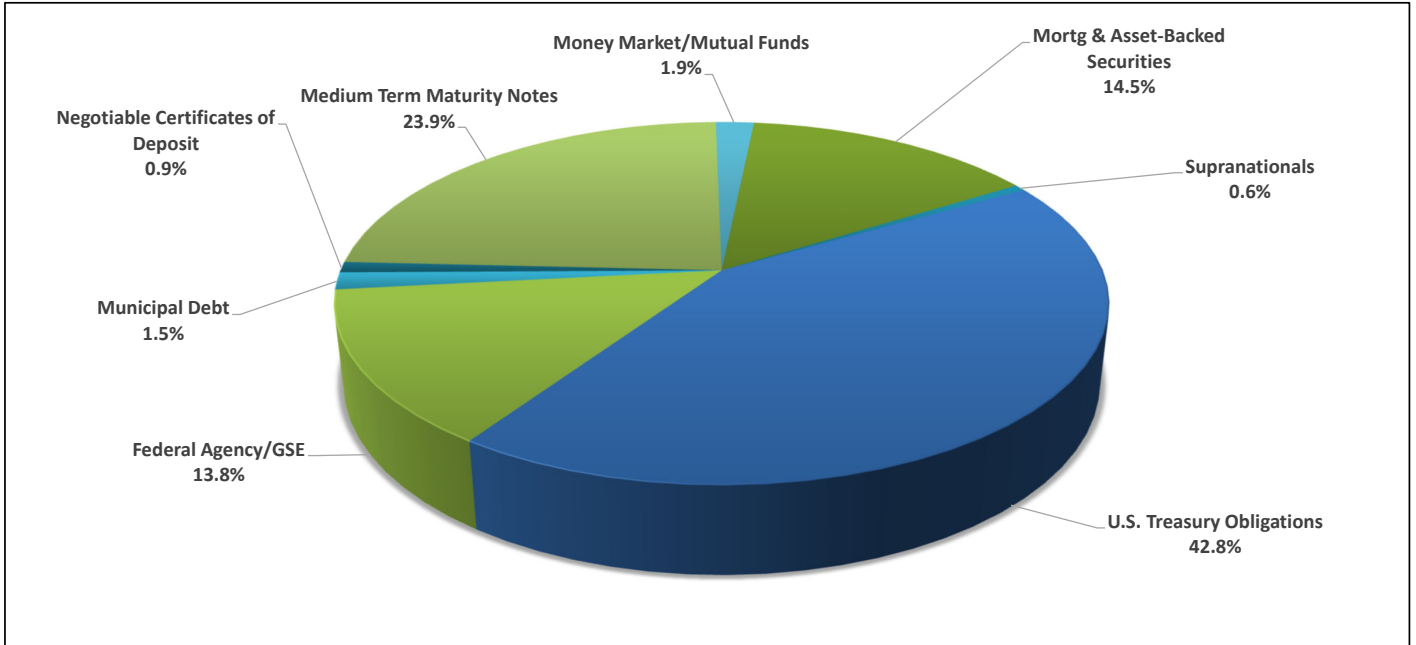




# Short-Term Portfolio

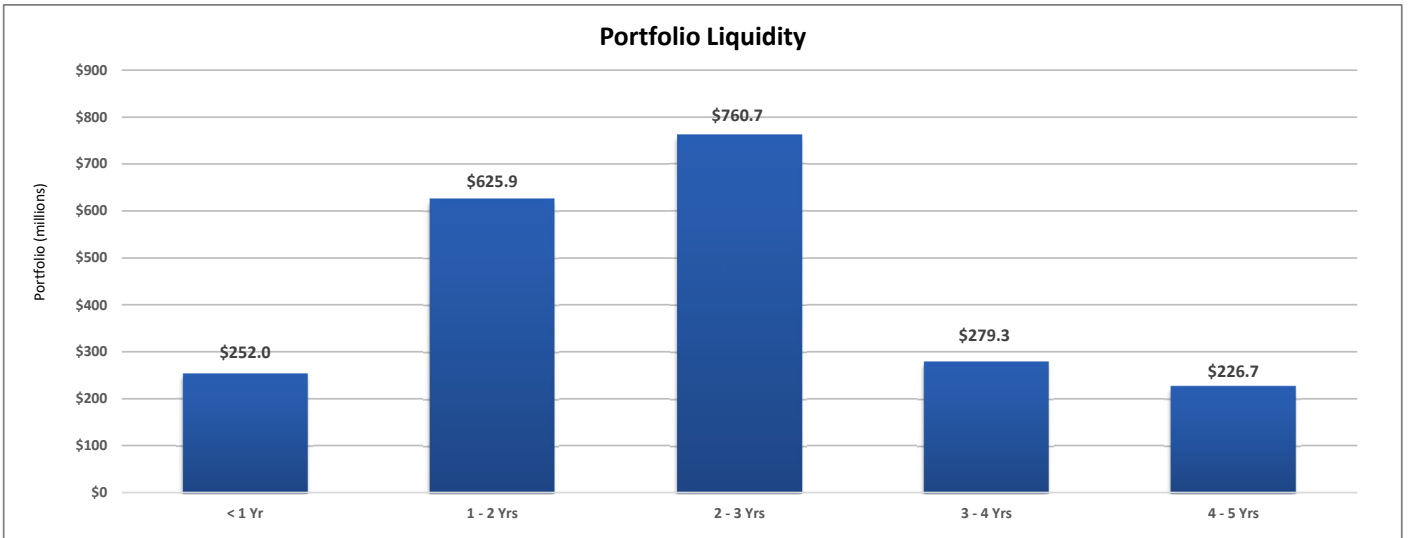
## 9/30/2024

### Portfolio Composition



Note: Variable & floating rate securities comprise 8.1% of total book value.

### Portfolio Liquidity



## Rating Downgrades & Negative Credit Watch

9/30/2024

**Investment Manager / Security**

**Par Amount**

**Maturity**

**S&P**

**Moody's**

**Fitch Ratings**

**Rating Downgrades:**

- Rating below minimum requirements:

KEYBANK NATIONAL ASSOCIATION

\$	1,675,000	08/08/2025 - 01/26/2026	BBB+	Baa1	BBB+
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*During October 2023, Moody's and Fitch downgraded Keybank by one notch. The downgrade reflects the agencies' view that a higher-for-longer rate environment is likely to constrain profitability at Keybank more than for other banks of similar size. In addition, Keybank has a lower-than-average capital ratio on a proforma basis when adjusted for unrealized losses on available-for-sale securities. Due to the downgrade by both agencies, the three Keybank securities held within the portfolio fell below the minimum credit quality requirements of the Investment Policy. The Treasurer reviewed the position and recommended the securities be held for the short-term. The Treasurer presented his recommendation to the Chief Executive Officer who concurred. During June 2024, one of three Keybank securities was matured.*

**Negative Credit Watch:**

N/A

# **DEBT PROGRAM**

(M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, 2021 TIFIA Loan)

# Outstanding Debt<sup>1</sup>

## As of 9/30/2024

### Orange County Local Transportation Authority (OCLTA-M2)

#### 2010 Series A Taxable Build America Bonds - Sales Tax Revenue Bonds

Issued:	\$	293,540,000
Outstanding:		250,000,000
Debt Service FY 2025:		21,790,000
All in True Interest Cost:		4.33%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ Moody's/ S&P):		AA+/Aa2/AA+
Final Maturity:		2041

#### 2019 M2 Sales Tax Revenue Bonds

Issued:	\$	376,690,000
Outstanding:		319,315,000
Debt Service FY 2025:		33,065,900
All in True Interest Cost:		3.14%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):		AA+/AA+
Final Maturity:		2041

<b>Sub-total M2 Outstanding Debt</b>	<b>\$</b>	<b>569,315,000</b>
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### 91 Express Lanes

#### 2023 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	47,545,000
Outstanding:		41,725,000
Debt Service FY 2025:		8,051,750
All in True Interest Cost:		2.80%
Pledged Revenue Source:	91 Toll Road Revenues	
Ratings (Fitch/ Moody's/ S&P):		AA-/Aa3/AA-
Final Maturity:		2030

<b>Sub-total 91 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>41,725,000</b>
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### 405 Express Lanes

#### 2021 TIFIA Loan

Amount Available	\$	628,930,000
Outstanding:		631,379,860
Capitalized Interest:		17,668,565
Interest Rate:		1.95%
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):		Baa2
Final Maturity:		2058

<b>Sub-total 405 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>631,379,860</b>
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<b>TOTAL OUTSTANDING DEBT:</b>	<b>\$</b>	<b>1,242,419,860</b>
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1. Comprises OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and 2021 TIFIA Loan) currently outstanding and irrespective of OCTA's investment program.

**Orange County Transportation Authority  
Portfolio Listing  
As of September 30, 2024**

<b>LIQUID PORTFOLIO</b>					
<b>NOTE</b>	<b>DESCRIPTION</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
	<b><u>CASH EQUIVALENTS</u></b>				
	BANK DEPOSITS	N/A	837,500	837,500	0.00
	FEDERATED MONEY MARKET GOVERNMENT PORTFOLIO	N/A	77,271,191	77,271,191	5.04
	BMO HARRIS BANK NCD	12/16/2024	25,000,000	25,000,000	5.14
	BARCLAYS COMMERCIAL PAPER	3/10/2025	24,412,500	24,408,750	4.70
	NATIXIS COMMERCIAL PAPER	12/27/2024	24,303,063	24,713,104	5.31
	MONEY MARKET DEMAND ACCOUNT	N/A	514,103	514,103	3.25
	FIDELITY TREASURY OBLIGATIONS FUND	N/A	96,645,375	96,645,375	4.85
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	40,000,000	40,000,000	5.00
	DREYFUS MONEY MARKET GOVERNMENT PORTFOLIO	N/A	40,000,000	40,000,000	4.97
	INVESCO MONEY MARKET GOVERNMENT PORTFOLIO	N/A	47,346,731	47,346,731	5.09
	FEDERATED TREASURY OBLIGATIONS FUND	N/A	27,373,871	27,373,871	4.80
	<b>SUB-TOTAL</b>		<b>403,704,333</b>	<b>404,110,624</b>	
	<b><u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u></b>	N/A	<b>7,033,549</b>	<b>7,033,549</b>	4.58
	<b><u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u></b>	N/A	<b>792,603</b>	<b>792,603</b>	4.38
	<b>LIQUID PORTFOLIO - TOTAL</b>		<b>\$ 411,530,484</b>	<b>\$ 411,936,776</b>	

<b>SHORT-TERM PORTFOLIO</b>					
<b>NOTE</b>	<b>DESCRIPTION</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
	<b><u>Money Market Funds</u></b>				
	FIRST AMER:GVT OBLG Z	9/30/2024	40,587,614	40,587,614	4.78
	<b>SUB-TOTAL</b>		<b>40,587,614</b>	<b>40,587,614</b>	
	<b><u>NEGOTIABLE CERTIFICATES OF DEPOSIT</u></b>				
	COOPERATIEVE RABOBANK U.A., NEW YORK BRANCH	7/17/2026	3,450,000	3,541,805	3.55
	CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK	2/1/2027	3,750,000	3,787,913	4.16
	NATIXIS, NEW YORK BRANCH	9/18/2026	3,575,000	3,693,047	3.60
	NORDEA ABP - NEW YORK BRANCH	11/3/2025	4,750,000	4,827,235	4.01
	TORONTO-DOMINION BANK - NEW YORK BRANCH	10/27/2025	4,725,000	4,804,805	3.94
	<b>SUB-TOTAL</b>		<b>20,250,000</b>	<b>20,654,804</b>	
	<b><u>U.S. TREASURY OBLIGATIONS</u></b>				
	UNITED STATES TREASURY	9/30/2029	6,637,271	6,630,250	3.57
	UNITED STATES TREASURY	7/31/2029	2,018,750	2,037,960	3.57
	UNITED STATES TREASURY	6/30/2029	3,771,809	3,769,882	3.58
	UNITED STATES TREASURY	6/30/2029	3,190,311	3,227,410	3.59
	UNITED STATES TREASURY	5/31/2029	1,398,852	1,456,000	3.56
	UNITED STATES TREASURY	5/31/2029	4,828,516	4,821,700	3.59
	UNITED STATES TREASURY	4/30/2029	2,893,008	2,911,050	3.58
	UNITED STATES TREASURY	2/28/2029	936,753	960,965	3.56
	UNITED STATES TREASURY	12/31/2028	11,160,625	11,277,000	3.57
	UNITED STATES TREASURY	11/30/2028	6,415,842	6,590,879	3.58
	UNITED STATES TREASURY	11/15/2028	4,757,617	4,912,900	3.58
	UNITED STATES TREASURY	9/30/2028	16,455,021	17,166,666	3.58
	UNITED STATES TREASURY	8/31/2028	1,555,425	1,599,893	3.58
	UNITED STATES TREASURY	8/15/2028	11,211,953	11,694,840	3.58
	UNITED STATES TREASURY	5/31/2028	7,104,248	7,161,164	3.58
	UNITED STATES TREASURY	4/15/2028	3,186,449	3,230,573	1.53
	UNITED STATES TREASURY	4/15/2028	7,483,641	7,597,716	1.53
	UNITED STATES TREASURY	2/29/2028	2,008,984	2,027,180	3.57
	UNITED STATES TREASURY	2/15/2028	7,320,703	7,303,125	3.58
	UNITED STATES TREASURY	11/15/2027	8,596,328	8,648,820	3.58
	UNITED STATES TREASURY	10/31/2027	7,903,178	8,151,492	3.58
	UNITED STATES TREASURY	9/30/2027	6,517,012	6,604,390	3.56
	UNITED STATES TREASURY	9/15/2027	4,508,667	4,502,013	3.56
	UNITED STATES TREASURY	8/31/2027	7,737,813	7,900,960	3.58
	UNITED STATES TREASURY	8/15/2027	22,126,674	22,190,345	3.57
	UNITED STATES TREASURY	7/31/2027	3,865,469	3,910,800	3.58
	UNITED STATES TREASURY	7/15/2027	35,941,035	36,273,998	3.58
	UNITED STATES TREASURY	6/30/2027	14,089,449	14,377,620	3.57
	UNITED STATES TREASURY	6/30/2027	4,073,523	4,194,309	3.57
	UNITED STATES TREASURY	6/15/2027	4,649,665	4,760,099	3.57
	UNITED STATES TREASURY	5/15/2027	44,981,815	46,176,406	3.59
	UNITED STATES TREASURY	4/30/2027	8,049,434	8,324,985	3.59
	UNITED STATES TREASURY	4/15/2027	11,353,054	11,653,173	3.60
	UNITED STATES TREASURY	3/31/2027	14,125,480	14,711,930	3.58
	UNITED STATES TREASURY	3/31/2027	6,941,010	7,137,297	3.58
	UNITED STATES TREASURY	3/15/2027	15,087,814	15,414,227	3.59
	UNITED STATES TREASURY	2/15/2027	8,006,270	8,237,690	3.62
	UNITED STATES TREASURY	2/15/2027	38,804,304	39,562,112	3.61
	UNITED STATES TREASURY	1/15/2027	14,273,675	14,403,280	3.62
	UNITED STATES TREASURY	1/15/2027	4,760,005	4,807,790	3.54
	UNITED STATES TREASURY	12/31/2026	30,077,513	31,126,905	3.60

**Orange County Transportation Authority  
Portfolio Listing  
As of September 30, 2024**

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	UNITED STATES TREASURY	12/31/2026	10,403,754	10,772,432	3.61
	UNITED STATES TREASURY	12/15/2026	27,992,163	28,200,274	3.62
	UNITED STATES TREASURY	11/15/2026	3,715,469	3,867,200	3.64
	UNITED STATES TREASURY	11/15/2026	24,377,150	24,785,028	3.64
	UNITED STATES TREASURY	10/15/2026	18,428,832	18,873,826	3.66
	UNITED STATES TREASURY	9/15/2026	6,204,346	6,362,063	3.67
	UNITED STATES TREASURY	8/31/2026	4,129,013	4,132,566	3.58
	UNITED STATES TREASURY	8/31/2026	13,152,289	13,630,500	3.66
	UNITED STATES TREASURY	8/31/2026	33,552,012	34,737,284	3.66
	UNITED STATES TREASURY	8/31/2026	3,878,466	3,875,612	3.67
	UNITED STATES TREASURY	8/15/2026	30,310,746	30,931,875	3.68
	UNITED STATES TREASURY	7/31/2026	34,712,993	34,917,142	3.61
	UNITED STATES TREASURY	7/31/2026	9,971,762	10,044,398	3.69
	UNITED STATES TREASURY	7/15/2026	14,357,900	14,583,945	3.69
	UNITED STATES TREASURY	6/15/2026	7,928,125	8,054,080	3.71
	UNITED STATES TREASURY	5/15/2026	31,260,502	31,574,400	3.73
	UNITED STATES TREASURY	4/15/2026	26,921,644	26,981,079	3.75
	UNITED STATES TREASURY	3/15/2026	3,962,793	3,921,616	3.77
	UNITED STATES TREASURY	2/28/2026	11,595,391	12,415,000	3.79
	UNITED STATES TREASURY	2/28/2026	31,820,822	34,084,885	3.78
	UNITED STATES TREASURY	12/15/2025	17,794,620	17,808,448	3.86
	UNITED STATES TREASURY	11/15/2025	14,569,102	14,732,250	3.89
	UNITED STATES TREASURY	10/31/2025	8,032,813	7,921,280	3.93
	UNITED STATES TREASURY	9/30/2025	9,515,918	9,408,990	3.99
	UNITED STATES TREASURY	7/31/2025	18,217,515	18,214,869	4.88
	UNITED STATES TREASURY	7/31/2025	14,709,063	15,019,655	4.07
	UNITED STATES TREASURY	6/30/2025	6,811,055	6,801,410	4.13
	UNITED STATES TREASURY	5/31/2025	7,357,324	7,306,425	4.22
	UNITED STATES TREASURY	4/30/2025	7,440,527	7,331,775	4.30
	UNITED STATES TREASURY	3/31/2025	9,852,188	9,810,900	4.37
	UNITED STATES TREASURY	1/31/2025	8,313,750	7,916,800	4.52
	UNITED STATES TREASURY	12/17/2024	2,951,864	2,971,230	4.53
	UNITED STATES TREASURY	12/15/2024	8,000,000	7,941,280	4.56
	UNITED STATES TREASURY	11/15/2024	8,004,375	7,960,080	4.75
	UNITED STATES TREASURY	10/31/2024	7,758,691	7,479,150	4.78
	<b>SUB-TOTAL</b>		<b>918,809,940</b>	<b>934,817,538</b>	
	<b><u>FEDERAL AGENCY/GSE</u></b>				
	FEDERAL FARM CREDIT BANKS FUNDING CORP	9/10/2029	3,110,585	3,097,400	3.63
	FEDERAL FARM CREDIT BANKS FUNDING CORP	4/30/2029	2,396,400	2,413,104	4.66
	FEDERAL FARM CREDIT BANKS FUNDING CORP	4/10/2029	4,942,000	5,159,800	3.60
	FEDERAL FARM CREDIT BANKS FUNDING CORP	11/15/2027	4,973,700	5,143,400	3.64
	FEDERAL FARM CREDIT BANKS FUNDING CORP	10/4/2027	4,012,000	4,096,400	3.65
	FEDERAL FARM CREDIT BANKS FUNDING CORP	8/16/2027	4,984,050	5,016,950	3.62
	FEDERAL FARM CREDIT BANKS FUNDING CORP	12/7/2026	7,968,800	8,112,880	3.70
	FEDERAL FARM CREDIT BANKS FUNDING CORP	9/1/2026	3,994,800	4,080,880	3.65
	FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2026	14,828,188	15,103,331	3.64
	FEDERAL FARM CREDIT BANKS FUNDING CORP	7/30/2026	3,995,640	4,089,080	3.73
	FEDERAL FARM CREDIT BANKS FUNDING CORP	7/17/2026	4,003,400	4,062,720	3.71
	FEDERAL FARM CREDIT BANKS FUNDING CORP	6/23/2026	3,995,240	4,048,320	3.65
	FEDERAL FARM CREDIT BANKS FUNDING CORP	5/8/2026	7,957,920	8,117,360	3.80
	FEDERAL FARM CREDIT BANKS FUNDING CORP	2/25/2025	4,956,270	4,942,750	4.64
	FEDERAL HOME LOAN BANKS	9/8/2028	3,979,600	4,109,400	3.62
	FEDERAL HOME LOAN BANKS	6/30/2028	3,965,360	4,058,000	3.58
	FEDERAL HOME LOAN BANKS	6/9/2028	1,996,120	2,030,640	3.55
	FEDERAL HOME LOAN BANKS	3/10/2028	5,108,250	5,145,650	3.59
	FEDERAL HOME LOAN BANKS	12/10/2027	5,105,600	5,098,600	3.59
	FEDERAL HOME LOAN BANKS	4/9/2027	3,989,640	4,110,600	3.59
	FEDERAL HOME LOAN BANKS	3/25/2027	4,830,700	5,017,712	3.84
	FEDERAL HOME LOAN BANKS	11/17/2026	5,056,950	5,100,700	3.63
	FEDERAL HOME LOAN BANKS	9/11/2026	10,908,280	11,194,150	3.68
	FEDERAL HOME LOAN BANKS	8/26/2026	1,783,600	1,892,442	3.85
	FEDERAL HOME LOAN BANKS	6/12/2026	3,992,680	4,066,240	3.73
	FEDERAL HOME LOAN BANKS	12/20/2024	7,643,648	7,588,724	4.63
	FEDERAL HOME LOAN MORTGAGE CORP	1/27/2026	2,380,000	2,378,881	5.33
	FEDERAL HOME LOAN MORTGAGE CORP	10/20/2025	3,149,742	3,341,684	4.08
	FEDERAL HOME LOAN MORTGAGE CORP	1/27/2025	3,550,000	3,548,509	5.21
	FEDERAL HOME LOAN MORTGAGE CORP	1/24/2025	3,920,000	3,918,746	5.20
	FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/24/2026	5,226,860	5,298,516	4.51
	FEDERAL NATIONAL MORTGAGE ASSOCIATION	8/25/2025	7,771,280	7,749,200	3.94
	FHMS K-045 A2	1/25/2025	4,474,536	4,497,096	4.79
	FHMS K-046 A2	3/25/2025	2,651,393	2,649,312	4.70
	FHMS K-047 A2	5/25/2025	3,559,261	3,505,341	4.56
	FHMS K-049 A2	7/25/2025	4,659,319	4,668,589	4.50
	FHMS K-051 A2	9/25/2025	5,879,819	5,798,846	4.38
	FHMS K-053 A2	12/25/2025	3,360,820	3,349,374	4.25
	FHMS K-054 A2	1/25/2026	11,003,391	11,309,598	4.22
	FHMS K-057 A2	7/25/2026	4,025,143	4,171,032	4.04

**Orange County Transportation Authority  
Portfolio Listing  
As of September 30, 2024**

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	FHMS K-057 A2	7/25/2026	411,188	414,514	4.06
	FHMS K-058 A2	8/25/2026	2,290,781	2,339,808	3.99
	FHMS K-059 A2	9/25/2026	3,078,232	3,194,588	3.97
(1)	FHMS K-061 A2	11/25/2026	1,635,412	1,662,023	4.04
	FHMS K-062 A2	12/25/2026	1,178,766	1,184,875	3.94
	FHMS K-062 A2	12/25/2026	2,396,755	2,459,140	3.95
(1)	FHMS K-063 A2	1/25/2027	10,336,469	10,415,312	3.92
	FHMS K-065 A2	4/25/2027	3,879,088	3,976,452	3.95
	FHMS K-066 A2	6/25/2027	2,576,955	2,617,140	3.94
	FHMS K-067 A2	7/25/2027	3,858,125	3,918,000	3.93
	FHMS K-068 A2	8/25/2027	6,266,750	6,380,270	3.88
(1)	FHMS K-069 A2	9/25/2027	6,359,837	6,535,539	3.92
(1)	FHMS K-070 A2	11/25/2027	1,851,685	1,891,409	3.87
	FHMS K-073 A2	1/25/2028	6,511,410	6,660,503	3.87
(1)	FHMS K-081 A2	8/25/2028	4,803,447	4,942,315	3.93
	FHMS K-092 A2	4/25/2029	1,954,531	1,945,120	3.94
	FHMS K-513 A2	12/25/2028	1,645,875	1,640,384	4.01
(1)	FHMS K-517 A2	1/25/2029	1,579,863	1,573,485	4.05
(1)	FHMS K-518 A2	1/25/2029	1,605,301	1,604,514	4.01
(1)	FHMS K-520 A2	3/25/2029	1,405,262	1,404,476	4.03
	FHMS K-528 A2	7/25/2029	566,089	566,278	4.01
(1)	FHMS K-733 A2	8/25/2025	1,732,496	1,776,151	4.36
	FHMS K-734 A2	2/25/2026	1,921,355	1,961,842	4.23
	FHMS K-736 A2	7/25/2026	2,458,807	2,574,078	4.08
(1)	FHMS K-748 A2	1/25/2029	1,847,109	1,866,320	3.97
	FHMS K-IR1 A2	3/25/2026	634,528	646,483	4.18
	FHMS K-S07 A2	9/25/2025	489,922	490,945	4.47
	FHMS K-S08 A2	3/25/2027	1,350,764	1,371,258	4.10
	FHR 3778 L	12/15/2025	76,957	75,666	5.57
	FHR 3806 L	2/15/2026	381,341	371,372	5.21
	FN AM8730	7/1/2025	1,590,330	1,464,279	4.96
	FN AN0429	1/1/2025	914,654	839,198	5.06
	FN AN0571	1/1/2026	582,703	590,724	4.52
	FN AN0992	2/1/2026	914,662	907,556	4.38
	FN AN1793	6/1/2026	347,719	355,220	4.40
	FN AN6001	7/1/2027	506,127	521,706	4.31
	FN BL5365	2/1/2027	291,018	303,941	3.96
(1)	FNA 2012-M14 AL	9/25/2027	3,586,426	3,659,081	5.45
(1)	FNA 2015-M15 A2	10/25/2025	1,216,496	1,239,590	4.92
	FNA 2016-M03 A2	2/25/2026	3,104,099	3,168,013	4.62
	FNA 2017-M2 A2	2/25/2027	1,282,694	1,314,300	4.64
	FNA 2018-M1 A2	12/25/2027	652,872	670,644	4.44
	FNGT 2017-T1 A	6/25/2027	3,581,283	3,675,946	4.21
	FNR 2011-74 UY	3/25/2026	35,523	34,848	5.43
	<b>SUB-TOTAL</b>		<b>295,782,688</b>	<b>300,287,260</b>	
	<b><u>MEDIUM TERM NOTES</u></b>				
	ABBVIE INC	3/15/2029	352,345	355,060	4.07
	ABBVIE INC	3/15/2029	1,197,468	1,190,582	4.14
	ABBVIE INC	11/21/2026	4,703,375	4,821,280	3.98
	ADOBE INC	4/4/2027	1,544,228	1,582,111	3.81
	AIR PRODUCTS AND CHEMICALS INC	2/8/2029	509,605	512,095	3.98
	AIR PRODUCTS AND CHEMICALS INC	5/15/2027	1,829,260	1,899,860	3.87
	AMAZON.COM INC	8/22/2027	3,819,680	3,926,720	3.82
(1)	AMERICAN EXPRESS CO	7/26/2028	475,000	485,322	4.67
(1)	AMERICAN EXPRESS CO	7/28/2027	2,445,000	2,493,851	4.24
(1)	AMERICAN EXPRESS CO	4/23/2027	595,000	606,448	4.85
(1)	AMERICAN EXPRESS CO	11/4/2026	560,000	560,834	5.40
(1)	AMERICAN EXPRESS CO	10/30/2026	765,000	780,185	4.44
	AMERICAN EXPRESS CO	8/1/2025	2,452,545	2,444,591	4.47
	AMERICAN HONDA FINANCE CORP	9/5/2029	804,152	803,432	4.30
	AMERICAN HONDA FINANCE CORP	7/7/2026	1,243,469	1,268,742	4.12
	AMERICAN HONDA FINANCE CORP	10/3/2025	349,675	355,103	4.31
	APPLE INC	2/23/2026	3,855,100	3,964,560	3.91
	ASTRAZENECA FINANCE LLC	2/26/2027	1,712,119	1,748,528	3.91
	ATHENE GLOBAL FUNDING	3/25/2027	2,555,000	2,615,605	4.50
	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	1/18/2027	2,350,000	2,389,104	3.98
	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	3/18/2026	1,750,000	1,772,173	4.10
	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	12/8/2025	520,000	525,933	4.09
(1)	BANK OF AMERICA CORP	3/5/2029	492,925	494,110	4.34
(1)	BANK OF AMERICA CORP	4/24/2028	1,757,601	1,780,347	4.27
(1)	BANK OF AMERICA CORP	1/20/2027	1,425,000	1,436,585	4.43
(1)	BANK OF AMERICA CORP	10/24/2026	5,378,442	5,737,163	4.59
(1)	BANK OF AMERICA CORP	7/22/2026	195,000	195,103	4.75
(1)	BANK OF AMERICA CORP	4/2/2026	550,000	545,606	5.00
(1)	BANK OF AMERICA CORP	12/6/2025	2,930,000	2,909,402	5.38
(1)	BANK OF AMERICA CORP	10/22/2025	2,185,494	2,071,307	5.32
(1)	BANK OF NEW YORK MELLON CORP	7/21/2028	2,050,000	2,087,925	4.18
	BANK OF NEW YORK MELLON CORP	4/28/2028	746,340	745,605	4.03

**Orange County Transportation Authority  
Portfolio Listing  
As of September 30, 2024**

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	BANK OF NEW YORK MELLON CORP	1/26/2027	3,695,080	3,830,120	3.98
(1)	BANK OF NEW YORK MELLON CORP	7/24/2026	3,510,000	3,503,858	4.63
	BANK OF NEW YORK MELLON CORP	4/25/2025	1,229,828	1,221,390	4.61
	BLACKROCK FUNDING INC	7/26/2027	7,240,233	7,375,721	3.84
	BMW US CAPITAL LLC	4/2/2027	2,447,085	2,493,292	4.15
	BMW US CAPITAL LLC	4/2/2027	964,149	969,858	4.24
	BMW US CAPITAL LLC	8/13/2026	1,664,184	1,679,933	4.14
	BMW US CAPITAL LLC	8/13/2026	3,964,921	4,001,200	4.14
	BMW US CAPITAL LLC	4/1/2025	194,817	193,584	4.73
	BP CAPITAL MARKETS AMERICA INC	11/17/2027	2,700,000	2,776,653	4.02
	BRIGHTHOUSE FINANCIAL GLOBAL FUNDING	1/13/2025	2,172,216	2,152,206	5.45
	BRISTOL-MYERS SQUIBB CO	2/22/2029	353,211	356,623	4.04
	BRISTOL-MYERS SQUIBB CO	2/22/2027	1,178,726	1,205,323	3.92
	BRISTOL-MYERS SQUIBB CO	2/20/2026	1,978,970	2,005,403	3.99
	CADENCE DESIGN SYSTEMS INC	9/10/2027	1,539,738	1,547,561	4.02
	CAMDEN PROPERTY TRUST	1/13/2026	2,449,927	2,534,476	4.05
	CATERPILLAR FINANCIAL SERVICES CORP	8/16/2029	728,022	740,877	4.04
	CATERPILLAR FINANCIAL SERVICES CORP	10/15/2027	1,319,340	1,337,477	3.93
	CATERPILLAR FINANCIAL SERVICES CORP	5/14/2027	7,576,829	7,774,702	3.88
	CATERPILLAR FINANCIAL SERVICES CORP	10/16/2026	3,267,449	3,308,259	3.85
	CATERPILLAR FINANCIAL SERVICES CORP	5/15/2026	1,369,356	1,377,987	3.97
	CATERPILLAR FINANCIAL SERVICES CORP	2/27/2026	1,374,684	1,395,639	3.94
	CATERPILLAR FINANCIAL SERVICES CORP	1/6/2026	1,894,526	1,912,756	4.03
	CHUBB INA HOLDINGS LLC	5/3/2026	3,858,936	3,952,920	4.12
	CINTAS NO 2 CORP	5/1/2025	1,184,739	1,176,338	4.72
	CISCO SYSTEMS INC	2/26/2027	1,286,599	1,295,698	3.88
	CISCO SYSTEMS INC	2/26/2027	8,827,811	9,028,398	3.81
	CITIBANK NA	9/29/2028	722,692	730,413	4.17
	CITIBANK NA	12/4/2026	1,440,000	1,481,544	4.04
	CITIBANK NA	8/6/2026	1,095,000	1,111,519	4.04
	CITIBANK NA	8/6/2026	4,310,000	4,373,486	4.06
	CITIBANK NA	4/30/2026	1,370,000	1,396,605	4.09
	CITIBANK NA	9/29/2025	1,680,000	1,703,033	4.32
(1)	CITIGROUP INC	1/25/2026	1,435,000	1,420,492	5.21
(1)	CITIZENS BANK NA	10/24/2025	1,855,000	1,854,963	6.18
	CNO GLOBAL FUNDING	1/6/2025	694,555	687,730	5.61
	COMCAST CORP	6/1/2029	624,444	624,864	4.10
	COMCAST CORP	11/7/2025	814,780	823,769	4.24
	COMMONWEALTH BANK OF AUSTRALIA (NEW YORK BRANCH)	3/13/2026	2,350,000	2,393,546	3.99
	COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/9/2029	510,175	512,955	4.13
	COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/9/2026	2,399,088	2,420,808	4.14
	COREBRIDGE GLOBAL FUNDING	8/20/2027	1,859,702	1,882,208	4.21
	DTE ELECTRIC CO	12/1/2026	3,459,446	3,529,269	3.88
	DTE ELECTRIC CO	12/1/2026	1,411,252	1,421,893	3.91
	DUKE ENERGY CAROLINAS LLC	11/15/2028	3,653,676	3,797,999	4.03
	ELI LILLY AND CO	8/14/2029	1,137,503	1,150,921	3.98
	ELI LILLY AND CO	2/9/2029	1,516,917	1,526,228	3.96
	ELI LILLY AND CO	2/9/2027	2,468,691	2,504,012	3.86
	ENTERPRISE PRODUCTS OPERATING LLC	1/11/2027	2,562,358	2,597,832	3.99
	EXXON MOBIL CORP	3/1/2026	3,559,696	3,654,934	3.93
(1)	FIFTH THIRD BANK NA	10/27/2025	950,000	950,323	5.27
	FLORIDA POWER & LIGHT CO	5/15/2028	862,019	860,242	4.02
	FLORIDA POWER & LIGHT CO	5/15/2028	3,935,680	4,047,720	4.03
(1)	GOLDMAN SACHS BANK USA	5/21/2027	1,265,000	1,285,480	4.38
(1)	GOLDMAN SACHS BANK USA	3/18/2027	7,793,403	7,915,970	4.36
(1)	GOLDMAN SACHS BANK USA	3/18/2027	738,800	745,200	4.30
	GOLDMAN SACHS GROUP INC	11/16/2026	1,937,324	2,043,875	4.24
(1)	GOLDMAN SACHS GROUP INC	8/10/2026	2,775,000	2,799,448	4.73
	GUARDIAN LIFE GLOBAL FUNDING	9/26/2029	595,000	593,072	4.25
	HOME DEPOT INC	6/25/2029	352,328	355,595	4.02
	HOME DEPOT INC	6/25/2027	5,905,977	6,073,802	3.84
	HOME DEPOT INC	9/30/2026	1,017,766	1,040,155	3.87
	HOME DEPOT INC	6/25/2026	5,219,200	5,332,165	3.91
	HOME DEPOT INC	9/15/2025	1,699,388	1,697,212	4.18
	HONEYWELL INTERNATIONAL INC	8/15/2029	1,865,940	1,889,520	3.96
	HONEYWELL INTERNATIONAL INC	7/30/2027	4,984,850	5,085,099	3.87
	HORMEL FOODS CORP	3/30/2027	2,282,784	2,328,187	3.97
(1)	HUNTINGTON NATIONAL BANK	11/18/2025	2,415,000	2,415,169	5.53
	HYUNDAI CAPITAL AMERICA	1/8/2027	1,402,802	1,413,028	4.47
	HYUNDAI CAPITAL AMERICA	3/30/2026	4,817,909	4,884,329	4.47
	INTERCONTINENTAL EXCHANGE INC	5/23/2025	854,060	847,079	5.12
	INTERNATIONAL BUSINESS MACHINES CORP	7/27/2025	2,600,000	2,588,768	4.53
	JACKSON NATIONAL LIFE GLOBAL FUNDING	4/10/2026	4,276,833	4,341,418	4.62
	JACKSON NATIONAL LIFE GLOBAL FUNDING	1/9/2026	1,601,549	1,621,050	4.68
	JACKSON NATIONAL LIFE GLOBAL FUNDING	1/12/2025	669,886	663,367	5.28
	JOHN DEERE CAPITAL CORP	6/11/2029	2,398,796	2,422,033	4.07
	JOHN DEERE CAPITAL CORP	7/15/2027	1,734,757	1,749,279	3.89
	JOHN DEERE CAPITAL CORP	6/11/2027	2,172,303	2,229,397	3.91
	JOHN DEERE CAPITAL CORP	3/5/2027	1,348,745	1,377,594	3.96



**Orange County Transportation Authority  
Portfolio Listing  
As of September 30, 2024**

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	JOHN DEERE CAPITAL CORP	1/8/2027	6,844,677	6,938,160	3.90
	JOHN DEERE CAPITAL CORP	6/8/2026	794,539	806,170	3.88
	JOHN DEERE CAPITAL CORP	1/10/2025	774,636	767,382	4.82
(1)	JPMORGAN CHASE & CO	6/1/2029	553,518	555,108	4.29
(1)	JPMORGAN CHASE & CO	7/22/2028	950,000	968,525	4.23
(1)	JPMORGAN CHASE & CO	4/22/2028	240,000	247,457	4.28
(1)	JPMORGAN CHASE & CO	2/1/2028	2,898,373	2,912,048	4.52
(1)	JPMORGAN CHASE & CO	1/23/2028	5,424,033	5,525,928	4.27
(1)	JPMORGAN CHASE & CO	10/22/2027	1,205,000	1,248,862	4.21
(1)	JPMORGAN CHASE & CO	11/19/2026	2,211,269	2,363,888	4.61
(1)	JPMORGAN CHASE & CO	4/26/2026	1,000,000	995,020	4.97
(1)	JPMORGAN CHASE & CO	2/24/2026	2,570,000	2,544,660	5.10
	JPMORGAN CHASE BANK NA	12/8/2026	3,595,000	3,675,852	3.98
	KEYBANK NA	1/26/2026	354,705	355,454	4.59
	KEYBANK NA	8/8/2025	1,319,630	1,310,192	5.04
	MANUFACTURERS AND TRADERS TRUST CO	1/27/2028	340,111	346,815	4.52
	MANUFACTURERS AND TRADERS TRUST CO	1/27/2026	2,430,763	2,433,052	4.71
	MASSMUTUAL GLOBAL FUNDING II	5/30/2029	1,525,333	1,543,240	4.21
	MASSMUTUAL GLOBAL FUNDING II	4/9/2027	2,614,216	2,683,539	4.00
	MASSMUTUAL GLOBAL FUNDING II	8/26/2025	889,083	887,935	4.41
	MASTERCARD INC	1/15/2028	1,199,340	1,208,964	3.85
	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	8/3/2028	358,474	359,692	4.31
	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	1/11/2027	1,698,266	1,722,678	4.18
	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	8/3/2026	1,340,348	1,373,949	4.19
	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	7/31/2026	4,244,193	4,302,053	4.10
	MET TOWER GLOBAL FUNDING	6/13/2025	1,973,065	1,962,834	4.59
	META PLATFORMS INC	8/15/2029	1,595,750	1,616,993	3.98
	METROPOLITAN LIFE GLOBAL FUNDING I	1/8/2029	701,999	707,354	4.20
	METROPOLITAN LIFE GLOBAL FUNDING I	6/11/2027	1,732,849	1,781,724	3.99
	METROPOLITAN LIFE GLOBAL FUNDING I	1/6/2026	1,750,000	1,767,080	4.20
	METROPOLITAN LIFE GLOBAL FUNDING I	3/21/2025	579,484	575,198	4.58
(1)	MORGAN STANLEY	2/1/2029	349,595	353,708	4.30
(1)	MORGAN STANLEY	4/13/2028	1,825,680	1,839,896	4.36
(1)	MORGAN STANLEY	4/13/2028	1,530,000	1,579,480	4.29
(1)	MORGAN STANLEY	7/20/2027	4,471,373	4,626,469	4.36
(1)	MORGAN STANLEY	1/28/2027	754,985	762,052	4.31
(1)	MORGAN STANLEY	10/16/2026	1,165,000	1,183,209	4.59
(1)	MORGAN STANLEY	2/18/2026	2,970,000	2,941,815	5.14
(1)	MORGAN STANLEY	10/21/2025	430,000	428,869	5.37
(1)	MORGAN STANLEY BANK NA	7/14/2028	1,060,000	1,081,507	4.19
(1)	MORGAN STANLEY BANK NA	5/26/2028	680,000	701,434	4.23
(1)	MORGAN STANLEY BANK NA	1/14/2028	1,250,000	1,268,850	4.25
(1)	MORGAN STANLEY BANK NA	10/30/2026	2,340,000	2,424,310	3.99
	MORGAN STANLEY BANK NA	4/21/2026	3,470,000	3,501,993	4.10
	NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	6/11/2027	1,335,000	1,371,993	3.99
	NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	1/12/2026	2,960,000	2,991,850	4.09
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	6/15/2029	223,329	223,142	4.24
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	5/6/2027	2,828,245	2,902,901	4.01
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/5/2027	1,070,070	1,077,638	4.02
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/5/2027	2,854,144	2,907,475	3.94
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	11/13/2026	1,734,393	1,786,720	4.06
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	3/13/2026	2,488,648	2,507,176	4.08
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	10/30/2025	114,846	116,490	4.21
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	6/15/2025	2,734,262	2,715,089	4.50
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/7/2025	1,754,947	1,736,467	4.91
	NATIONAL SECURITIES CLEARING CORP	5/30/2028	353,035	354,591	4.16
	NESTLE HOLDINGS INC	3/13/2026	819,729	834,489	3.99
	NEVADA POWER CO	5/1/2029	1,579,361	1,600,170	4.22
	NEW YORK LIFE GLOBAL FUNDING	9/18/2026	5,500,671	5,586,093	3.97
	NEW YORK LIFE GLOBAL FUNDING	4/2/2026	1,293,173	1,300,401	4.14
	NEW YORK LIFE GLOBAL FUNDING	1/14/2025	5,948,569	5,895,152	4.96
	NEW YORK LIFE GLOBAL FUNDING	10/29/2024	893,837	892,145	4.86
	NEWMONT CORPORATION	3/15/2026	929,842	942,257	4.36
	NEXTERA ENERGY CAPITAL HOLDINGS INC	1/29/2026	2,608,826	2,636,309	4.16
	NIKE INC	3/27/2025	44,939	44,557	4.44
	NORTHERN TRUST CORP	5/10/2027	3,930,215	4,006,520	3.93
	NORTHWESTERN MUTUAL GLOBAL FUNDING	6/12/2028	1,322,438	1,328,180	4.26
	NORTHWESTERN MUTUAL GLOBAL FUNDING	9/12/2027	819,975	823,649	3.95
	NORTHWESTERN MUTUAL GLOBAL FUNDING	3/25/2027	1,209,867	1,243,771	3.88
	NORTHWESTERN MUTUAL GLOBAL FUNDING	3/25/2027	1,476,492	1,486,663	3.99
	NORTHWESTERN MUTUAL GLOBAL FUNDING	4/6/2026	2,236,430	2,253,439	4.13
	NORTHWESTERN MUTUAL GLOBAL FUNDING	7/1/2025	5,003,298	4,987,483	4.47
	NOVARTIS CAPITAL CORP	9/18/2029	927,740	924,020	3.94
	PACCAR FINANCIAL CORP	9/26/2029	254,475	254,355	4.06
	PACCAR FINANCIAL CORP	8/6/2027	6,486,362	6,597,231	3.86
	PACCAR FINANCIAL CORP	5/13/2027	2,368,175	2,433,966	3.90
	PACCAR FINANCIAL CORP	8/10/2026	3,593,202.50	3,669,308.65	3.89
	PACCAR FINANCIAL CORP	4/7/2025	1,889,508.60	1,873,254.60	4.59
	PACCAR FINANCIAL CORP	11/8/2024	644,961.30	642,213.60	5.00

**Orange County Transportation Authority  
Portfolio Listing  
As of September 30, 2024**

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	PACIFIC LIFE GLOBAL FUNDING II	7/18/2028	1,001,563.80	1,008,285.90	4.36
	PACIFIC LIFE GLOBAL FUNDING II	7/18/2028	358,651.65	359,169.15	4.32
	PACIFIC LIFE GLOBAL FUNDING II	8/28/2026	794,721.75	813,785.85	4.20
	PEPSICO INC	7/17/2029	511,250.00	515,330.00	3.78
	PFIZER INC	3/15/2029	1,969,981.75	1,991,135.57	3.98
	PNC FINANCIAL SERVICES GROUP INC	1/21/2028	490,000.00	501,436.60	4.86
	PNC FINANCIAL SERVICES GROUP INC	10/20/2027	3,808,842.95	3,861,533.65	4.30
	PNC FINANCIAL SERVICES GROUP INC	1/26/2027	1,630,000.00	1,635,900.60	4.47
	PNC FINANCIAL SERVICES GROUP INC	10/28/2025	1,570,000.00	1,569,937.20	5.59
	PRICOA GLOBAL FUNDING I	8/28/2026	809,181.90	831,618.90	4.08
	PRICOA GLOBAL FUNDING I	8/28/2025	354,783.45	354,233.20	4.44
	PRICOA GLOBAL FUNDING I	12/6/2024	4,115,756.40	4,090,665.60	5.05
	PRINCIPAL LIFE GLOBAL FUNDING II	1/25/2029	352,410.60	355,439.70	4.32
	PRINCIPAL LIFE GLOBAL FUNDING II	8/19/2027	789,383.80	800,704.50	4.10
	PRINCIPAL LIFE GLOBAL FUNDING II	1/16/2027	474,814.75	483,730.50	4.15
	PRINCIPAL LIFE GLOBAL FUNDING II	1/10/2025	922,003.00	915,935.00	4.94
	PUBLIC SERVICE ELECTRIC AND GAS CO	9/1/2028	2,539,641.65	2,598,253.84	4.08
	PUBLIC SERVICE ELECTRIC AND GAS CO	5/1/2028	1,929,761.61	2,002,846.19	4.09
	PUBLIC STORAGE OPERATING CO	11/9/2028	311,866.20	317,393.10	4.09
	ROCHE HOLDINGS INC	9/9/2029	757,912.50	753,772.50	4.09
	ROCHE HOLDINGS INC	11/13/2026	2,775,000.00	2,847,261.00	3.92
	ROYAL BANK OF CANADA	4/14/2025	2,524,065.75	2,508,587.50	4.61
	ROYAL BANK OF CANADA	11/1/2024	4,205,160.00	3,990,480.00	4.98
	SOUTHERN CALIFORNIA EDISON CO	3/1/2026	3,530,000.00	3,578,078.60	4.35
	STATE STREET CORP	3/18/2027	5,775,000.00	5,911,521.00	3.95
	STATE STREET CORP	11/4/2026	685,000.00	694,124.20	4.49
	STATE STREET CORP	8/3/2026	1,169,633.85	1,181,085.68	3.93
	STATE STREET CORP	8/3/2026	3,235,000.00	3,303,517.30	4.01
	STATE STREET CORP	5/18/2026	1,225,000.00	1,228,234.00	4.67
	STATE STREET CORP	3/30/2026	2,045,440.00	1,979,160.00	5.04
	STATE STREET CORP	2/6/2026	3,765,000.00	3,720,610.65	5.16
	STATE STREET CORP	1/26/2026	345,000.00	344,641.20	5.14
	TEXAS INSTRUMENTS INC	2/8/2027	2,198,592.00	2,235,244.00	3.86
	THERMO FISHER SCIENTIFIC INC	12/5/2026	1,873,706.25	1,914,806.25	3.93
	TORONTO-DOMINION BANK	4/5/2027	4,942,150.00	5,101,750.00	4.12
	TOYOTA MOTOR CREDIT CORP	8/9/2029	2,012,880.00	2,032,120.00	4.18
	TOYOTA MOTOR CREDIT CORP	3/19/2027	724,122.75	742,987.25	3.94
	TOYOTA MOTOR CREDIT CORP	5/18/2026	2,053,808.10	2,069,816.55	3.99
	TOYOTA MOTOR CREDIT CORP	5/15/2026	3,822,513.75	3,897,560.25	3.98
(1)	TRUIST FINANCIAL CORP	10/28/2026	1,650,000.00	1,671,219.00	4.66
(1)	TRUIST FINANCIAL CORP	7/28/2026	3,065,000.00	3,052,801.30	4.75
	UNILEVER CAPITAL CORP	8/12/2027	1,002,316.65	1,015,070.10	3.87
	UNITEDHEALTH GROUP INC	5/15/2029	3,411,485.00	3,491,460.00	4.06
	UNITEDHEALTH GROUP INC	5/15/2027	1,637,058.80	1,653,572.48	3.86
	UNITEDHEALTH GROUP INC	4/15/2027	2,085,363.00	2,138,493.00	3.81
	UNITEDHEALTH GROUP INC	7/15/2026	823,614.00	837,152.25	3.89
	US BANCORP	7/22/2028	1,501,755.40	1,521,202.69	4.26
	US BANCORP	1/27/2028	3,769,259.00	3,800,183.60	4.28
	USAA CAPITAL CORP	6/1/2027	2,213,584.20	2,285,623.20	4.07
	VERIZON COMMUNICATIONS INC	8/15/2026	2,793,218.55	2,877,060.80	4.19
	VERIZON COMMUNICATIONS INC	3/20/2026	1,701,144.40	1,719,010.39	4.26
	VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	8/14/2026	4,504,763.70	4,531,624.55	4.56
	VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	8/14/2026	1,406,109.95	1,413,843.07	4.54
	WALMART INC	9/9/2025	1,274,107.50	1,272,513.75	4.11
	WASTE MANAGEMENT INC	7/3/2027	2,561,896.35	2,634,101.10	3.88
	WELLS FARGO & CO	4/22/2028	995,000.00	1,027,427.05	4.35
	WELLS FARGO & CO	6/17/2027	1,323,053.55	1,337,582.61	4.42
	WELLS FARGO & CO	8/15/2026	1,360,000.00	1,357,633.60	4.74
	WELLS FARGO & CO	4/25/2026	1,850,000.00	1,838,271.00	5.05
	WELLS FARGO & CO	4/22/2026	2,046,240.00	2,136,741.75	4.17
	WELLS FARGO & CO	10/30/2025	2,182,028.50	2,069,335.25	5.64
	WELLS FARGO BANK NA	12/11/2026	4,100,000.00	4,202,746.00	4.00
	WELLS FARGO BANK NA	8/7/2026	534,957.20	547,775.80	4.04
	WELLS FARGO BANK NA	8/7/2026	946,572.60	951,446.73	4.09
	WISCONSIN ELECTRIC POWER CO	5/15/2029	709,057.80	716,013.00	4.08
		<b>SUB-TOTAL</b>	<b>513,558,744</b>	<b>520,721,275</b>	
	<b><u>MORTGAGE AND ASSET-BACK SECURITIES</u></b>				
	AESOP 212 A	2/20/2028	1,612,535	1,671,056	4.53
	AESOP 221 A	8/21/2028	1,756,125	1,767,226	4.60
	AESOP 221 A	8/21/2028	3,813,055	3,903,410	4.59
	AESOP 232 A	10/20/2027	746,338	758,955	4.57
	AESOP 242 A	10/20/2028	1,303,347	1,306,586	4.54
	ALLYA 2022-1 A3	11/16/2026	1,262,510	1,254,193	4.72
	ALLYA 2022-2 A3	5/17/2027	868,585	868,865	4.76
	ALLYA 2023-1 A3	5/15/2028	1,619,724	1,641,465	4.59
	ALLYA 242 A3	7/16/2029	974,899	975,000	4.43
	AMCAR 2021-3 A3	8/18/2026	133,853	133,007	5.80
	AMCAR 2023-2 A3	5/18/2028	4,599,241	4,686,986	4.48
	AMCAR 2024-1 A3	1/18/2029	1,199,889	1,221,048	2.86
	AMXCA 2022-2 A	5/17/2027	6,908,472	6,860,248	4.60

**Orange County Transportation Authority  
Portfolio Listing  
As of September 30, 2024**

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	AMXCA 2023-1 A	5/15/2028	5,092,811	5,150,826	4.14
	AMXCA 2023-1 A	5/15/2028	1,007,031	1,011,784	4.15
	AMXCA 2023-3 A	9/15/2028	1,831,131	1,866,975	4.04
	AMXCA 2024-1 A	4/16/2029	5,218,930	5,375,765	4.03
	BAAT 231 A3	2/15/2028	1,079,959	1,094,893	4.56
	BAAT 232 A3	6/15/2028	1,299,976	1,326,637	4.57
	BAAT 241 A3	11/15/2028	549,910	561,330	4.37
	BACCT 2023-1 A	5/15/2028	1,509,023	1,516,349	4.13
	BACCT 2023-1 A	5/15/2028	914,793	924,379	4.17
	BACCT 2023-2 A	11/15/2028	3,130,400	3,196,130	4.02
	BACCT 2024-1 A	5/15/2029	2,944,717	3,013,353	4.03
	BMWOT 2022-A A3	8/25/2026	1,425,666	1,416,159	4.62
	BMWOT 2023-A A3	2/25/2028	779,862	789,672	4.54
	BMWOT 2024-A A3	2/26/2029	3,864,413	3,949,721	4.22
	CARMX 2021-2 A3	2/17/2026	83,779	83,483	4.89
	CARMX 2021-3 A3	6/15/2026	609,250	600,642	4.97
	CARMX 2022-2 A3	2/16/2027	1,044,772	1,037,689	4.76
	CARMX 2022-3 A3	4/15/2027	1,917,666	1,908,986	4.67
	CARMX 2022-4 A3	8/16/2027	2,707,054	2,723,610	4.65
	CARMX 2023-3 A3	5/15/2028	3,199,963	3,242,944	4.44
	CARMX 2023-4 A3	7/17/2028	599,882	615,270	4.55
	CARMX 2024-1 A3	10/16/2028	8,234,370	8,336,126	4.33
	CARMX 2024-2 A3	1/16/2029	2,367,596	2,430,156	4.27
	CARMX 2024-3 A3	7/16/2029	5,699,743	5,788,920	4.32
	CARMX 2032-2 A3	1/18/2028	6,029,359	6,073,959	4.51
	CARMX 2032-2 A3	1/18/2028	1,606,875	1,611,425	4.52
	CCCIT 2023-A1 A1	12/8/2027	584,927	591,260	4.29
	CHAIT 2023-1 A	9/15/2028	1,627,938	1,637,481	3.95
	CHAIT 2023-1 A	9/15/2028	11,146,566	11,407,281	4.04
	CHAIT 241 A	1/16/2029	3,259,504	3,301,630	4.05
	CHAOT 245 A3	8/27/2029	944,901	943,016	4.31
	CITZN 2023-1 A3	1/18/2028	2,299,620	2,333,557	4.76
	CMXS 2024-A A3	11/15/2028	2,279,966	2,322,226	4.49
	COMET 2022-2 A	5/17/2027	1,454,767	1,445,281	4.62
	COMET 2022-3 A	10/15/2027	701,641	704,912	4.30
	COMET 2022-3 A	10/15/2027	795,469	804,920	4.38
	COMET 2023-1 A	5/15/2028	3,470,195	3,513,895	4.20
	COMET 2024-1 A	9/17/2029	7,191,818	7,185,126	4.02
	COPAR 2021-1 A3	9/15/2026	403,607	397,472	4.38
	COPAR 2022-1 A3	4/15/2027	996,413	986,874	4.58
	COPAR 2022-2 A3	5/17/2027	1,236,761	1,228,513	4.55
	CRVNA 23P2 A3	4/10/2028	2,181,939	2,216,522	4.61
	DCENT 2022-2 A	5/17/2027	2,674,783	2,653,359	4.68
	DCENT 2022-3 A	7/15/2027	3,029,624	3,008,245	4.53
	DCENT 2022-4 A	10/15/2027	2,359,805	2,366,991	4.36
	DROCK 2023-1 A	2/15/2029	75,234	75,620	4.20
	FITAT 2023-1 A3	8/15/2028	2,649,836	2,687,551	4.67
	FORDF 2024-1 A1	4/15/2029	2,599,488	2,663,570	4.31
	FORDF 231 B	5/15/2028	568,621	581,498	4.63
	FORDO 2022-A A3	6/15/2026	246,543	243,683	4.60
	FORDO 2022-B A3	9/15/2026	443,055	441,227	4.70
	FORDO 2023-B A3	5/15/2028	1,434,981	1,452,306	4.43
	FORDO 2024-B A3	4/15/2029	3,264,970	3,335,687	4.17
	FORDO 24C A3	7/16/2029	1,524,990	1,524,039	4.13
	GALC 2022-1 A3	9/15/2026	3,699,362	3,711,766	4.62
	GALC 241 A3	1/18/2028	2,799,516	2,840,264	4.16
	GFORT 231 A1	6/15/2028	3,275,385	3,357,123	4.33
	GMALT 2024-1 A3	3/22/2027	1,714,786	1,732,184	4.28
	GMCAR 2021-4 A3	9/16/2026	683,056	672,985	4.43
	GMCAR 2022-1 A3	11/16/2026	850,777	839,296	4.52
	GMCAR 2022-2 A3	2/16/2027	727,851	721,845	4.59
	GMCAR 2022-3 A3	4/16/2027	1,205,872	1,199,392	4.57
	GMCAR 2023-2 A3	2/16/2028	664,982	665,898	4.40
	GMCAR 2023-4 A3	8/16/2028	939,807	962,372	4.44
	GMCAR 2024-1 A3	12/18/2028	2,964,404	3,002,596	4.23
	GMCAR 2024-2 A3	3/16/2029	1,269,754	1,294,168	4.22
	GMCAR 243 A3	4/16/2029	1,894,708	1,935,022	4.25
	GTE 2023-1 A3	3/15/2028	2,199,815	2,206,226	4.93
	HALST 24A A3	3/15/2027	1,794,660	1,809,557	4.47
	HALST 24B A3	5/17/2027	1,964,945	1,998,425	4.25
	HAROT 2021-4 A3	1/21/2026	767,018	757,191	4.86
	HAROT 2022-1 A3	5/15/2026	498,442	492,575	4.70
	HAROT 2022-2 A3	7/20/2026	1,127,598	1,121,644	4.77
	HAROT 2023-4 A3	6/21/2028	599,894	613,944	4.33
	HAROT 2024-3 A3	3/21/2029	5,224,179	5,275,474	4.18
	HART 2021-B A3	1/15/2026	198,164	197,631	4.92
	HART 2021-C A3	5/15/2026	224,533	222,514	4.63
	HART 2022-A A3	10/15/2026	1,273,513	1,259,552	4.76
	HART 2022-B A3	11/16/2026	1,046,720	1,042,136	4.59

**Orange County Transportation Authority  
Portfolio Listing  
As of September 30, 2024**

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	HART 2022-C A3	6/15/2027	6,565,636	6,605,587	4.62
	HDMOT 2022-A A3	2/16/2027	1,047,217	1,039,976	4.70
	HDMOT 2023-A A3	12/15/2027	1,639,835	1,647,167	4.62
	HUNT 241 A3	1/16/2029	4,224,843	4,310,852	4.37
	JDOT 2021 A3	9/15/2025	13,410	13,386	5.08
	JDOT 2022 A3	9/15/2026	850,286	840,694	4.90
	JDOT 2024 A3	11/15/2028	1,254,930	1,275,858	4.16
	KCOT 2021-1 A3	8/15/2025	5,834	5,825	5.03
	KCOT 2022-1 A3	10/15/2026	1,694,517	1,675,591	4.70
	KCOT 2023-1 A3	6/15/2027	6,743,944	6,795,048	4.44
	KCOT 2024-2 A2	4/15/2027	899,898	910,440	4.03
	KCOT 212 A3	11/17/2025	275,112	273,059	5.17
	KCOT 222 A3	12/15/2026	2,022,667	2,014,946	4.76
	KCOT 232 A3	1/18/2028	3,029,235	3,076,844	4.40
	KCOT 241 A3	7/17/2028	4,039,842	4,120,517	4.34
	MBALT 2024-A A3	1/18/2028	1,319,846	1,348,948	4.09
	MBALT 2024-B A3	2/15/2028	2,149,638	2,147,313	4.34
	MBART 2022-1 A3	8/16/2027	3,345,041	3,362,465	4.64
	MBART 2023-1 A3	11/15/2027	719,745	719,918	4.54
	NAROT 2022-B A3	5/17/2027	1,377,436	1,376,495	4.61
	NAROT 2023-A A3	11/15/2027	3,299,417	3,316,830	4.52
	NAROT 2023-B A3	3/15/2028	2,799,432	2,858,772	4.56
	NART-24A-A3	12/15/2028	2,629,754	2,686,387	3.79
	NAVMT 231 A	8/25/2028	3,035,968	3,076,549	4.67
	NAVMT 241 A	4/25/2029	2,514,663	2,555,793	4.56
	NFMOT 241 A2	3/15/2029	1,429,094	1,426,218	4.36
	NMOTR 24B A	2/15/2029	1,699,887	1,732,674	4.24
	ODART 2021-1 B	7/14/2028	798,188	862,812	3.90
	PFSFC 24B A	2/15/2029	1,526,602	1,523,888	4.28
	PFSFC 24B A	2/15/2029	616,797	635,169	4.27
	PILOT 241 A3	11/22/2027	749,918	754,868	4.73
	SBALT 23A A3	4/20/2027	3,309,545	3,369,779	4.56
	SBALT 23A A4	4/20/2028	2,044,375	2,061,580	4.39
	SBAT 24A A3	12/15/2028	4,199,391	4,242,294	4.64
	SDART 2023-3 A3	10/15/2027	1,399,842	1,405,376	5.00
	TAOT 2021-D A3	4/15/2026	364,039	359,722	4.63
	TAOT 2022-B A3	9/15/2026	764,883	758,652	4.57
	TAOT 2022-C A3	4/15/2027	2,639,306	2,681,693	4.55
	TAOT 2022-D A3	9/15/2027	4,799,526	4,839,792	4.45
	TAOT 2023-A A3	9/15/2027	775,000	776,860	4.42
	TAOT 2023-B A3	2/15/2028	1,894,894	1,904,797	4.36
	TAOT 2023-D A3	8/15/2028	2,385,301	2,435,573	4.31
	TEVT 2023-1 A3	6/20/2028	671,650	674,869	4.62
	TEVT 2023-1 A3	6/20/2028	1,005,625	1,015,930	4.56
	TLOT 2024-A A3	4/20/2027	999,958	1,014,130	4.09
	TLOT 2024-B A3	9/20/2027	1,059,876	1,060,572	4.32
	USAOT 24A A3	3/15/2029	814,847	828,325	4.34
	VALET 2021-1 A3	6/22/2026	332,712	329,205	5.06
	VWALT 2024-A A3	6/21/2027	4,799,598	4,881,888	4.12
	VZMT 2024-4 B	6/20/2029	779,875	790,990	4.59
	WFCIT 2024-1 A	2/15/2029	2,680,915	2,702,488	4.05
	WFCIT 2024-1 A	2/15/2029	6,946,823	7,106,090	4.05
	WFLOOR 241 A1	2/15/2028	999,872	1,012,680	5.06
	WLAKE 2023-1 A3	1/18/2028	1,599,921	1,601,248	5.09
	WLAKE 2023-2 A3	2/16/2027	3,799,858	3,813,908	5.06
	WLAKE 223 A3	7/15/2026	1,795,105	1,796,006	5.31
	WOART 2021-D A3	10/15/2026	446,338	440,605	4.64
	WOLS 2024-A A3	10/15/2027	799,932	815,392	4.13
	<b>SUB-TOTAL</b>		<b>311,032,840</b>	<b>314,392,079</b>	

**Municipal Debt**

	ALABAMA FED AID HWY FIN AUTH SPL OBLIG REV	9/1/2028	1,107,888	1,105,668	3.91
	ALABAMA FED AID HWY FIN AUTH SPL OBLIG REV	9/1/2027	1,349,172	1,407,611	3.91
	BURBANK GLENDALE PASADENA ARPT AUTH CALIF ARPT REV	7/1/2028	1,500,000	1,560,300	3.96
	CALIFORNIA ST PUB WKS BRD LEASE REV	4/1/2027	1,510,000	1,536,969	4.16
	CALIFORNIA ST PUB WKS BRD LEASE REV	11/1/2026	1,600,000	1,643,168	4.17
	CALIFORNIA ST PUB WKS BRD LEASE REV	4/1/2026	1,135,000	1,145,828	4.33
	FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	1,025,000	1,000,523	4.52
	GOLDEN ST TOB SECURITIZATION CORP CALIF TOB SETTLE	6/1/2025	2,120,000	2,078,045	4.43
	LOS ANGELES CALIF CMNTY COLLEGE DIST	8/1/2026	2,170,000	2,206,087	4.03
	LOS ANGELES CALIF DEPT ARPTS ARPT REV	5/15/2029	821,894	818,346	4.07
	LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2025	1,600,000	1,544,752	4.23
	MASSACHUSETTS (COMMONWEALTH OF)	7/15/2027	764,544	790,858	3.88
	MASSACHUSETTS COMMONWEALTH	11/1/2026	431,068	458,349	3.75
	NEW YORK ST URBAN DEV CORP REV	3/15/2029	525,642	523,359	4.05
	PORT OAKLAND CALIF REV	5/1/2029	1,284,426	1,279,667	4.05
	REDONDO BEACH CALIF CMNTY FING AUTH LEASE REV	5/1/2026	1,495,000	1,427,411	4.30
	RIVERSIDE CNTY CALIF INFRASTRUCTURE FING AUTH LEAS	11/1/2024	1,810,000	1,804,624	4.32
	SACRAMENTO CALIF WTR REV	9/1/2026	144,308	144,497	3.96
	SAN DIEGO CALIF UNI SCH DIST	7/1/2029	790,000	793,089	3.87
	SAN FRANCISCO (CITY & COUNTY) PUBLIC UTILITIES COM	10/1/2027	4,230,000	4,312,443	3.94

**Orange County Transportation Authority  
Portfolio Listing  
As of September 30, 2024**

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2029	933,320.00	929,980.00	4.03
	WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/1/2027	2,276,950.00	2,284,543.60	3.88
	WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/1/2027	841,262.50	845,671.30	3.81
	WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/1/2026	1,240,000.00	1,247,812.00	3.95
	<b><i>SUB-TOTAL</i></b>		<b>32,705,473</b>	<b>32,889,602</b>	
	<b><i>Supranationals</i></b>				
	INTER-AMERICAN DEVELOPMENT BANK	5/15/2026	5,069,553	5,152,581	3.84
	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	9/21/2029	2,003,800	1,999,260	3.63
	INTERNATIONAL FINANCE CORP	1/15/2027	4,938,847	5,026,352	3.71
	<b><i>SUB-TOTAL</i></b>		<b>12,012,200</b>	<b>12,178,193</b>	
	<b>SHORT-TERM PORTFOLIO - TOTAL</b>		<b>\$ 2,144,739,499</b>	<b>\$ 2,176,528,365</b>	

<b>BOND PROCEEDS PORTFOLIO</b>
--------------------------------

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	<b><i>2021 Bond Anticipation Notes (BANs) - US Bank</i></b>				
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	55,875	55,875	4.51
	<b><i>91 EXPRESS LANES 2023 BONDS (US Bank COI)</i></b>				
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	2,637	2,637	4.51
	<b>BOND PROCEEDS PORTFOLIO-TOTAL</b>		<b>\$ 58,512</b>	<b>\$ 58,512</b>	

<b>DEBT SERVICE RESERVE FUNDS</b>
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<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	<b><i>91 EXPRESS LANES 2023 BONDS (US Bank DSF/DSRF)</i></b>				
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	5,242,616	5,242,616	4.51
	<b><i>91 EXPRESS LANES 2023 BONDS - OPERATING &amp; MAINTENANCE RESERVES</i></b>				
	BMO HARRIS BANK NCD	4/4/2025	5,000,000	5,000,000	5.26
	BMO HARRIS BANK NCD	10/8/2024	3,000,000	3,000,000	5.16
	<b>DEBT SERVICE RESERVE FUNDS - TOTAL</b>		<b>\$ 13,242,616</b>	<b>\$ 13,242,616</b>	

<b>TOTAL PORTFOLIO</b>	<b><u>Book Value</u></b>	<b><u>Market Value</u></b>
	<b>\$ 2,569,571,112</b>	<b>\$ 2,601,766,269</b>

NOTE: 1. Variable or floating rate securities.



**November 13, 2024**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Orange County Employees Retirement System Early Payment for Fiscal Year 2025-26

**Overview**

The Orange County Employees Retirement System has offered an early payment discount to member agencies of seven percent if they elect to prepay their contributions for fiscal year 2025-26. Advance payments must be received by January 15, 2025. The estimated savings for the Orange County Transportation Authority over the next year and a half under this payment option will total approximately \$851,000. Board of Directors' authorization is requested for the early payment option.

**Recommendation**

Authorize the early payment of approximately \$36.3 million by January 15, 2025, to the Orange County Employees Retirement System, for employer contributions for fiscal year 2025-26.

**Background**

The Orange County Employees Retirement System (OCERS) provides retirement benefits to Orange County Transportation Authority (OCTA) employees. The majority of OCTA employees and retirees are covered by the OCERS plan. OCERS is a defined benefit plan with benefits determined by a formula based on years of service, age at retirement, and highest average salary over a consecutive three-year period. OCERS is administered by a ten-member Board of Retirement. The OCERS Board of Retirement serves as fiduciary and has administrative authority over investments and benefits. As of June 30, 2024, the plan had approximately \$23.6 billion in net assets. OCERS operates under the state statutory requirements of the County Employees Retirement Act of 1937, a section of the California Government Code.

Employer contributions to OCERS are calculated each pay period by OCTA and paid electronically every two weeks. During fiscal year (FY) 2025-26, based on preliminary estimates, OCTA will contribute approximately \$39.1 million to OCERS, based upon wages of approximately \$127.8 million. OCTA's employer rate is 30.91 percent, and the Public Employees' Pension Reform Act (PEPRA) contribution rate is 30.26 percent during this time period.

### ***Discussion***

On July 15, 2024, the OCERS Board of Retirement voted to offer an early payment discount on employer contribution payments made by January 15, 2025, for the succeeding FY. OCERS is offering to discount the contributions for FY 2025-26 by seven percent. If the early payment option is exercised, OCERS will reconcile the projected payroll wages for the FY and collect appropriate additions or provide credits against future payments from OCTA for FY 2025-26.

The OCTA Board of Directors approved a similar action in previous years where the early payment option was offered. By using available cash now, OCTA will reduce the overall cost of future budgeted expenditures.

For FY 2025-26, OCERS increased OCTA's employer rates to 30.91 percent from the FY 2024-25 rate of 30.43 percent. The PEPRA contribution rate increased to 30.26 percent for FY 2025-26 from the 30 percent rate in FY 2024-25. OCTA's estimated wages for FY 2025-26 are \$127.8 million. Applying the FY 2025-26 rates to the estimated wages for the year translates into an approximate contribution value of \$39.1 million for FY 2025-26.

Under the early payment option, OCTA has the choice of paying OCERS \$36.3 million (\$39.1 million discounted by seven percent for a total of \$36.5 million, less the \$248,431 credit from a prior year overpayment) by January 15, 2025, or OCTA would make the regular biweekly payments of approximately \$1,492,538 for the employer contribution, (for a total of \$38.8 million) during FY 2025-26. Given these assumptions, OCTA has calculated the savings to equal approximately \$851,000 (the net between the \$2.6 million in guaranteed savings from the OCERS prepayment and \$1.7 million estimated interest earnings by OCTA).

Given the unprecedented rise in yields (United States Treasury yields have risen substantially in the last three years), and therefore higher estimated savings of approximately \$851,000 is relatively low compared to the historical average; however, the estimated interest earnings by OCTA are speculative while the discount rate of seven percent offered by OCERS is guaranteed.

Based upon this analysis, it is financially prudent and advantageous for OCTA to exercise this early payment option. If this option were to be exercised, these funds would be deposited into OCERS on behalf of OCTA and credited to OCTA's account. The funds will be paid from the General Fund (37 percent) and the Orange County Transit District Fund (63 percent).

***Summary***

The Orange County Employees Retirement System has offered an early payment of contributions to member agencies for the upcoming fiscal year. Under this early payment option, a discount of seven percent will be applied to the amounts due for employer contributions. The Orange County Transportation Authority has calculated the savings to equal approximately \$851,000. Staff recommends exercising this early payment option.

***Attachment***

None.

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**Approved by:**




Andrew Oftelie  
Chief Financial Officer  
Finance and Administration  
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**November 13, 2024**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer  For

**Subject:** Fiscal Year 2023-24 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting

### **Overview**

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements and schedules. Crowe LLP, an independent accounting firm, has completed its annual audit of the Orange County Transportation Authority for fiscal year 2023-24. In addition, a report has been issued on the results of additional analysis performed by Crowe LLP to assist management in determining compliance with certain state requirements.

In connection with the annual audit of the Orange County Transportation Authority, Crowe has issued an auditor's report on internal control over financial reporting with no deficiencies.

### **Recommendation**

Receive and file the fiscal year 2023-24 audited financial statements and independent auditor's report on internal controls over financial reporting as informational items.

### **Background**

Pursuant to Section 28770 of the California Public Utilities Code, the Orange County Transportation Authority (OCTA) prepares an annual set of financial statements presenting its results of operations and financial position at fiscal year (FY)-end. These financial statements are included in OCTA's Annual Comprehensive Financial Report (ACFR). OCTA staff also prepares stand-alone financial statements for various funds. In connection with the audit of these financial statements, Crowe LLP (Crowe) provided opinions on financial reports

of OCTA and various stand-alone funds and conducted additional analysis to assist management in determining compliance with certain state requirements. The audits were performed under generally accepted auditing standards, the standards set forth for financial audits in the Government Accountability Office's Government Auditing Standards, and State of California Transportation Development Act.

***Discussion***

Crowe has completed its annual audit of OCTA's financial records and systems and has issued its opinion on OCTA's financial statements for the FY ended June 30, 2024. The auditors have issued an unmodified (also known as "clean") opinion on the financial statements, indicating that the statements present fairly, in all material respects, the financial position of OCTA on June 30, 2024, and the results of its operations and cash flows of the proprietary funds for the FY then ended (Attachment A). Fund financial statements for Orange County Local Transportation Authority as a component unit of OCTA (Attachment B), 91 Express Lanes (Attachment C), 405 Express Lanes (Attachment D), Local Transportation Fund (Attachment E), and the State Transit Assistance Fund (Attachment F) were also prepared and an unmodified opinion on each fund's financial statements was issued.

The ACFR will be submitted to the Government Finance Officers Association (GFOA) for consideration of the Certificate for Excellence in Financial Reporting for FY 2023-24. The GFOA awards certificates only to those governments whose annual financial reports are deemed in conformance with the highest standards of public financial reporting. OCTA has been awarded the GFOA certificate for each year of its existence, commencing with the FY ended June 30, 1992. Such recognition has a positive effect on OCTA's ability to borrow at favorable interest rates. The ACFR is a useful tool in business dealings with outside organizations. The 91 and 405 Express Lanes Fund financial statements will be forwarded to rating agencies, investors, and insurance companies.

In connection with the audit of these financial statements, Crowe has issued an auditor's report on internal controls over financial reporting with no deficiencies.

The auditor's report on internal control over financial reporting for FY 2023-24 is included herewith as Attachment G.

**Summary**

Staff has prepared OCTA's ACFR and various stand-alone fund financial statements for the FY ended June 30, 2024. Crowe has audited these financial statements and schedules and has issued unmodified opinions as to fair presentation of the financial statements and schedules.

In connection with the annual audit of OCTA's financial statements for FY 2023-24, Crowe has issued an independent auditor's report on internal control over financial reporting with no deficiency.

**Attachments**

- A. 2024 Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2024
- B. Orange County Local Transportation Authority (A Component Unit of the Orange County Transportation Authority) Annual Financial and Compliance Report Year Ended June 30, 2024
- C. 91 Express Lanes Fund (An Enterprise Fund of the Orange County Transportation Authority) Financial Statements for the Year Ended June 30, 2024
- D. 405 Express Lanes Fund (An Enterprise Fund of the Orange County Transportation Authority) Financial Statements for the Year Ended June 30, 2024
- E. Orange County Transportation Authority Local Transportation Fund Financial Statements Year ended June 30, 2024
- F. Orange County Transportation Authority State Transit Assistance Fund Financial Statements Year ended June 30, 2024
- G. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for Orange County Transportation Authority

**Prepared by:**



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**Approved by:**



Andrew Oftelie  
Chief Financial Officer,  
Finance and Administration  
714-560-5649

# 2024 Annual Comprehensive Financial Report

For fiscal year ended June 30, 2024





# 2024 Annual Comprehensive Financial Report

For fiscal year ended June 30, 2024

Submitted by:  
**Darrell E. Johnson**  
Chief Executive Officer

Finance and Administration Division  
**Andrew Otelie**  
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, 2024**

**TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION (Unaudited)</b>	<b>Page</b>
Transmittal Letter .....	iii
Organization Chart .....	xi
Board of Directors .....	xii
Management Staff .....	xiii
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	xiv
 <b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis (Unaudited) .....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	16
Statement of Activities .....	17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Proprietary Funds:	
Statement of Net Position .....	22
Reconciliation of the Statement of Net Position of Proprietary Funds to the Statement of Net Position .....	24
Statement of Revenues, Expenses and Changes in Net Position .....	25
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position of Proprietary Funds to the Statement of Activities .....	26
Statement of Cash Flows .....	27
Notes to the Financial Statements .....	29
Required Supplementary Information:	
Budgetary Comparison Schedules (Budgetary Basis):	
General Fund .....	71
Local Transportation Authority Special Revenue Fund .....	72
Local Transportation Special Revenue Fund .....	73
Supplemental Pension Plan and OPEB Plan Trend Data .....	74
Notes to Required Supplementary Information .....	76
Other Supplementary Information:	
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet—Nonmajor Governmental Funds .....	78

FINANCIAL SECTION (Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances— Nonmajor Governmental Funds .....	79
Budgetary Comparison Schedules (Budgetary Basis):	
Local Transportation Authority Debt Service Fund .....	80
Orange County Unified Transportation Trust Special Revenue Fund .....	81
Service Authority for Freeway Emergencies Special Revenue Fund .....	82
State Transit Assistance Special Revenue Fund .....	83
General Capital Project Fund .....	84
Combining Statement of Net Position—Nonmajor Enterprise Fund .....	86
Combining Statement of Revenues, Expenses and Changes in Net Position— Nonmajor Enterprise Fund .....	87
Combining Statement of Cash Flows—Nonmajor Enterprise Fund .....	88
Combining Statement of Net Position—Internal Service Funds .....	90
Combining Statement of Revenues, Expenses and Changes in Net Position—Internal Service Funds .....	91
Combining Statement of Cash Flows—Internal Service Funds .....	92

**STATISTICAL SECTION (Unaudited)**

Net Position by Component, Last Ten Fiscal Years .....	96
Changes in Net Position, Last Ten Fiscal Years .....	97
Fund Balances, Governmental Funds, Last Ten Fiscal Years .....	99
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years .....	100
Program Revenues by Function/Program, Last Ten Fiscal Years .....	101
Tax Revenues by Source, Governmental Activities, Last Ten Fiscal Years .....	102
Taxable Sales by Category, Last Ten Calendar Years .....	103
Direct and Overlapping Sales Tax Rates, Last Ten Calendar Years .....	104
Principal Taxable Sales Generation by City, Current Year and Nine Years Ago .....	105
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years .....	106
Legal Debt Margin Information, Last Ten Fiscal Years .....	107
Pledged-Revenue Coverage, Last Ten Fiscal Years .....	108
Demographic and Economic Statistics, Last Ten Calendar Years .....	109
Principal Employers, Current Year and Nine Years Ago .....	110
Full-Time Equivalent Government Employees by Function/Program for Ten Years .....	111
Operating Indicators by Function/Program .....	112
Capital Asset Statistics by Function/Program .....	113

# FREEWAYS



Orange County Transportation Authority  
Orange County, California



# STREETS AND ROADS





*AFFILIATED  
AGENCIES*

November 25, 2024

*Orange County  
Transit District*

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

*Local  
Transportation  
Authority*

*Service Authority  
for  
Freeway  
Emergencies*

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, 2024. 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.

*Consolidated  
Transportation  
Service Agency*

*Congestion  
Management  
Agency*

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, 2024. 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 24, 2024, the Board approved the FY 2024-25 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 2023 and was less than the statewide rate as of June 2024. The unemployment rate in Orange County was 4 percent in June 2024, compared to 3.6 percent in June 2023. Statewide unemployment was 5.2 percent, and national unemployment was 4.1 percent as of June 2024.

Between June 2023 and June 2024, total nonfarm employment grew by 23,800 jobs, a 1.4 percent increase. The largest growth was seen in private education and health services, which added 14,600 jobs. This increase was mainly due to gains in health care and social assistance, which contributed 12,300 jobs, while private educational services added 2,300 jobs over the year. Five other sectors collectively added 14,500 jobs, accounting for 61 percent of the total annual gain. Notably, the leisure and hospitality sector grew by 5,700 jobs, with 68 percent of that increase coming from arts, entertainment, and recreation, which added 3,900

jobs. On the other hand, four industry sectors (manufacturing, information, financial activities, and professional and business services) experienced a decline, losing a total of 5,300 jobs. The mining and logging sector saw no changes in employment over the year.

### Residential Sector

According to the Census Bureau, the number of building permits in Orange County decreased from 6,278 units in FY 2022-23 to 5,936 in FY 2023-24, a decrease of -5.4 percent. Permits for multi-family units decreased from 59 percent of total permits to 53 percent of the total. The median single family home price increased by 12.6 percent in FY 2023-24 compared to FY 2022-23. The median price reached a new high of \$1,450,000 in June 2024. Listings of homes for sales tracked higher in the last three months of FY 2023-24, but continue to be much lower than the three-year average due to high mortgage rates which hovered around seven percent. Sales of existing homes increased by seven percent in FY 2023-24 compared to the previous year but continue to be low due to higher prices and high mortgage rates. Listings and sales are expected to be higher in the FY 2024-25 due to expected decreases in mortgage rates.

### Sales Tax

Based on the forecast provided by MuniServices, LLC., sales tax revenue is estimated to increase by 3.3 percent for M2 and 3.1 percent for Local Transportation Fund in FY 2024-25. 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 the Orange County Transit District'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 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 with the 2023 update covering the timeframe of FY 2022-23 through FY 2031-32.

In FY 2023-24, OCTA continued to move Orange County forward with M2 projects and other notable accomplishments, including:

- In November 2023, the Board approved the 2023 Next 10 Plan, which incorporated the 2023 M2 sales tax revenue forecast of \$14.8 billion, updated programmed external revenues, revised bonding assumptions, and refined project schedules and costs. The 2023 update confirmed that the Next 10 Plan and the overall 30-year M2 Program remains deliverable.

- The Measure M2 Taxpayer Oversight Committee determined that OCTA is delivering Measure M2 projects and programs as promised to Orange County voters for the 33rd consecutive year.
- Completed the construction on the Interstate 405 (I-405) Improvement Project. The project improvements include adding a general-purpose lane in each direction of the I-405 Freeway from Euclid Street to the Interstate 605 (I-605) Interchange with an additional lane in each direction that will combine with the existing high-occupancy vehicle (HOV) lane to provide dual tolled express lanes in both direction on the I-405 from State Route 73 (SR-73) to I-605.
- Design efforts for both segments of the Interstate 5 (I-5) between I-405 and 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 (SR-73 to El Toro Road) South County Improvement Project continued and is anticipated to be complete by early 2025.
- Preparation of the environmental document and project report for the I-5 El Toro Road Interchange Project continued and is anticipated to be completed in 2026.
- Construction on the SR-55 (I-405 to I-5) Improvement Project continued and is anticipated to be complete in 2027.
- Design for SR-55 (I-5 to SR-91) Improvement Project began in August 2022 and is anticipated to be complete in 2025.
- Design for State Route 57 (SR-57) Northbound from Orangewood Avenue to Katella Avenue Improvement Project is underway and is anticipated to be complete in August 2024.
- Design for two of the three segments of the SR-91 (SR-57 to SR-55) Improvement Project continued and is anticipated to be complete by early 2025. The California Transportation Commission approved the allocation of \$42.6 million in Trade Corridor Enhancement Program funds for the construction phase of SR-91, SR-55, and Lakeview Avenue.
- The 2024 Regional Capacity Program approved funding for six projects totaling \$18.72 million via a competitive grant program. Since 2011, OCTA has awarded 186 projects totaling more than \$406 million, including \$24 million in leveraged external funding.

- The 2024 Regional Traffic Signal Synchronization Program approved funding for five projects totaling \$12.9 million. To date, OCTA has funded 137 projects totaling nearly \$185 million.
- Through the Local Fair Share Program, 18 percent of M2 net revenues are allocated by formula to eligible local jurisdictions. Nearly \$76 million was distributed in FY 2023-24 to local jurisdictions to help improve the streets and roads network in addition to local transportation priorities.
- Construction on the San Juan Creek Bridge Replacement Project began in March 2024 to replace a railroad bridge over San Juan Creek. Construction is anticipated to be complete in 2025 and OC Streetcar construction continued in the cities of Garden Grove and Santa Ana. All eight vehicles have been completed and are in storage.
- Allocated approximately \$14.6 million in M2 funds to expand mobility choices for seniors and persons with disabilities under Project U.
- Allocated \$3.3 million through 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 \$36.5 million.
- Continued evaluation of Battery Electric Bus and Fuel Cell Electric Bus programs.
- Continuing the strong recovery from pandemic ridership levels, OCTA achieved an average weekday boarding amount of more than 110,000 for fixed-route bus ridership.
- Refinanced the 91 Express Lanes bonds to save money and allow for even more efficient investments in transportation improvements. OCTA reduced the principal on the bonds from \$71 million to \$48 million which yielded a net present-value savings of \$5.5 million.
- Completed emergency work along 700 feet of rail line in south San Clemente in August 2023, with hydroseeding of the reformed slope covering the newly built grade-beam wall. OCTA led the emergency work at that location beginning in October 2022, after continued movement in the hillside on the inland side of the track – and erosion of the beach on the coastal side – caused movement of the track of up to 28 inches.

In FY 2023-24, OCTA also successfully inaugurated the 405 Express Lanes on December 1, 2023, representing a pivotal advancement in our ongoing commitment to enhancing regional transportation infrastructure.



## **Awards and Acknowledgments**

For the 14th 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.

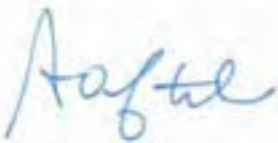
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OCTA for its Annual Comprehensive Financial Report for the FY ended June 30, 2023. This was the 41st consecutive year OCTA or its predecessor agency received this prestigious 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, 2024, 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,



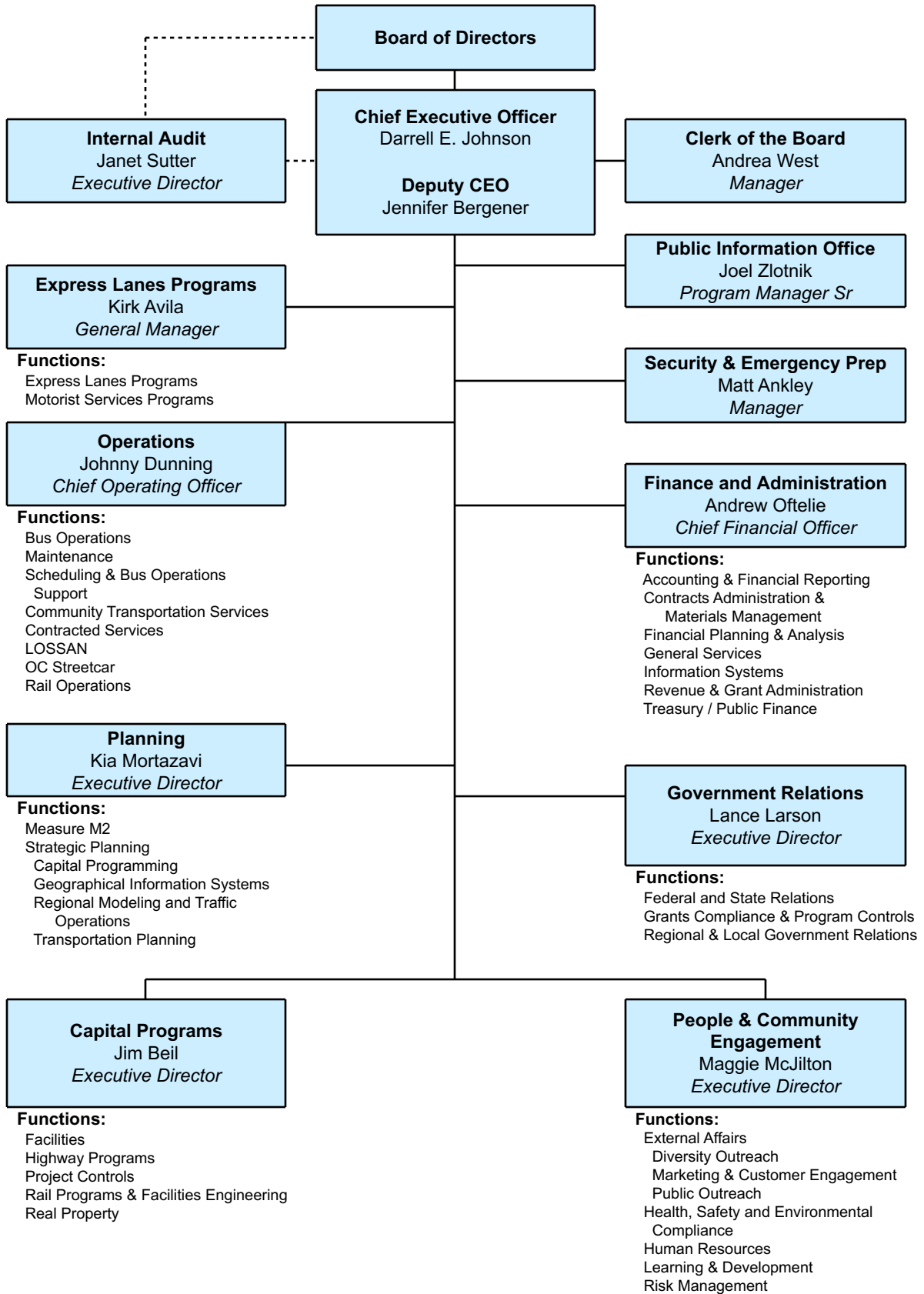
**Darrell E. Johnson**  
Chief Executive Officer



**Andrew Oftelie**  
Chief Financial Officer

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**ORGANIZATION CHART**





# 2024 BOARD OF DIRECTORS

**Tam T. Nguyen**  
Chair  
Public Member



**Doug Chaffee**  
Vice Chair  
Supervisor, 4th District



**Valerie Amezcua**  
Director  
City Member, 2nd District



**Jon Dumitru**  
Director  
City Member, 2nd District



**Jamey Federico**  
Director  
City Member, 5th District



**Katrina Foley**  
Director  
Supervisor, 5th District



**Patrick Harper**  
Director  
City Member, 1st District



**Michael Hennessey**  
Director  
Public Member



**Stephanie Klopfenstein**  
Director  
City Member, 1st District



**Fred Jung**  
Director  
City Member, 4th District



**Farrah N. Khan**  
Director  
City Member, 3rd District



**Vicente Sarmiento**  
Director  
Supervisor, 2nd District



**John Stephens**  
Director  
City Member, 5th District



**Mark Tetterer**  
Director  
City Member, 3rd District



**Donald P. Wagner**  
Director  
Supervisor, 3rd District



**Vacant**  
Supervisor, 1st District



**Vacant**  
City Member, 4th District



**Lan Zhou**  
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

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Matt Ankley	Manager Security & Emergency Preparedness
Kirk Avila	General Manager Express Lanes Programs
Jim Beil	Executive Director Capital Programs
Johnny Dunning	Chief Operating Officer Operations
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

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Sara Belovsky	Section Manager General Services
Lydia Bilynsky	Manager Contracts Administration and Material Management
Robert Davis	Manager Treasury and Public Finance
Josh Duke	Manager Information Systems Technical Services
Sam Kaur	Manager Revenue Administration
Georgia Martinez	Manager Contracts Administration and Material Management
Sean Murdock	Director Finance and Administration
Barry Reynolds	Manager Cyber Security
Lloyd Sullivan	Director Information Systems Administration
Rima Tan	Manager Accounting and Financial Reporting
Pia Veesapen	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  
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in Financial  
Reporting**

Presented to

**Orange County Transportation Authority  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

**June 30, 2023**

*Christopher P. Morill*

Executive Director/CEO

# BUS



FINANCIAL SECTION



Orange County Transportation Authority  
Orange County, California

# 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, 2024, 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, 2024, 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 October 31, 2024 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  
October 31, 2024

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(unaudited)  
For the Fiscal Year Ended June 30, 2024**

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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, 2024. 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, 2024, OCTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2,714,153 (net position). Of this amount, \$1,051,734 or 39% represents net investment in capital assets; \$787,232 or 29% is restricted for specific purposes; and the remaining portion represents unrestricted net position of \$875,187 or 32%.
- OCTA's total net position increased \$379,858 during fiscal year 2023-24. The increase in net position from governmental activities of \$91,404 was primarily due to increased investment earnings resulting from favorable investment performance and decrease in Measure M program expenses related to I-405 Improvement Project. The net position from business-type activities increased by \$288,454 primarily due to increased charges for services from 405 Express Lanes, investment earnings, and interfund transfer from the Local Transportation Authority (LTA) fund to 405 Express Lanes fund for TIFIA loan allocation between general purpose lanes and express lanes related construction expenses.
- OCTA's governmental funds reported combined ending fund balances of \$1,377,079, decrease of \$65,453 or 5% compared to fiscal year 2022-23. Approximately 61% of the governmental fund balances represent Local Transportation Authority (LTA) amounts available for the Measure M program, including debt service. The decrease of governmental fund balances was primarily attributable to the interfund transfer from the LTA fund to 405 Express Lanes fund, offset by increased investment earnings and decrease in Measure M program expenses related to I-405 Improvement Project.
- Long-term debt decreased by \$32,629, compared to the prior fiscal year. The decrease is primarily attributable to refinancing of 2013 Toll Road Revenue Bonds for 91 Express Lanes.

### **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**

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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 fixed guideway.

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**

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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 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 29-70 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 71-76 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 77-92 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, 2024, OCTA's assets and deferred outflows exceeded liabilities and deferred inflows by \$2,714,153.

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 \$1,051,734, compared to \$884,584 in fiscal year 2022-23. OCTA's net position reflects its investment in capital assets (i.e., construction in progress; land; buildings and improvements; infrastructure, 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 \$167,150 was primarily due to completion of I-405 Express Lanes construction project.

Restricted net position, representing resources subjected to external restrictions on how they may be used, were 29% and 34% of the total net position at June 30, 2024 and 2023, respectively. In fiscal year 2023-24, the restricted net position decreased by \$15,109 primarily due to the combination of the decrease in the restricted net position from governmental activities of \$18,359 and the increase of \$3,250 for business-type activities. The decrease for governmental activities was contributed by the increased in funds restricted to Transportation program. The increase 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 2023-24, OCTA's unrestricted net position was \$875,187, a increase of \$227,817 from the prior fiscal year. This increase was mainly due to business-type activities related to interfund transfer from the LTA fund to 405 EL fund, increase in charges for services resulting from toll road revenues, and increase in investment earnings.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 1,026,450	\$ 1,069,453	\$ 1,268,769	\$ 1,071,954	\$ 2,295,219	\$ 2,141,407
Restricted assets	549,037	542,357	37,135	39,230	586,172	581,587
Prepaid retirement	14,145	12,097	24,589	21,449	38,734	33,546
Assets held for resale	20,615	15,965	—	—	20,615	15,965
Capital assets, net	702,868	607,668	894,267	863,279	1,597,135	1,470,947
<b>Total assets</b>	<b>2,313,115</b>	<b>2,247,540</b>	<b>2,224,760</b>	<b>1,995,912</b>	<b>4,537,875</b>	<b>4,243,452</b>
Deferred outflows of resources	29,372	27,115	153,951	49,214	183,323	76,329
Current liabilities	162,682	157,431	111,905	132,352	274,587	289,783
Long-term liabilities	714,322	742,599	983,877	886,928	1,698,199	1,629,527
<b>Total liabilities</b>	<b>877,004</b>	<b>900,030</b>	<b>1,095,782</b>	<b>1,019,280</b>	<b>1,972,786</b>	<b>1,919,310</b>
Deferred inflows of resources	12,160	12,706	22,099	53,470	34,259	66,176
<b>Net position:</b>						
Net investment in capital assets	681,639	582,156	370,095	302,428	1,051,734	884,584
Restricted	755,550	773,909	31,682	28,432	787,232	802,341
Unrestricted	16,134	5,854	859,053	641,516	875,187	647,370
<b>Total net position</b>	<b>\$ 1,453,323</b>	<b>\$ 1,361,919</b>	<b>\$ 1,260,830</b>	<b>\$ 972,376</b>	<b>\$ 2,714,153</b>	<b>\$ 2,334,295</b>

OCTA's total revenues increased by 4%, while the total costs of all programs decreased by 8%. Major contributing factors for the increase of \$45,999 in total revenues are increase of \$82,220 in unrestricted investment income resulting from favorable investment performance, increase of \$34,209 in charges for services resulting from toll road revenues, and offset by decrease of \$55,704 in grants and contributions, and decrease of \$16,462 in sales tax revenue.

During fiscal year 2023-24, OCTA's total expenses decreased \$73,526, 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 paratransit and toll road expenses. Approximately 42% of the costs of OCTA's programs were paid by those who directly benefited from the programs or by other 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.

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

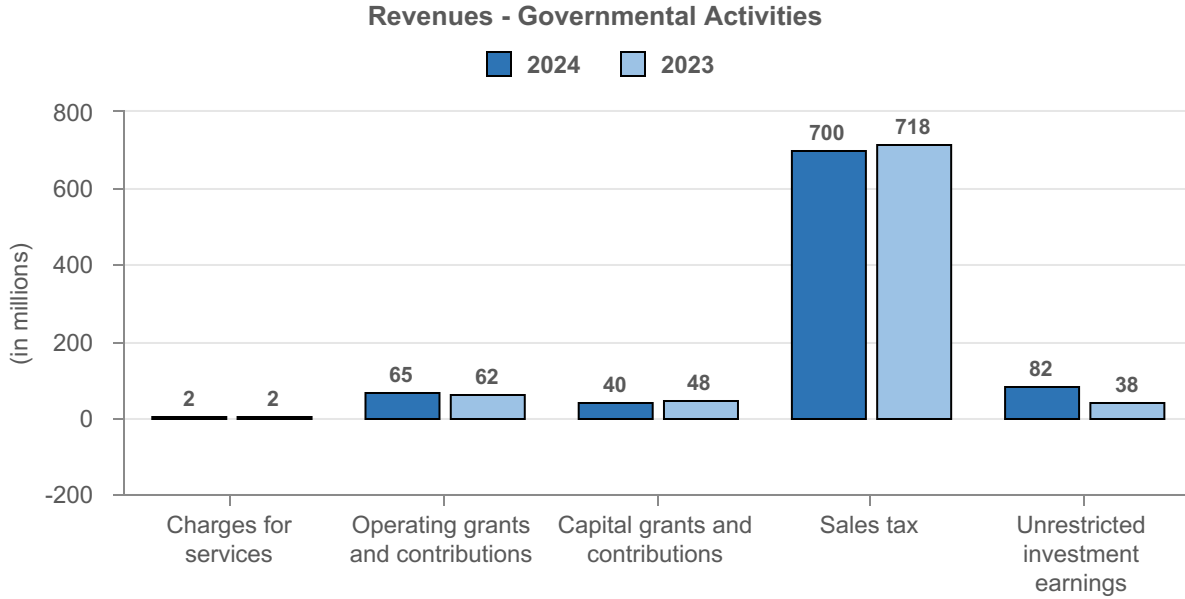
**Table 2  
Orange County Transportation Authority  
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,740	\$ 2,193	\$ 140,801	\$ 106,139	\$ 142,541	\$ 108,332
Operating grants and contributions	65,287	61,774	62,937	77,750	128,224	139,524
Capital grants and contributions	40,085	47,923	48,357	84,923	88,442	132,846
<b>General revenues:</b>						
Sales tax	700,434	718,022	22,281	21,155	722,715	739,177
Unrestricted investment earnings	81,699	38,383	53,490	14,586	135,189	52,969
Other miscellaneous revenue	1,064	826	9,790	8,292	10,854	9,118
<b>Total revenues</b>	<b>890,309</b>	<b>869,121</b>	<b>337,656</b>	<b>312,845</b>	<b>1,227,965</b>	<b>1,181,966</b>
<b>Expenses:</b>						
General government	111,528	104,701	—	—	111,528	104,701
Measure M program	371,900	482,865	—	—	371,900	482,865
Motorist services	9,772	8,206	—	—	9,772	8,206
Commuter rail	—	15	—	—	—	15
Fixed route	—	—	209,916	210,789	209,916	210,789
Paratransit	—	—	115,153	99,541	115,153	99,541
Toll road	—	—	29,764	15,409	29,764	15,409
Fixed guideway	—	—	74	107	74	107
<b>Total expenses</b>	<b>493,200</b>	<b>595,787</b>	<b>354,907</b>	<b>325,846</b>	<b>848,107</b>	<b>921,633</b>
Indirect expense allocation	(61,325)	(55,455)	61,325	55,455	—	—
Increase (decrease) in net position before transfers	458,434	328,789	(78,576)	(68,456)	379,858	260,333
Transfers	(367,030)	(221,821)	367,030	221,821	—	—
<b>Change in net position</b>	<b>91,404</b>	<b>106,968</b>	<b>288,454</b>	<b>153,365</b>	<b>379,858</b>	<b>260,333</b>
Net position—beginning of year	1,361,919	1,254,951	972,376	819,011	2,334,295	2,073,962
<b>Net position—end of year</b>	<b>\$ 1,453,323</b>	<b>\$ 1,361,919</b>	<b>\$ 1,260,830</b>	<b>\$ 972,376</b>	<b>\$ 2,714,153</b>	<b>\$ 2,334,295</b>

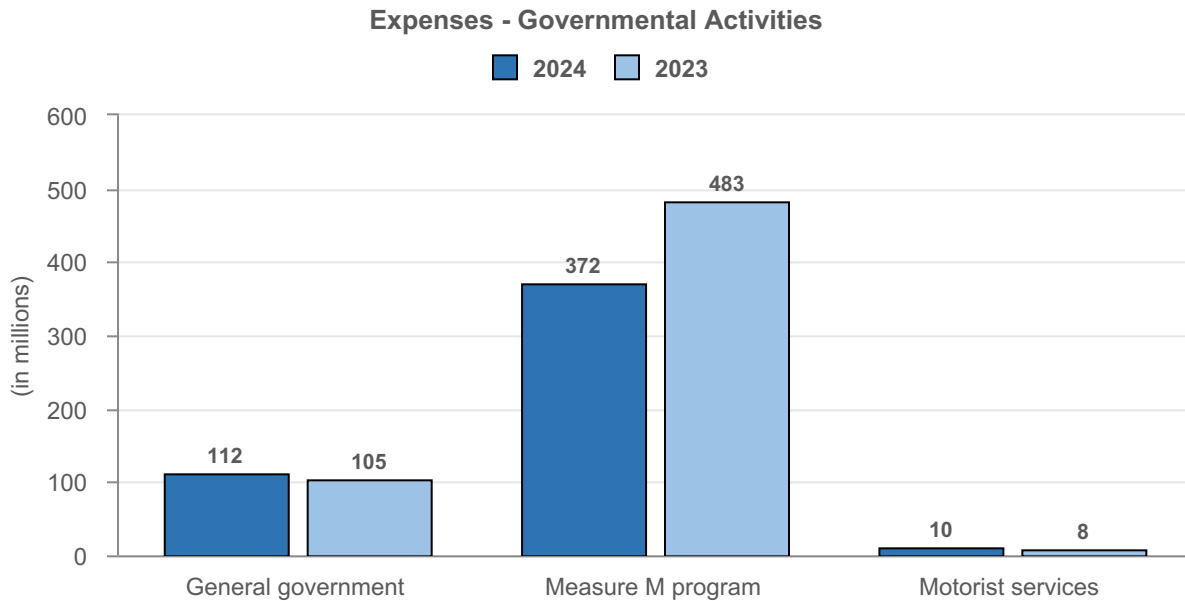
**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Activities**

Total revenues for OCTA's governmental activities increased \$21,188 primarily due to an increase of \$43,316 in unrestricted investment earnings due to favorable investment performance and offset by a decrease in sales tax revenue of \$17,588 resulting from the slowdown in economic recovery since COVID-19 pandemic.



Total expenses for OCTA's governmental activities decreased \$102,587 primarily due to a decrease of \$110,965 in Measure M program costs related to freeway projects including the I-405 Express Lanes Improvement project.

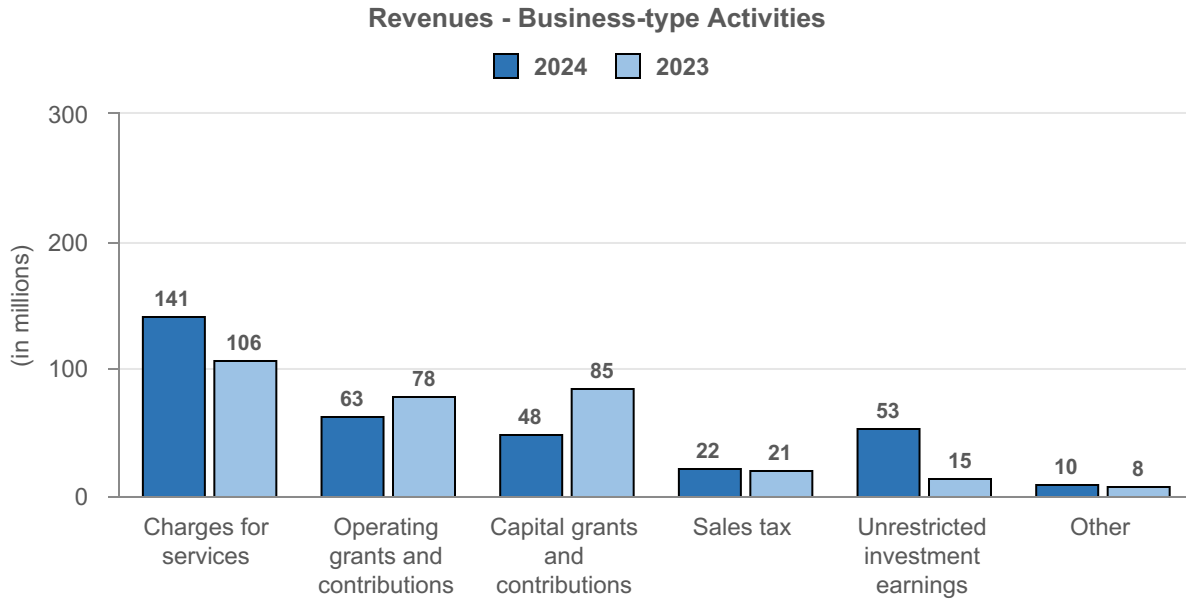




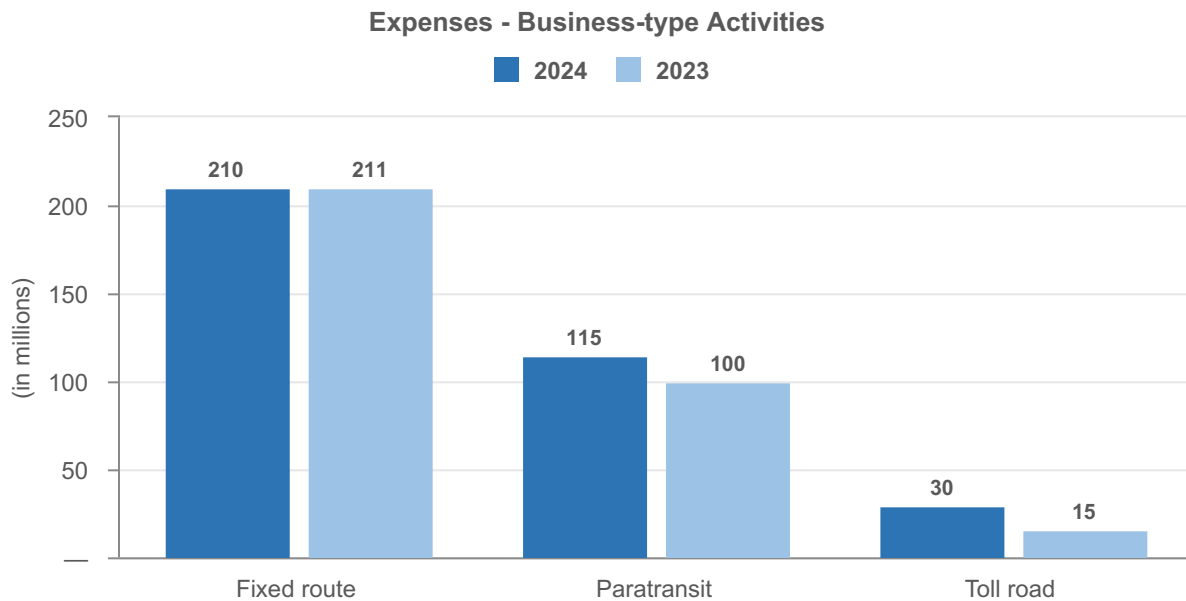
**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Business-type Activities**

Revenues of OCTA's business-type activities increased \$24,811 primarily due to increase of \$38,904 in investment earnings due to the favorable investment performance, increase of \$34,662 in charges for services (toll road), and offset by a decrease of \$14,813 in operating grants and contributions relating to transit operations, and a decrease of \$36,566 in capital grants and contributions.



Total expenses related to business-type activities increased \$29,061 or 9%, which resulted from an increase in operating expenses related to toll road and bus programs including paratransit services.



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

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**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, 2024, OCTA's governmental funds reported combined ending fund balances of \$1,377,079, a decrease of \$65,453 compared to the prior fiscal year. Approximately 98% or \$1,344,285 of this amount is restricted, the majority of which relates to the Measure M program. \$36,177 represents the portion of fund balance that is not in a spendable form, such as note receivable, prepaid retirement and advances for projects. The remainder of fund balance of \$(3,383) is unassigned.

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

- The General fund decreased by \$17,451, primarily due to transfer of assets after the closure of the Common Urban Rail Endowment (CURE) fund previously reported under the General fund to LTA fund.
- The LTA fund decreased by \$83,319. The decrease is a result of interfund transfer from LTA Fund to 405 EL Fund for TIFIA loan allocation, offset by transfer of assets of the CURE fund to LTA fund.
- The LTF fund increased by \$37,785, primarily resulting from increase in investment earnings due to favorable investment performance.
- The LTA Debt Service fund decreased by \$7,803, which is mainly due to the transfer out of excess fund from LTA Debt Service fund to LTA fund.

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 \$1,224,069 at June 30, 2024 compared to \$938,944 at June 30, 2023. Following are the significant changes in net position of OCTA's major proprietary funds:

- The OCTD fund net position at June 30, 2024 was \$950,507. During fiscal year 2023-24, the total net position increased by \$98,514 or 12%, 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, and favorable investment earnings.
- The 91 Express Lanes fund net position for fiscal year 2023-24 increased \$51,782 or 16%. The increase is primarily due to operating revenues in excess of operating expenses and favorable investment earnings.
- The 405 Express Lanes fund net position for fiscal year 2023-24 increased \$134,829. The increase is primarily due to interfund transfer from the LTA fund for TIFIA loan allocation.

**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 \$381 less than the final budget of \$18,704. This is primarily due to \$3,818 higher than the final budget in allocated interest and investment earnings, and offset by \$2,049 less in contributions from other agencies resulting from lower than anticipated State operating assistance. In addition, capital assistance grants were \$3,016 less 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 \$1,021 less than the final budget of \$37,326. This is primarily due to a lower than anticipated salaries and benefits, capital outlay, and offset by lower than anticipated general fund cost allocation. Salaries and benefits expenses were \$7,361 less than the final budget, primarily due to vacancies. Capital outlays were less by \$2,704, which resulted mainly from capital project costs related to Enterprise Asset Management System Replacement project. Primarily due to timing, the majority of this budget has been carried over in fiscal year 2024-25.

**Capital Assets**

As of June 30, 2024, OCTA had \$1,597,135, net of accumulated depreciation, invested in a broad range of capital assets including: land, infrastructure, buildings, transit vehicles, toll facility franchise, construction in progress, and machinery, equipment and furniture (Table 3). During fiscal year 2023-24, OCTA's capital assets increased by \$126,188. Capital assets related to governmental activities increased by \$95,200. 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 \$30,988, which resulted mainly from the I-405 Express Lanes Improvement project.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 172,236	\$ 172,236	\$ 84,544	\$ 57,106	\$ 256,780	\$ 229,342
Right-of-way improvements	7,300	7,300	—	—	7,300	7,300
Buildings and improvements	538	616	52,782	55,777	53,320	56,393
Infrastructure	—	—	401,682	—	401,682	—
Transit vehicles	—	—	182,117	130,273	182,117	130,273
Machinery, equipment and furniture	2,321	2,647	40,975	20,406	43,296	23,053
Intangible right-to-use (building)	19,343	23,564	7,989	8,742	27,332	32,306
Intangible right-to-use (equipment)	209	20	—	—	209	20
Intangible right-to-use (Subscription Based IT Arrangements - SBITA)	954	1,347	341	568	1,295	1,915
Toll Facility Franchise	—	—	107,348	109,934	107,348	109,934
Construction in progress	499,967	399,938	16,489	480,473	516,456	880,411
<b>Total</b>	<b>\$ 702,868</b>	<b>\$ 607,668</b>	<b>\$ 894,267</b>	<b>\$ 863,279</b>	<b>\$ 1,597,135</b>	<b>\$ 1,470,947</b>

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

Major capital asset additions during the fiscal year included:

- \$42,379 for the fixed route revenue vehicles
- \$99,193 for the OC Streetcar Project

Major capital asset deletions during the fiscal year included:

- \$26,854 for revenue vehicles retirement
- \$1,653 for hardware/software and support equipment

OCTA has outstanding capital expenditure commitments, the most significant of which are: \$22,151 for the I-405 Express Lanes Improvement project, \$58,102 for the OC Streetcar project, \$137,596 for the I-5 freeway widening construction project, \$12,364 for SR91 and I-405 express lane toll collection project, \$10,462 for SR-55 Widening project, and \$43,867 for SR-91 Improvement between SR-55 and Lakeview.

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, 2024, OCTA had \$1,249,215 in long-term debt outstanding compared to \$1,281,844 on June 30, 2023, as presented in Table 4. The decrease of \$32,629 is primarily attributable to the refinancing of 2013 Toll Road Revenue Refunding Bonds.

**Table 4  
Orange County Transportation Authority  
Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Sales tax revenue bonds	\$ 569,315	\$ 590,235	\$ —	\$ —	\$ 569,315	\$ 590,235
Toll road revenue refunding bonds	—	—	47,545	71,420	47,545	71,420
TIFIA loan	—	—	632,355	620,189	632,355	620,189
<b>Total</b>	<b>\$ 569,315</b>	<b>\$ 590,235</b>	<b>\$ 679,900</b>	<b>\$ 691,609</b>	<b>\$ 1,249,215</b>	<b>\$ 1,281,844</b>

OCTA's long-term debt is rated by Standard & Poor's, Moody's, and Fitch. As of June 30, 2024, 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**

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### **Economic and Other Factors**

The Board of Directors (Board) adopted the fiscal year 2024-25 budget on June 10, 2024. The \$1.76 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 furnish innovative, equitable, and sustainable transportation solutions for the residents and visitors of Orange County.

For the FY 2024-25 budget, despite recent declines, an increase is projected in both local and state sales taxes. Looking specifically at our Measure M2 (M2) Program half-cent Local Transportation Authority (LTA) sales tax revenue, the FY 2024-25 projections are cautiously optimistic. The growth rate for the M2 half-cent LTA sales tax revenue is forecasted to be 3.3 percent over FY 2023-24 estimates. Similarly, the growth rate for the quarter-cent Local Transportation Fund sales tax revenue, primarily supporting the bus program, is anticipated to be 3.1 percent over FY 2023-24 estimates.

The M2 Program delineates a clear roadmap for the enhancement of transportation infrastructure across our cities and County. The M2 Program will persist in advancing enhancements across freeways, transit, streets, roads, and environmental initiatives. The FY 2024-25 budget for the M2 Program includes \$405 million for freeway improvement projects and \$158 million for the enhancement of streets and roads. Moreover, the budget earmarks \$146 million for M2 Transit Programs, which comprises \$64 million for the construction of the OC Streetcar Project and \$46 million to bolster regional rail services.

In fiscal year 2024-25 budget outlines an ambitious plan for transit services, with a clear focus on enhancements, sustainability, and resilient operations. For the OC Bus Program, the budget allocates \$657 million to the Bus Program, supporting up to 1.52 million service hours. Sustainability and resiliency focus is also a cornerstone of the proposed budget, with ongoing investments in zero-emission buses and related infrastructure. A capital budget of \$209 million is included in the Bus Program. This capital expenditure includes the procurement of 66 zero-emission vehicles, underscoring OCTA's commitment to exploring zero-emission technologies.

Additionally, the budget ensures continued support for the Metrolink rail service. The express lanes demonstrate solid performance with the 91 Express Lanes continuously meeting commitments, reflecting the effectiveness of existing traffic management strategies. The proposed budget expects a 0.6 million trip increase in traffic volumes, reaching 20.1 million trips as a result of stabilized traffic patterns and inflation. The 405 Express Lanes, having opened in December 2023, are forecasted to see 109 million trips in their first full FY, aligning closely with projections.

The FY 2024-25 budget is a testament to the Board's Strategic Initiatives and OCTA's dedication to delivering a balanced and sustainable multimodal transportation network, ensuring the safe and efficient movement of Orange County's populace.

### **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, 2024**

<i>(amounts expressed in thousands)</i>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 793,668	\$ 1,203,105	\$ 1,996,773
Receivables:			
Interest	10,309	10,883	21,192
Operating grants	28,178	7,171	35,349
Capital grants	6,382	2,838	9,220
Other	2,154	27,434	29,588
Internal balances	(4,479)	4,479	—
Due from other governments	157,970	5,893	163,863
Condemnation deposits	8,619	203	8,822
Lease receivables	3,354	13	3,367
Note receivables	3,848	—	3,848
Inventory	—	5,642	5,642
Restricted cash and investments	549,037	37,135	586,172
Prepaid retirement	14,145	24,589	38,734
Other assets	16,447	1,108	17,555
Assets held for resale	20,615	—	20,615
Capital assets, net:			
Nondepreciable	679,503	101,033	780,536
Depreciable and amortizable	23,365	793,234	816,599
<b>Total assets</b>	<b>2,313,115</b>	<b>2,224,760</b>	<b>4,537,875</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	1,153	165	1,318
Deferred outflows - pensions	28,040	46,976	75,016
Deferred outflows - OPEB	179	—	179
Deferred outflows - PPP	—	106,810	106,810
<b>Total deferred outflows of resources</b>	<b>29,372</b>	<b>153,951</b>	<b>183,323</b>
<b>Liabilities</b>			
Accounts payable	110,355	67,663	178,018
Accrued payroll and related items	2,924	7,856	10,780
Accrued interest payable	12,304	928	13,232
Due to other governments	36,085	4,102	40,187
Unearned revenue	894	31,215	32,109
Other liabilities	120	141	261
Noncurrent liabilities:			
Due within one year	26,515	35,419	61,934
Due in more than one year	629,278	796,371	1,425,649
Total OPEB liability	887	1,904	2,791
Net pension liability	57,642	150,183	207,825
<b>Total liabilities</b>	<b>877,004</b>	<b>1,095,782</b>	<b>1,972,786</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows on refunding	—	7,110	7,110
Deferred inflows - pensions	8,845	14,858	23,703
Deferred inflows - OPEB	39	120	159
Deferred inflows - leases	3,276	11	3,287
<b>Total deferred inflows of resources</b>	<b>12,160</b>	<b>22,099</b>	<b>34,259</b>
<b>Net Position</b>			
Net investment in capital assets	681,639	370,095	1,051,734
Restricted for:			
Measure M program	217,680	—	217,680
Measure M - Environmental Mitigation Program	28,425	—	28,425
Debt service	23,500	—	23,500
Transportation program	465,333	—	465,333
Pension benefits	20,612	—	20,612
Capital	—	5,000	5,000
Operating reserve	—	3,000	3,000
State of Good Repair Program	—	23,682	23,682
Unrestricted	16,134	859,053	875,187
<b>Total net position</b>	<b>\$ 1,453,323</b>	<b>\$ 1,260,830</b>	<b>\$ 2,714,153</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

<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
<b>Functions/Programs</b>								
<b>Primary government</b>								
<b>Governmental activities:</b>								
General government	\$ 111,528	\$ (92,546)	\$ 694	\$ 8,386	\$ 40,085	\$ 30,183	\$ —	\$ 30,183
Measure M program	371,900	30,096	1,046	50,466	—	(350,484)	—	(350,484)
Motorist services	9,772	1,125	—	6,435	—	(4,462)	—	(4,462)
<b>Total governmental activities</b>	<b>493,200</b>	<b>(61,325)</b>	<b>1,740</b>	<b>65,287</b>	<b>40,085</b>	<b>(324,763)</b>	<b>—</b>	<b>(324,763)</b>
<b>Business-type activities:</b>								
Fixed route	209,916	53,410	39,939	61,097	48,280	—	(114,010)	(114,010)
Paratransit	115,153	—	7,527	—	—	—	(107,626)	(107,626)
Tollroad	29,764	7,039	93,335	1,840	77	—	58,449	58,449
Fixed guideway	74	876	—	—	—	—	(950)	(950)
<b>Total business-type activities</b>	<b>354,907</b>	<b>61,325</b>	<b>140,801</b>	<b>62,937</b>	<b>48,357</b>	<b>—</b>	<b>(164,137)</b>	<b>(164,137)</b>
<b>Total primary government</b>	<b>\$ 848,107</b>	<b>\$ —</b>	<b>\$ 142,541</b>	<b>\$ 128,224</b>	<b>\$ 88,442</b>	<b>\$ (324,763)</b>	<b>\$ (164,137)</b>	<b>\$ (488,900)</b>

	Governmental Activities	Business-type Activities	Total
<b>General Revenues</b>			
Property taxes	\$ —	\$ 22,281	\$ 22,281
Sales taxes	700,434	—	700,434
Unrestricted investment earnings	81,699	53,490	135,189
Other miscellaneous revenues	1,064	9,790	10,854
<b>Transfers</b>	<b>(367,030)</b>	<b>367,030</b>	<b>—</b>
<b>Total general revenues and transfers</b>	<b>416,167</b>	<b>452,591</b>	<b>868,758</b>
<b>Change in net position</b>	<b>91,404</b>	<b>288,454</b>	<b>379,858</b>
Net position - beginning	1,361,919	972,376	2,334,295
<b>Net position - ending</b>	<b>\$ 1,453,323</b>	<b>\$ 1,260,830</b>	<b>\$ 2,714,153</b>

See accompanying notes to the financial statements.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Balance Sheet - Governmental Funds**  
**June 30, 2024**

<i>(amounts expressed in thousands)</i>	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 34,540	\$ 338,797	\$ 336,634	\$ 21,305	\$ 273	\$ 62,119	\$ 793,668
Receivables:							
Interest	(613)	5,230	5,063	69	2	560	10,311
Operating grants	1,985	26,193	—	—	—	—	28,178
Capital grants	125	1,960	—	—	4,297	—	6,382
Other	1,350	716	—	—	83	4	2,153
Due from other funds	374	16,846	—	—	49,933	78	67,231
Due from other governments	4,704	96,620	37,826	2,126	—	16,694	157,970
Condemnation deposits	—	8,619	—	—	—	—	8,619
Lease receivables	—	3,354	—	—	—	—	3,354
Note receivables	—	3,133	—	—	—	715	3,848
Restricted cash and investments:							
Investments	20,612	528,425	—	—	—	—	549,037
Prepaid retirement	14,145	—	—	—	—	—	14,145
Other assets	189	794	—	—	10,552	—	11,535
<b>Total Assets</b>	<b>77,411</b>	<b>1,030,687</b>	<b>379,523</b>	<b>23,500</b>	<b>65,140</b>	<b>80,170</b>	<b>1,656,431</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	4,997	48,347	79	—	56,063	883	110,369
Accrued payroll and related items	2,924	—	—	—	—	—	2,924
Compensated absences	34	—	—	—	—	—	34
Due to other funds	—	49,963	374	—	7,665	15,310	73,312
Due to other governments	152	35,456	235	—	195	46	36,084
Unearned revenue - other	620	274	—	—	—	—	894
Other liabilities	48	71	—	—	—	—	119
<b>Total Liabilities</b>	<b>8,775</b>	<b>134,111</b>	<b>688</b>	<b>—</b>	<b>63,923</b>	<b>16,239</b>	<b>223,736</b>
<b>Deferred Inflows of Resources</b>							
Deferred inflows - leases	—	3,276	—	—	—	—	3,276
Unavailable revenue - grants	3,072	43,062	—	—	1,217	—	47,351
Unavailable revenue - others	1	2,852	—	—	—	881	3,734
Unavailable revenue - ARTIC	—	1,255	—	—	—	—	1,255
<b>Total Deferred Inflows of Resources</b>	<b>3,073</b>	<b>50,445</b>	<b>—</b>	<b>—</b>	<b>1,217</b>	<b>881</b>	<b>55,616</b>
<b>Fund Balances</b>							
Nonspendable:							
Note receivable	—	1,878	—	—	—	—	1,878
Prepaid retirement	14,145	—	—	—	—	—	14,145
Other assets - deposits, prepaid	189	9,413	—	—	10,552	—	20,154
Restricted for:							
Transportation programs	23,448	834,840	378,835	—	—	59,677	1,296,800
Motorist services	—	—	—	—	—	3,373	3,373
Debt service	—	—	—	23,500	—	—	23,500
Pension benefits	20,612	—	—	—	—	—	20,612
Unassigned	7,169	—	—	—	(10,552)	—	(3,383)
<b>Total Fund Balances</b>	<b>65,563</b>	<b>846,131</b>	<b>378,835</b>	<b>23,500</b>	<b>—</b>	<b>63,050</b>	<b>1,377,079</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 77,411</b>	<b>\$ 1,030,687</b>	<b>\$ 379,523</b>	<b>\$ 23,500</b>	<b>\$ 65,140</b>	<b>\$ 80,170</b>	<b>\$ 1,656,431</b>

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, 2024**

*(amounts expressed in thousands)*

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

<b>Total fund balances (page 18)</b>	<b>\$ 1,377,079</b>
Prepaid SBITA assets are not current financial resources and, therefore, are not reported in the funds.	4,911
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	681,639
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.	20,615
Revenue that was earned but not collected within the availability period has not been recognized in the governmental funds.	52,340
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.	1,153
Deferred outflows of resources related to pensions are not available to pay for current period expenditures and, therefore, are not reported in the funds.	28,040
Deferred outflows of resources related to OPEB are not available to pay for current period expenditures and, therefore, are not reported in the funds.	179
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.	1,615
Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds.	(12,305)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(887)
Long-term liabilities related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.	(57,642)
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.	(8,884)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(634,530)
<b>Net position of governmental activities (page 16)</b>	<b>\$ 1,453,323</b>

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, 2024**

<i>(amounts expressed in thousands)</i>	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Sales tax revenue	\$ —	\$ 431,412	\$ 219,233	\$ —	\$ —	\$ 49,788	\$ 700,433
Transportation improvement fee	—	—	—	—	—	7,115	7,115
Vehicle registration fees	—	—	—	—	—	3,013	3,013
Fines	145	—	—	—	—	—	145
Contributions from other agencies	7,333	29,100	—	—	—	4,258	40,691
Interest and investment earnings	6,266	44,725	23,075	7,012	—	2,500	83,578
Capital assistance grants	1,273	—	—	—	30,675	—	31,948
Miscellaneous	1,050	1,013	—	—	—	11	2,074
<b>Total revenues</b>	<b>16,067</b>	<b>506,250</b>	<b>242,308</b>	<b>7,012</b>	<b>30,675</b>	<b>66,685</b>	<b>868,997</b>
<b>Expenditures</b>							
Current:							
General government	13,176	114,748	2,134	—	3,894	10,880	144,832
Transportation:							
Contributions to other local agencies	1,164	100,935	3,095	—	195	—	105,389
Capital outlay	2,080	160,479	—	—	99,727	36	262,322
Debt service:							
Principal	—	—	—	20,920	—	—	20,920
Interest	—	4	—	33,952	—	—	33,956
<b>Total expenditures</b>	<b>16,420</b>	<b>376,166</b>	<b>5,229</b>	<b>54,872</b>	<b>103,816</b>	<b>10,916</b>	<b>567,419</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(353)</b>	<b>130,084</b>	<b>237,079</b>	<b>(47,860)</b>	<b>(73,141)</b>	<b>55,769</b>	<b>301,578</b>
<b>Other financing sources (uses)</b>							
Transfers in	5,076	53,160	—	51,397	74,201	5,410	189,244
Transfers out	(22,174)	(266,563)	(199,294)	(11,340)	—	(56,904)	(556,275)
<b>Total other financing sources (uses)</b>	<b>(17,098)</b>	<b>(213,403)</b>	<b>(199,294)</b>	<b>40,057</b>	<b>74,201</b>	<b>(51,494)</b>	<b>(367,031)</b>
<b>Net change in fund balances</b>	<b>(17,451)</b>	<b>(83,319)</b>	<b>37,785</b>	<b>(7,803)</b>	<b>1,060</b>	<b>4,275</b>	<b>(65,453)</b>
Fund balances - beginning	83,014	929,450	341,050	31,303	(1,060)	58,775	1,442,532
<b>Fund balances - ending</b>	<b>\$ 65,563</b>	<b>\$ 846,131</b>	<b>\$ 378,835</b>	<b>\$ 23,500</b>	<b>\$ —</b>	<b>\$ 63,050</b>	<b>\$ 1,377,079</b>

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, 2024**

*(amounts expressed in thousands)*

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

<b>Net change in fund balances - total governmental funds (page 20)</b>	<b>\$</b>	<b>(65,453)</b>
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.		95,200
The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, and donations) is to increase net position.		4,650
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.		20,728
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.		24,022
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.		4,783
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.		6,808
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.		666
		666
<b>Change in net position of governmental activities (page 17)</b>	<b>\$</b>	<b><u>91,404</u></b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor- OC Streetcar	Total Enterprise Funds	Internal Service Funds
<b>Assets</b>						
<b>Current assets:</b>						
Cash and investments	\$ 750,493	\$ 303,865	\$ 89,707	\$ —	\$ 1,144,065	\$ 59,040
Receivables:						
Interest	6,536	2,841	849	—	10,226	657
Operating grants	7,171	—	—	—	7,171	—
Capital grants	2,838	—	—	—	2,838	—
Violations, net	—	6,021	552	—	6,573	—
Farebox	215	—	—	—	215	—
Other	2,451	1,737	11,210	—	15,398	465
Due from other funds	15,310	—	—	10	15,320	—
Due from other governments	5,809	83	—	—	5,892	—
Condemnation deposits	—	—	203	—	203	—
Lease receivables	13	—	—	—	13	—
Inventory	5,642	—	—	—	5,642	—
Prepaid retirement	24,589	—	—	—	24,589	—
Other assets	226	11	33	—	270	838
<b>Total current assets</b>	<b>821,293</b>	<b>314,558</b>	<b>102,554</b>	<b>10</b>	<b>1,238,415</b>	<b>61,000</b>
<b>Noncurrent assets:</b>						
Restricted cash and investments:						
Cash equivalents	23,682	13,453	—	—	37,135	—
Long-term violation receivables, net	—	4,738	45	—	4,783	—
Capital assets, net:						
Nondepreciable	69,108	4,327	27,598	—	101,033	—
Depreciable and amortizable	243,121	115,225	434,888	—	793,234	—
<b>Total noncurrent assets</b>	<b>335,911</b>	<b>137,743</b>	<b>462,531</b>	<b>—</b>	<b>936,185</b>	<b>—</b>
<b>Total assets</b>	<b>1,157,204</b>	<b>452,301</b>	<b>565,085</b>	<b>10</b>	<b>2,174,600</b>	<b>61,000</b>
<b>Deferred outflows of resources</b>						
Deferred charge on refunding	—	165	—	—	165	—
Deferred outflows - pensions	46,976	—	—	—	46,976	—
Deferred outflows - PPP	—	—	106,810	—	106,810	—
<b>Total deferred outflows of resources</b>	<b>46,976</b>	<b>165</b>	<b>106,810</b>	<b>—</b>	<b>153,951</b>	<b>—</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Statement of Net Position  
Proprietary Funds, Continued  
June 30, 2024**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor- OC Streetcar	Total Enterprise Funds	Internal Service Funds
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 46,566	\$ 5,419	\$ 14,702	\$ 10	\$ 66,697	\$ 961
Accrued payroll and related items	7,856	—	—	—	7,856	—
Accrued interest	1	897	30	—	928	—
Due to other funds	58	9,181	—	—	9,239	—
Claims payable	—	—	—	—	—	4,181
Due to other governments	2,321	1,294	487	—	4,102	—
Unearned revenue	20,467	10,296	452	—	31,215	—
Total OPEB liability	125	—	—	—	125	—
Other liabilities	2	120	19	—	141	—
Current portion of long-term liabilities	7,926	5,820	—	—	13,746	—
Lease liabilities	—	390	56	—	446	—
Subscription liabilities	55	—	—	—	55	—
<b>Total current liabilities</b>	<b>85,377</b>	<b>33,417</b>	<b>15,746</b>	<b>10</b>	<b>134,550</b>	<b>5,142</b>
<b>Noncurrent liabilities:</b>						
Claims payable	—	—	—	—	—	17,492
Total OPEB liability	1,779	—	—	—	1,779	—
Net pension liability	150,183	—	—	—	150,183	—
Other long-term liabilities	1,146	45,734	740,746	—	787,626	—
Lease liabilities	—	2,285	5,761	—	8,046	—
Subscription liabilities	199	—	—	—	199	—
<b>Total noncurrent liabilities</b>	<b>153,307</b>	<b>48,019</b>	<b>746,507</b>	<b>—</b>	<b>947,833</b>	<b>17,492</b>
<b>Total liabilities</b>	<b>238,684</b>	<b>81,436</b>	<b>762,253</b>	<b>10</b>	<b>1,082,383</b>	<b>22,634</b>
<b>Deferred inflows of resources</b>						
Deferred inflows - pensions	14,858	—	—	—	14,858	—
Deferred inflows - OPEB	120	—	—	—	120	—
Deferred inflows on refunding	—	—	7,110	—	7,110	—
Deferred inflows - leases	11	—	—	—	11	—
<b>Total deferred inflows of resources</b>	<b>14,989</b>	<b>—</b>	<b>7,110</b>	<b>—</b>	<b>22,099</b>	<b>—</b>
<b>Net position</b>						
Net investment in capital assets	311,462	70,704	(12,071)	—	370,095	—
Restricted for:						
Debt service	—	—	—	—	—	—
Capital	—	5,000	—	—	5,000	—
Operating reserves	—	3,000	—	—	3,000	—
State of Good Repair Program	23,682	—	—	—	23,682	—
Unrestricted	615,363	292,326	(85,397)	—	822,292	38,366
<b>Total net position</b>	<b>\$ 950,507</b>	<b>\$ 371,030</b>	<b>\$ (97,468)</b>	<b>\$ —</b>	<b>\$ 1,224,069</b>	<b>\$ 38,366</b>

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, 2024**

*(amounts expressed in thousands)*

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

<b>Total net position (page 23)</b>	<b>\$ 1,224,069</b>
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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.

36,761

<b>Net position of business-type activities (page 16)</b>	<b><u><u>\$ 1,260,830</u></u></b>
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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, 2024**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor- OC Streetcar	Total Enterprise Funds	Internal Service Funds
<b>Operating revenues:</b>						
User fees and charges	\$ 33,415	\$ 73,668	\$ 17,180	\$ —	\$ 124,263	\$ —
Charges for services	3,057	—	—	—	3,057	11,031
<b>Total operating revenues</b>	<b>36,472</b>	<b>73,668</b>	<b>17,180</b>	<b>—</b>	<b>127,320</b>	<b>11,031</b>
<b>Operating expenses:</b>						
Wages, salaries and benefits	119,960	—	—	—	119,960	—
Maintenance, parts and fuel	22,528	—	—	—	22,528	—
Purchased services	103,786	5,875	4,052	—	113,713	—
Administrative services	53,120	3,685	3,353	876	61,034	291
Other	6,510	19	233	—	6,762	523
Insurance claims and premiums	—	598	63	—	661	8,616
Professional services	25,497	4,375	7,978	74	37,924	1,445
General and administrative	4,516	333	331	—	5,180	—
Depreciation and amortization	32,431	5,078	8,314	—	45,823	—
<b>Total operating expenses</b>	<b>368,348</b>	<b>19,963</b>	<b>24,324</b>	<b>950</b>	<b>413,585</b>	<b>10,875</b>
<b>Operating income (loss)</b>	<b>(331,876)</b>	<b>53,705</b>	<b>(7,144)</b>	<b>(950)</b>	<b>(286,265)</b>	<b>156</b>
<b>Nonoperating revenues (expenses):</b>						
State transit assistance	6,708	—	—	—	6,708	—
Federal operating assistance grants	54,336	—	—	—	54,336	—
Property taxes allocated by the County of Orange	22,281	—	—	—	22,281	—
Investment earnings	32,433	14,770	3,411	—	50,614	2,876
Interest income (expense)	(11)	(1,875)	11,848	—	9,962	—
Other	10,208	425	1,492	—	12,125	361
<b>Total nonoperating revenues</b>	<b>125,955</b>	<b>13,320</b>	<b>16,751</b>	<b>—</b>	<b>156,026</b>	<b>3,237</b>
<b>Income (loss) before contributions and transfers</b>	<b>(205,921)</b>	<b>67,025</b>	<b>9,607</b>	<b>(950)</b>	<b>(130,239)</b>	<b>3,393</b>
Capital contributions	48,333	—	—	—	48,333	—
Transfers in	261,042	—	125,222	950	387,214	—
Transfers out	(4,940)	(15,243)	—	—	(20,183)	—
<b>Change in net position</b>	<b>98,514</b>	<b>51,782</b>	<b>134,829</b>	<b>—</b>	<b>285,125</b>	<b>3,393</b>
Total net position - beginning	851,993	319,248	(232,297)	—	938,944	34,973
<b>Total net position - ending</b>	<b>\$ 950,507</b>	<b>\$ 371,030</b>	<b>\$ (97,468)</b>	<b>\$ —</b>	<b>\$ 1,224,069</b>	<b>\$ 38,366</b>

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, 2024**

*(amounts expressed in thousands)*

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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)** **\$ 285,125**

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. 3,329

**Change in net position of business-type activities (page 17)** **\$ 288,454**

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor -OC Streetcar	Total	Internal Service Funds
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 33,152	\$ 70,342	\$ 5,844	\$ —	\$ 109,338	\$ —
Receipts from interfund services provided	—	—	—	—	—	11,549
Payments to suppliers	(177,608)	(16,511)	(12,328)	(74)	(206,521)	(1,287)
Payments to claimants	—	—	—	—	—	(8,234)
Payments to employees	(131,047)	—	—	—	(131,047)	—
Payments for interfund services used	(56,105)	(3,685)	(3,353)	(876)	(64,019)	(291)
Advertising revenue received	6,570	—	—	—	6,570	—
Miscellaneous revenue received	5,548	425	1,492	—	7,465	361
<b>Net cash provided by (used for) operating activities</b>	<b>(319,490)</b>	<b>50,571</b>	<b>(8,345)</b>	<b>(950)</b>	<b>(278,214)</b>	<b>2,098</b>
<b>Cash flows from noncapital financing activities:</b>						
Operating assistance grants received	51,120	—	—	—	51,120	—
Property taxes received	23,290	—	—	—	23,290	—
Reimbursement from other governments	—	254	—	—	254	—
State transit assistance funds received	8,416	—	—	—	8,416	—
Transfers from other funds	255,568	—	125,222	950	381,740	—
Transfers to other funds	(5,056)	(9,953)	—	—	(15,009)	—
Advance to/from other funds	—	—	(4,812)	—	(4,812)	—
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>333,338</b>	<b>(9,699)</b>	<b>120,410</b>	<b>950</b>	<b>444,999</b>	<b>—</b>
<b>Cash flows from capital and related financing activities:</b>						
Capital grants for acquisition and construction of capital assets	85,826	—	—	—	85,826	—
Principal payment on long-term debt	—	(19,273)	—	—	(19,273)	—
Interest paid on long-term debt	—	(2,872)	(420)	—	(3,292)	—
Acquisition and construction of capital assets	(49,501)	(1,501)	(24,381)	—	(75,383)	—
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>36,325</b>	<b>(23,646)</b>	<b>(24,801)</b>	<b>—</b>	<b>(12,122)</b>	<b>—</b>
<b>Cash flows from investing activities:</b>						
Investment earnings	30,408	13,804	2,393	—	46,605	2,681
<b>Net cash provided by investing activities</b>	<b>30,408</b>	<b>13,804</b>	<b>2,393</b>	<b>—</b>	<b>46,605</b>	<b>2,681</b>
<b>Net increase in cash and cash equivalents</b>	<b>80,581</b>	<b>31,030</b>	<b>89,657</b>	<b>—</b>	<b>201,268</b>	<b>4,779</b>
Cash and cash equivalents at beginning of year	693,594	286,288	50	—	979,932	54,261
<b>Cash and cash equivalents at end of year</b>	<b>\$774,175</b>	<b>\$317,318</b>	<b>\$ 89,707</b>	<b>\$ —</b>	<b>\$1,181,200</b>	<b>\$ 59,040</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Funds, Continued**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor -OC Streetcar	Total	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>						
Operating income (loss)	\$(331,876)	\$ 53,705	\$ (7,144)	\$ (950)	\$(286,265)	\$ 156
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>						
Depreciation expense	32,431	2,491	8,314	—	43,236	—
Amortization of franchise agreement	—	2,587	—	—	2,587	—
Advertising revenue	3,054	—	—	—	3,054	—
Miscellaneous	7,154	425	1,492	—	9,071	—
Insurance recoveries	—	—	—	—	—	361
<b>Change in assets and liabilities:</b>						
Receivables	266	(3,474)	(11,807)	—	(15,015)	59
Due from other governments	(1,735)	—	—	—	(1,735)	—
Inventory	(425)	—	—	—	(425)	—
Prepaid retirement	(3,140)	—	—	—	(3,140)	—
Other assets	(115)	457	(33)	—	309	518
Deferred outflows of resources - pensions	(2,716)	—	—	—	(2,716)	—
Deferred outflows of resources - OPEB	(40)	—	—	—	(40)	—
Accounts payable	(17,858)	(6,007)	456	—	(23,409)	158
Accrued payroll and related items	818	—	—	—	818	—
Compensated absences	223	—	—	—	223	—
Claims payable	—	—	—	—	—	846
Due to other governments	690	237	(94)	—	833	—
Unearned revenue	—	49	452	—	501	—
Other liabilities	—	101	19	—	120	—
Total OPEB liability	182	—	—	—	182	—
Net pension liability	285	—	—	—	285	—
Deferred inflows of resources - pensions	(6,577)	—	—	—	(6,577)	—
Deferred inflows of resources - OPEB	(111)	—	—	—	(111)	—
Total adjustments	12,386	(3,134)	(1,201)	—	8,051	1,942
<b>Net cash provided by (used for) operating activities</b>	<b>(319,490)</b>	<b>50,571</b>	<b>(8,345)</b>	<b>(950)</b>	<b>(278,214)</b>	<b>2,098</b>
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>						
Cash and investments	750,493	303,865	89,707	—	1,144,065	59,040
Restricted cash and cash equivalents	23,682	13,453	—	—	37,135	—
<b>Total cash and cash equivalents</b>	<b>\$ 774,175</b>	<b>\$ 317,318</b>	<b>\$ 89,707</b>	<b>\$ —</b>	<b>\$ 1,181,200</b>	<b>\$ 59,040</b>
<b>Noncash capital, financing and investing activities:</b>						
Proceeds from issuance of long term debt	\$ —	\$ 47,545	\$ —	\$ —	\$ 47,545	\$ —
Principal payment on long-term debt	—	(52,147)	—	—	(52,147)	—
Unrealized investment earnings	1,971	944	—	—	2,915	(192)
Amortization of bond premium	—	(794)	—	—	(794)	—
Amortization of deferred amount on refunding	—	695	—	—	695	—
Interest accretion on TIFIA loan	—	—	12,167	—	12,167	—
Capital assets accrued in accounts payable	(21,739)	—	3,478	—	(18,261)	—
Amortization of deferred outflows - PPP	—	—	(1,581)	—	(1,581)	—

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(amounts expressed in thousands)**

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**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.

## ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

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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 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 91/405 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, 2024, interest expense (income) of \$30,854 and \$(9,962), 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

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

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in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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. Effective in fiscal year 2023-24, the Common Urban Rail Endowment (CURE) fund previously reported under the General fund is transferred to LTA fund.
- **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.
- **405 Express Lanes Fund** – Prior to December 1, 2023, this fund accounts for the construction of the 405 Express Lanes. The primary sources of funding during the construction phase are the TIFIA Loan and BAN 2021 Series (refunded). Effective December 1, 2023, following the substantial completion of the construction of the 405 Express Lanes, this fund accounts for the operations of the 405 Express Lanes. The primary source of funding for the operations is toll revenues and related fees.

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

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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.

**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 and 405 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, 2023. 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, 2024, 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

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

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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 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.



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

---

**Receivables**

Receivables include an estimate for outstanding unpaid violations of the 91 and 405 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. For those violations in excess of 90 days, the receivable is estimated using a three-year average of violations collected and is recorded net, as the majority is not considered probable of collection. Additionally, the 91 and 405 Express Lanes records a receivable for amounts owed from customers net of an allowance.

Since the 405 Express Lanes has only been in operation for less than a year, there is no sufficient collection history to determine the collection percentage. Due to the similarities between the 91 and 405 Express Lanes, OCTA used the collection percentage from the 91 Express Lanes to estimate the outstanding unpaid violations for the 405 Express Lanes for fiscal year 2023-24.

**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 2023-24 fiscal year, \$94,974 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 \$11,031 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 7.00% discount to employers for early payment of employer contributions. OCTA elected to prepay employer contributions for fiscal year 2024-25 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).

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

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**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. 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, infrastructure, 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

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

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. OCTA also capitalizes assets whose individual acquisition costs are less than the threshold for an individual asset, but are significant in aggregate.

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 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:

<b>Asset Type</b>	<b>Useful Life</b>
Buildings and improvements	10-30 years
Infrastructure	50 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.

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

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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 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.

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

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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 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 four 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. The fourth item is the deferred outflow related to Public-Public Partnerships (PPP) which is measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. This amount is deferred and amortized over the shorter of the PPP term or the useful life of the underlying PPP asset. Refer to note 12 for information related to amortization of deferred outflows of resources related to PPP.

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

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

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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.

**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 and 405 Express Lanes enterprise

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

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funds have 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.

**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 \$787,232 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.

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

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- **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.

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 \$681,639 difference are as follows:



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

Capital assets	\$ 726,086
Less accumulated depreciation	(23,218)
Less lease and subscription liabilities	<u>(21,229)</u>
<b>Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities</b>	<b><u><u>\$ 681,639</u></u></b>

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 \$(634,530) difference are as follows:

Bonds payable	\$ (569,315)
Plus unamortized bond issuance premium (to be amortized to interest expense)	(52,512)
Administrative headquarters’ rent holiday	(3,839)
Compensated absences	<u>(8,864)</u>
<b>Net adjustment to decrease fund balance – total governmental funds to arrive at net position – governmental activities</b>	<b><u><u>\$ (634,530)</u></u></b>

**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 \$95,200 difference are as follows:

Capital outlay	\$ 101,201
Depreciation expense	<u>(6,001)</u>
<b>Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities</b>	<b><u><u>\$ 95,200</u></u></b>

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 \$24,022 difference are as follows:

Principal repayments	\$ 20,920
Change in accrued interest	395
Amortization of premium/deferred charge on refunding	<u>2,707</u>
<b>Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities</b>	<b><u><u>\$ 24,022</u></u></b>

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

**3. CASH AND INVESTMENTS**

Cash and investments are comprised of the following at June 30, 2024:

<b>Cash:</b>	
Deposits	\$ 17,978
Petty Cash	7
<b>Total Cash</b>	<b>17,985</b>
 <b>Investments:</b>	
Orange County Treasurer	17,293
LAIF	6,929
Trustee	495,821
Custodian	2,016,492
CA Community Foundation (CCF)	28,425
<b>Total Investments</b>	<b>2,564,960</b>
<b>Total Cash and Investments</b>	<b>\$ 2,582,945</b>

Total cash and investments are reported in the following funds:

<b>Unrestricted Cash and Investments:</b>	
Governmental Funds	\$ 793,668
Proprietary Funds:	
Enterprise Funds	1,144,065
Internal Service Funds	59,040
<b>Restricted Cash and Investments:</b>	
Governmental Funds	549,037
Proprietary Funds:	
Enterprise Funds	37,135
<b>Total Cash and Investments</b>	<b>\$ 2,582,945</b>

Restricted investments represent reserves for debt service, capital and operations.

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

As of June 30, 2024, 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*	\$ 17,293	2.615% - 4.310%	1 day - 5 years	1.115
Local Agency Investment Fund*	6,929	3.167% - 4.480%	217 - 260 Days	0.595
U. S. Treasuries	890,268	0.250% - 4.625%	07/15/24 - 05/31/29	2.074
U. S. Agency Notes	264,310	0.375% - 5.625%	09/25/24 - 04/30/29	2.082
Medium Term Notes	356,122	0.625% - 5.882%	07/15/24 - 11/15/28	1.954
Variable Rate Notes	144,974	0.768% - 6.615%	09/01/24 - 08/25/28	2.437
Mortgage & Asset Backed Securities	282,812	0.300% - 6.510%	07/21/25 - 06/20/29	3.510
Money Market Funds *	428,423	4.930% - 5.240%	07/01/2024	0.003
Municipal Debt	26,359	0.873% - 5.540%	07/01/24 - 07/01/28	1.852
Commercial Paper *	49,014	5.310% - 5.370%	09/10/24 - 12/27/24	0.344
Negotiable CD*	53,349	4.760% - 5.900%	07/02/24 - 02/01/27	0.757
CCF Investment Fund	28,425	NA	NA	NA
Supranational	16,682	0.500% - 4.500%	09/23/24 - 01/15/27	1.413
<b>Total Investments</b>	<b><u>\$ 2,564,960</u></b>			

Portfolio Weighted 1.767

\* 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, 2024, 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**

Investments by Fair Value Level	Total	Fair Value Measurement using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 890,268	\$ —	\$ 890,268	\$ —
U.S. Agency Notes	264,310	—	264,310	—
Medium Term Notes	356,122	—	356,122	—
Mortgage & Asset Backed Securities	282,812	—	282,812	—
Variable Rate Notes	144,974	—	144,974	—
Municipal Debt	26,359	—	26,359	—
CCF Investment Fund	28,425	—	—	28,425
Supranationals	16,682	—	16,682	—
<b>Total Leveled Investments</b>	<b>\$ 2,009,952</b>	<b>\$ —</b>	<b>\$ 1,981,527</b>	<b>\$ 28,425</b>

**Investments Not Subject to the Fair Value Hierarchy**

Money Market Funds	\$ 428,423
Orange County Investment Pool	17,293
Local Agency Investment Fund	6,929
Commercial Paper	49,014
Negotiable Certificate of Deposit	53,349
<b>Total Investments Not Subject to the Fair Value Hierarchy</b>	<b>555,008</b>
<b>Total Investments</b>	<b>\$ 2,564,960</b>

**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, 2024, mortgage and asset-backed securities totaled \$282,812. 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).

**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

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

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, 2024, 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, 2024 (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U.S. government):

<b>Investments</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>% of Portfolio</b>
CA Community Foundation Fund	NR	NR	1.11%
Orange County Investment Pool	NR	NR	0.67%
Local Agency Investment Fund	NR	NR	0.27%
U.S. Treasuries	NR	NR	34.71%
U.S. Agency Notes	NR	NR	10.30%
<b>Medium Term Notes</b>			
Corporate Notes	AA	Aaa	1.18%
Corporate Notes	AA	Aa	1.87%
Corporate Notes	AA	A	0.58%
Corporate Notes	A	Aa	1.68%
Corporate Notes	A	A	7.50%
Corporate Notes	A	Baa	0.17%
F&G Global Funding	A	NR	0.08%
Corporate Notes	BBB	A	0.48%
Corporate Notes	BBB	Baa	0.35%
<b>Mortgage and Asset-Backed Securities</b>			
Securities	AAA	Aaa	2.37%
Securities	AAA	NR	5.27%
Securities	AA	NR	0.06%
Securities	NR	Aaa	3.31%
Ford	NR	Aa	0.02%

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

<b>Investments</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>% of Portfolio</b>
<b>Variable Rate Notes</b>			
Notes	AA	Aaa	1.56%
Morgan Stanley	A	Aa	0.08%
Notes	A	A	3.04%
Notes	A	Baa	0.25%
Notes	BBB	A	0.70%
Nextera Energy	BBB	Baa	0.02%
Money Market Funds	AAA	Aaa	16.7%
<b>Municipal Bonds</b>			
Alabama Federal Aid Hwy	AAA	Aa	0.05%
Los Angeles CA Community College	AA	Aaa	0.08%
Various Agencies	AA	Aa	0.06%
New Jersey St Turnpike Authority	AA	A	0.03%
Various Agencies	AA	NR	0.18%
Various Agencies	A	Aa	0.25%
Various Agencies	A	A	0.09%
Various Agencies	NR	Aa	0.29%
<b>Commercial Paper</b>			
Barclays & Natixis	A-1	P-1	1.91%
<b>Certificate of Deposit</b>			
Various	AA	Aa	0.37%
Various	A	Aa	1.26%
Various	A	A	0.45%
<b>Supranational</b>			
Various	AAA	Aaa	0.65%
<b>Total</b>			<b>100%</b>

**Concentration of Credit Risk**

At June 30, 2024, OCTA did not exceed the Policy maximum concentrations. 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, 2024:

<b>Issuer</b>	<b>Amount</b>	<b>% of OCTA's Portfolio</b>
Federal Home Loan Mortgage Corporation	\$ 133,817	5.22 %

**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 2023-24 total \$74,846. A receivable of \$35,349 is outstanding as of June 30, 2024.

**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 2023-24 related to capital investments total \$—. A receivable of \$9,220 is outstanding as of June 30, 2024.

**Local Transportation Fund**

In fiscal year 2023-24, 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 2023-24, OCTA became entitled to \$199,294 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 \$49,788 and \$7,115 in STA and SGR respectively, in fiscal year 2023-24.

**5. DUE FROM/TO OTHER GOVERNMENTS**

Amounts due from other governments as of June 30, 2024 in the fund financial statements are as follows:

Receivables:	Governmental Funds					Enterprise Funds			Total
	General	LTA	LTF	LTA Debt Service	Nonmajor Funds	OCTD	91 EL		
Sales taxes	\$ —	\$ 71,011	\$ 37,826	\$ —	\$ 15,310	\$ —	\$ —	\$ 124,147	
Projects	25	25,280	—	2,126	—	12	—	27,443	
Other	4,679	329	—	—	1,384	5,797	83	12,272	
<b>Total</b>	<b>\$ 4,704</b>	<b>\$ 96,620</b>	<b>\$ 37,826</b>	<b>\$ 2,126</b>	<b>\$ 16,694</b>	<b>\$ 5,809</b>	<b>\$ 83</b>	<b>\$ 163,862</b>	

Amounts due to other governments as of June 30, 2024 are as follows:

Payables:	Governmental Funds					Enterprise Funds				Total
	General	LTA	LTF	General Capital Project	Nonmajor Funds	OCTD	91 EL	405 EL		
Projects	\$ —	\$ 35,183	\$ 235	\$ 195	\$ —	\$ 824	\$ 17	\$ 487	\$ 36,941	
Use taxes	—	—	—	—	—	6	—	—	6	
Other	152	274	—	—	46	1,491	1,277	—	3,240	
<b>Total</b>	<b>\$ 152</b>	<b>\$ 35,457</b>	<b>\$ 235</b>	<b>\$ 195</b>	<b>\$ 46</b>	<b>\$ 2,321</b>	<b>\$ 1,294</b>	<b>\$ 487</b>	<b>\$ 40,187</b>	



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

**6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

The composition of interfund balances at June 30, 2024 is as follows:

**Due to/from other funds:**

Payable Funds	Receivable Funds						Total
	General	LTA	General Capital Project	Nonmajor Governmental	OCTD	Nonmajor Enterprise	
LTA	\$ —	\$ —	\$ 49,875	\$ 78	\$ —	\$ 10	\$ 49,963
LTF	374	—	—	—	—	—	374
General Capital Project	—	7,665	—	—	—	—	7,665
Nonmajor Governmental	—	—	—	—	15,310	—	15,310
OCTD	—	—	58	—	—	—	58
91 EL	—	9,181	—	—	—	—	9,181
<b>Total</b>	<b>\$ 374</b>	<b>\$ 16,846</b>	<b>\$ 49,933</b>	<b>\$ 78</b>	<b>\$ 15,310</b>	<b>\$ 10</b>	<b>\$ 82,551</b>

The due to/from other funds arise due to short-term funding for certain projects, operations, and temporary cash deficit. These projects include ARTIC, 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	Nonmajor Governmental	OCTD	405 Express Lanes	Nonmajor Enterprise	
General	\$ —	\$ 22,174	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 22,174
LTA	—	—	51,397	73,664	5,410	9,920	125,222	950	266,563
LTF	5,076	—	—	—	—	194,218	—	—	199,294
LTA Debt Service	—	11,340	—	—	—	—	—	—	11,340
Nonmajor Governmental	—	—	—	—	—	56,904	—	—	56,904
OCTD	—	4,403	—	537	—	—	—	—	4,940
91 EL	—	15,243	—	—	—	—	—	—	15,243
<b>Total</b>	<b>\$ 5,076</b>	<b>\$ 53,160</b>	<b>\$ 51,397</b>	<b>\$ 74,201</b>	<b>\$ 5,410</b>	<b>\$ 261,042</b>	<b>\$ 125,222</b>	<b>\$ 950</b>	<b>\$ 576,458</b>

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. In fiscal year 2023-24, the Common Urban Rail Endowment (CURE) Fund's balances previously reported under the General fund was transferred to LTA fund.

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

**7. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 172,236	\$ —	\$ —	\$ —	\$ 172,236
Right-of-way improvements	7,300	—	—	—	7,300
Construction in progress	399,938	100,071	—	(42)	499,967
<b>Total capital assets, not being depreciated</b>	<b>579,474</b>	<b>100,071</b>	<b>—</b>	<b>(42)</b>	<b>679,503</b>
<b>Capital assets, being depreciated:</b>					
Building and improvements	2,003	—	—	—	2,003
Machinery, equipment and furniture	10,538	484	(794)	42	10,270
Intangible right-to-use (building)	32,006	—	—	—	32,006
Intangible right-to-use (equipment)	186	244	(186)	—	244
Intangible right-to-use (SBITA)	1,772	402	(114)	—	2,060
<b>Total capital assets, being depreciated</b>	<b>46,505</b>	<b>1,130</b>	<b>(1,094)</b>	<b>42</b>	<b>46,583</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(1,387)	(78)	—	—	(1,465)
Machinery, equipment and furniture	(7,891)	(852)	794	—	(7,949)
Intangible right-to-use (building)	(8,442)	(4,221)	—	—	(12,663)
Intangible right-to-use (equipment)	(166)	(55)	186	—	(35)
Intangible right-to-use (SBITA)	(425)	(795)	114	—	(1,106)
<b>Total accumulated depreciation</b>	<b>(18,311)</b>	<b>(6,001)</b>	<b>1,094</b>	<b>—</b>	<b>(23,218)</b>
<b>Total capital assets, being depreciated, net</b>	<b>28,194</b>	<b>(4,871)</b>	<b>—</b>	<b>42</b>	<b>23,365</b>
<b>Governmental activities capital assets, net</b>	<b>607,668</b>	<b>95,200</b>	<b>—</b>	<b>—</b>	<b>702,868</b>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	57,106	3,279	—	24,159	84,544
Construction in progress	480,473	31,645	—	(495,629)	16,489
<b>Total capital assets, not being depreciated</b>	<b>537,579</b>	<b>34,924</b>	<b>—</b>	<b>(471,470)</b>	<b>101,033</b>
<b>Capital assets, being depreciated and amortized:</b>					
Building and improvements	160,889	272	—	2,242	163,403
Infrastructure	—	—	(2,732)	409,019	406,287
Transit vehicles	367,581	27,839	(26,845)	46,438	415,013
Machinery, equipment and furniture	88,651	15,233	(859)	13,771	116,796
Intangible right-to-use (building)	9,646	—	(45)	—	9,601
Intangible right-to-use (SBITA)	680	—	—	—	680
Toll facility franchise	205,264	—	—	—	205,264
<b>Total capital assets, being depreciated and amortized</b>	<b>832,711</b>	<b>43,344</b>	<b>(30,481)</b>	<b>471,470</b>	<b>1,317,044</b>
<b>Less accumulated depreciation and amortization for:</b>					
Buildings and improvements	(105,112)	(5,509)	—	—	(110,621)
Infrastructure	—	(4,605)	—	—	(4,605)
Transit vehicles	(237,308)	(22,232)	26,644	—	(232,896)
Machinery, equipment and furniture	(68,245)	(8,384)	808	—	(75,821)
Intangible right-to-use (building)	(904)	(708)	—	—	(1,612)
Intangible right-to-use (SBITA)	(112)	(227)	—	—	(339)
Toll facility franchise	(95,330)	(2,586)	—	—	(97,916)
<b>Total accumulated depreciation and amortization</b>	<b>(507,011)</b>	<b>(44,251)</b>	<b>27,452</b>	<b>—</b>	<b>(523,810)</b>
<b>Total capital assets, being depreciated and amortized, net</b>	<b>325,700</b>	<b>(907)</b>	<b>(3,029)</b>	<b>471,470</b>	<b>793,234</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 863,279</b>	<b>\$ 34,017</b>	<b>\$ (3,029)</b>	<b>\$ —</b>	<b>\$ 894,267</b>

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

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

**Governmental activities:**

General Government	\$ 5,949
Motorist services	52
<b>Total</b>	<b><u><u>\$ 6,001</u></u></b>

**Business-type activities:**

Fixed route	\$ 28,671
Paratransit	3,768
Toll road	11,812
<b>Total</b>	<b><u><u>\$ 44,251</u></u></b>

**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.

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

**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 2023-24, OCTA has lease receivables comprised of six agreements, which OCTA is the lessor related to land. OCTA has recognized \$316 in lease revenue and \$24 in interest revenue during the current fiscal year related to these leases. As of June 30, 2024, OCTA has lease receivable in the amount of \$3,367. 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, 2024, the balance of the deferred inflow of resources is \$3,287. The following is a schedule of future minimum lease receivable as of June 30, 2024:

<b>Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 482	\$ 96	\$ 578
2026	504	77	581
2027	498	62	560
2028	492	49	541
2029	331	35	366
2030-2034	1,053	44	1,097
2035-2039	5	—	5
2040	2	—	2
<b>Total</b>	<b>\$ 3,367</b>	<b>\$ 363</b>	<b>\$ 3,730</b>

**Lease payables**

In fiscal year 2023-24, 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, 2024, OCTA has a lease liability in the amount of \$29,363. The value of the right-to-use assets as of the end of the current fiscal year is \$41,851 and has accumulated amortization of \$14,310. The following is a schedule of future minimum lease liabilities as of June 30, 2024:

<b>Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 4,686	\$ 719	\$ 5,405
2026	4,942	635	5,577
2027	5,087	548	5,635
2028	5,331	459	5,790
2029	3,477	370	3,847
2030-2034	1,611	1,528	3,139
2035-2039	1,965	1,054	3,019
2039-2043	2,264	289	2,553
<b>Total</b>	<b>\$ 29,363</b>	<b>\$ 5,602</b>	<b>\$ 34,965</b>

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

**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.

In fiscal year 2023-24, OCTA recorded subscription payable comprised of five agreements, which OCTA is a lessee for the use of IT arrangements. As of June 30, 2024, OCTA has a subscription liability in the amount of \$610. The value of the right-to-use assets as of the end of the current fiscal year is \$1,295 with accumulated amortization of \$1,022.

The following is a schedule of future minimum subscription liabilities as of June 30, 2024:

Year ending June 30,	Principal	Interest	Total
2025	\$ 322	\$ 24	\$ 346
2026	156	11	167
2027	82	4	86
2028	50	1	51
<b>Total</b>	<b>\$ 610</b>	<b>\$ 40</b>	<b>\$ 650</b>

**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 2022-23 and fiscal year 2023-24, 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:

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

	2024	2023
<b>General Liability</b>		
<b>Unpaid claims as of July 1</b>	<b>\$ 6,102</b>	<b>\$ 3,030</b>
Incurred claims (including claims incurred but not reported)	143	773
Payments	(469)	(794)
Increase in provision for prior years' events	574	3,093
<b>Unpaid claims at June 30</b>	<b>6,350</b>	<b>6,102</b>
<b>Workers' Compensation</b>		
<b>Unpaid claims as of July 1</b>	<b>14,725</b>	<b>16,327</b>
Incurred claims (including claims incurred but not reported)	1,165	582
Payments	(5,534)	(4,836)
Increase in provision for prior years' events	4,967	2,652
<b>Unpaid claims at June 30</b>	<b>15,323</b>	<b>14,725</b>
<b>Total unpaid claims at June 30</b>	<b>21,673</b>	<b>20,827</b>
Less current portion of unpaid claims	(4,181)	(3,870)
<b>Total long-term portion of unpaid claims</b>	<b>\$ 17,492</b>	<b>\$ 16,957</b>

**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  
NOTES TO THE FINANCIAL STATEMENTS**

A summary of the bonds outstanding is as follows:

	<b>2010 Series A (Taxable Build America Bonds)</b>	<b>2019 Series (Tax-Exempt Bonds)</b>
Issuance date	12/09/10	2/12/19
Original issue amount	\$ 293,540	\$ 376,690
Original issue premium	—	69,342
<b>Net Bond Proceeds</b>	<b>\$ 293,540</b>	<b>\$ 446,032</b>
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	\$ 319,315
Plus unamortized premium	—	52,512
<b>Total</b>	<b>\$ 250,000</b>	<b>\$ 371,827</b>

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2024, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 21,950	\$ 32,906
2026	23,630	31,722
2027	24,755	30,334
2028	25,935	28,881
2029	27,170	27,359
2030-2034	156,585	111,323
2035-2039	197,110	61,479
2040-2041	92,180	8,146
<b>Total</b>	<b>\$ 569,315</b>	<b>\$ 332,150</b>

**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.

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

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 91EL 2023 Bonds proceeds of \$47,545 and cash reserve of \$26,296, OCTA refunded and defeased the outstanding Series 2013 Bonds, which resulted in net present value cumulative savings of \$5,521.

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

	<b>2023 Series (Toll Road Revenue Bonds)</b>	
Issuance date		7/6/23
Closing date		7/6/23
<b>Original issue amount</b>	<b>\$</b>	<b>47,545</b>
Cash reserve requirements	\$	13,215
Cash reserve balance	\$	13,453
Interest rate range		5 %
Maturity		August 2030
Principal payment date		August 15
<b>Current balance</b>	<b>\$</b>	<b>47,545</b>
Unamortized premium	\$	4,009
Deferred amount on refunding	\$	4,159

\*Pursuant to the 2023 Toll Road Revenue Refunding Bonds Master Indenture of Trust and Supplemental Indentures, the following three reserve funds are required to be maintained: Senior Lien Reserve Fund \$5,215,000, Major Maintenance Reserve Fund \$5,000,000 and Operating Reserve Fund \$3,000,000. At June 30, 2024, all reserve requirements have been satisfied.

Annual debt service requirements on the tax-exempt bonds as of June 30, 2024, are as follows:

<b>Year ending June 30,</b>	<b>Principal</b>		<b>Interest</b>	
2025	\$	5,820	\$	2,232
2026		6,115		1,933
2027		6,430		1,620
2028		6,760		1,290
2029		7,105		943
2030-2031		15,315		775
<b>Total</b>	<b>\$</b>	<b>47,545</b>	<b>\$</b>	<b>8,793</b>

**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 as a direct borrowing with an interest rate of 1.95%. TIFIA loan was issued for the purpose of financing the I-405 Improvement Project, which includes the addition of one general-purpose lane and establishment of the 405 Express Lanes.

During the construction of the I-405 Improvement project, and for a period of up to five years following the substantial completion, interest on the TIFIA loan is capitalized and added to the initial TIFIA loan. The loan requires mandatory debt service payments at a minimum and scheduled debt service



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

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 under the loan agreement is \$0. In addition, OCTA prepaid \$15,219 of principal on the TIFIA Loan Agreement. As of June 30, 2024, the outstanding balance is \$632,355, including interest accretion of \$18,644.

The TIFIA loan is secured solely by toll revenues of the I-405 Express Lanes, which commenced operations 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.

In accordance with the projected TIFIA loan maturity schedule, the annual debt service requirements to maturity for the TIFIA loan payable throughout the term of the loan are as follows:

Year ending June 30,	Principal	Interest	Total
2025	\$ —	\$ —	\$ —
2026	—	—	—
2027	—	—	—
2028	—	6,589	6,589
2029	—	13,159	13,159
2030-2058	675,753	261,964	937,717
<b>Total</b>	<b>\$ 675,753</b>	<b>\$ 281,712</b>	<b>\$ 957,465</b>

**Changes in Long-Term Debt**

Long-term debt activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Governmental activities:</b>					
Sales tax revenue bonds	\$ 590,235	\$ —	\$ (20,920)	\$ 569,315	\$ 21,950
Unamortized premium	55,664	—	(3,152)	52,512	—
<b>Total governmental activities</b>	<b>645,899</b>	<b>—</b>	<b>(24,072)</b>	<b>621,827</b>	<b>21,950</b>
<b>Business-type activities:</b>					
Tax-exempt bonds	71,420	47,545	(71,420)	47,545	5,820
Unamortized premium	4,803	4,602	(5,395)	4,010	—
<b>Subtotal for Tax-exempt bonds</b>	<b>76,223</b>	<b>52,147</b>	<b>(76,815)</b>	<b>51,555</b>	<b>5,820</b>
TIFIA loan	613,711	—	—	613,711	—
Accreted interest	6,478	12,166	—	18,644	—
<b>Subtotal for TIFIA loan</b>	<b>620,189</b>	<b>12,166</b>	<b>—</b>	<b>632,355</b>	<b>—</b>
<b>Total business-type activities</b>	<b>\$ 696,412</b>	<b>\$ 64,313</b>	<b>\$ (76,815)</b>	<b>\$ 683,910</b>	<b>\$ 5,820</b>

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

**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, 2024, are indicated in the following table and OCTA is in compliance with the ratio per the debt agreement:

<b>Description of Pledged Revenue</b>	<b>Annual Amount of Net Pledged Revenue</b>	<b>Annual Debt Service Payments</b>	<b>Pledged Revenue Coverage</b>
Measure M2 Net Sales Tax Revenue	\$ 340,337	\$ 54,872	6.20
91 EL Net Toll Road Revenue	73,485	10,272	7.15
405 EL Net Toll Road Revenue	4,576	—	—

**12. PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS (PPP)**

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.

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. On December 1, 2023, the I-405 Improvement Project reached substantial completion and the 405 Express Lanes opened to public use. The value of the Toll Facility associated with the PPP arrangement recognized on December 1, 2023 was \$431,959. As of June 30, 2024, OCTA has recognized a liability measured based on the estimated carrying value of the Toll Facility at the end of

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

the 40-year term for \$108,391 and deferred outflows of resources related to the I-405 Improvement Projects in the amount of \$106,810.

**13. LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2024, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within one year</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 9,104	\$ 7,666	\$ (7,872)	\$ 8,898	\$ 34
Rent holiday	4,311	4,311	(4,783)	3,839	—
Lease liabilities	24,634	244	(4,006)	20,872	4,240
Subscription liabilities	623	237	(503)	357	291
<b>Total governmental activities</b>	<b>38,672</b>	<b>12,458</b>	<b>(17,164)</b>	<b>33,966</b>	<b>4,565</b>
<b>Business-type activities:</b>					
Claims payable	20,827	6,849	(6,003)	21,673	4,181
Compensated absences	8,849	11,152	(10,929)	9,072	7,926
Lease liabilities	8,914	—	(422)	8,492	446
Subscription liabilities	276	—	(23)	253	55
Liabilities - PPP asset due to transferor	—	108,391	—	108,391	—
<b>Total business-type activities</b>	<b>\$ 38,866</b>	<b>\$ 126,392</b>	<b>\$ (17,377)</b>	<b>\$ 147,881</b>	<b>\$ 12,608</b>

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, 2024 is presented below:

	<b>OCERS</b>
Deferred outflows of resources – pension	\$ 75,016
Net pension liability	207,825
Deferred inflows of resources – pension	23,703
Pension expense	16,467

**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

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

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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](http://www.ocers.org), or from its executive office: 2223 Wellington Avenue, Santa Ana, CA 92701.

**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, 2024 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, 2024.

Net pension liabilities will be paid from the general fund for governmental activities and from the OCTD enterprise fund for business-type activities.

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

As of June 30, 2024, OCTA reported a liability of \$207,825 for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2024, and determined by rolling forward the total pension liability (TPL) as of December 31, 2023 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, 2023, OCTA's proportion was 4.38%, which was an increase of 0.18% from its proportion measured as of December 31, 2023. For the year ended June 30, 2024, OCTA recognized pension expense of \$16,467.

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

At June 30, 2024, OCTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 15,685	\$ —
Net difference between projected and actual earnings on plan investments	19,061	—
Difference between expected and actual experience	32,212	23,703
Changes of assumptions	8,058	—
<b>Total</b>	<b>\$ 75,016</b>	<b>\$ 23,703</b>

Deferred outflows of resources related to contributions subsequent to the measurement date but before reporting period of \$15,685 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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, 2023. 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:

<b>Year ended June 30:</b>	<b>Increase (Decrease) in Pension Expense</b>
2025	\$ (899)
2026	7,968
2027	27,255
2028	(1,767)
2029	3,071
<b>Total</b>	<b>\$ 35,628</b>

**Actuarial Assumptions**

Following are the key methods and assumptions used for the TPL as of December 31, 2023:

Actuarial Experience Study	Three year period ending December 31, 2022
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	3.90% to 8.00%; vary by service, including inflation

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

Mortality Assumptions: The underlying mortality assumptions used in the TPL at December 31, 2023 were based on the results of the actuarial experience study for the period January 1, 2020 through December 31, 2022 using the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021, with age adjustments, and adjusted separately for healthy and disabled.

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 inflation, beginning with December 31, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return by weighting the expected arithmetic real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses (beginning with December 31, 2023, including only investment consulting fees, custodian fees, and other miscellaneous investment expenses).

For the prior year (table for December 31, 2022), these rates are before deducting investment management expenses while beginning December 31, 2023, they are after deducting applicable investment management expenses. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2023:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Arithmetic Real Rate of Return</b>
Global Equity	45.00%	7.05%
Investment Grade Bonds	9.00%	1.97%
High Yield Bond	0.50%	4.63%
TIPS	2.00%	1.77%
Emerging Market Debt	0.50%	4.72%
Long-Term Government Bonds	3.30%	2.82%
Real Estate	3.00%	3.86%
Private Equity	15.00%	9.84%
Private Credit	3.50%	6.47%
Value Added Real Estate	3.00%	7.38%
Opportunistic Real Estate	1.00%	9.74%
Energy	2.00%	10.89%
Infrastructure (Core Private)	1.00%	5.98%
Infrastructure (Non-Core Private)	3.00%	8.88%
Global Macro	1.70%	3.17%
CTA (Trend Following)	3.30%	3.15%
Alternative Risk Premia	1.70%	3.24%
Special Situations Lending	1.50%	8.96%
<b>Total</b>	<b>100.00%</b>	

Discount Rate: The discount rate used to measure the TPL was 7.00% as of December 31, 2023. 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

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

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, 2023.

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:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
OCTA's Proportionate Share of the NPL	\$ 373,417	\$ 207,825	\$ 72,459

**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

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

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

The 401(a) Plan is entirely funded by employer contributions. For the year ended June 30, 2024, OCTA contributed \$2,481 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, 2024, the implied subsidy was determined as part of the June 30, 2024 actuarial valuation. The estimated implied subsidy at June 30, 2024 was \$186.

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.

Employees covered by benefit terms: As of January 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Active employees	1,008
<b>Total participants covered by OPEB Plan</b>	<b>1,032</b>



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

**Total OPEB liability**

OCTA's total OPEB liability (TOL) of \$2,791 was measured as of June 30, 2024 and was determined by an actuarial valuation as of January 1, 2024. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions and other inputs: The TOL of \$2,791 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.97 %
Healthcare Cost Trend Rates:	
2023 – 2024 Current Year Trend	7.50 %
2029 Trend	5.40 %
Decrement	0.10 %
Ultimate Trend	4.00 %
Year Ultimate Trend is Reached	2029
Salary Increases	3.25 %
Inflation Rate	2.50 %

Actuarial assumptions used in the January 1, 2024 valuation were based on a review of plan experience during the period January 1, 2022 to December 31, 2023.

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, 2024, an increase from the discount rate used for fiscal year ended June 30, 2023 of 3.86%.

Mortality rates were based on the PUB-2010 Mortality Tables, projected generationally with the two-dimensional mortality MP-2021 improvement scale.

Changes in the total OPEB liability:

	<b>Total OPEB Liability</b>
<b>Balance at 6/30/2023</b>	<b>\$ 2,516</b>
Changes for the current year:	
Service cost	213
Interest	102
Changes in assumptions	85
Differences between expected and actual experience	62
Benefit payments	(187)
<b>Net changes</b>	<b>275</b>
<b>Balance at 6/30/2024</b>	<b>\$ 2,791</b>

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

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 3.97%, as well as what OCTA's TOL would be if it was calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 2,939	\$ 2,791	\$ 2,643

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 7.50%, as well as what OCTA's TOL would be if it was calculated using a trend rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 2,510	\$ 2,791	\$ 3,117

Total OPEB liability will be paid from the general fund for governmental activities and from the OCTD enterprise fund for business-type activities.

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

For the year ended June 30, 2024, OCTA recognized OPEB expense of \$250. At June 30, 2024, OCTA reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 52	\$ 144
Changes of assumptions	127	15
<b>Total</b>	<b>\$ 179</b>	<b>\$ 159</b>

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

	<b>Increase (Decrease) in OPEB Expense</b>
<b>Year ended June 30:</b>	
2025	\$ (61)
2026	19
2027	14
2028	18
2029	23
2030	7
<b>Total</b>	<b>\$ 20</b>

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

**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, 2024 are as follows:

	<b>Total Purchase Commitments</b>	<b>Reserve for Encumbrances</b>	<b>Unencumbered Purchase Commitments</b>
<b>Governmental Funds:</b>			
General	\$ 279,803	\$ 20,708	\$ 259,095
LTA	795,391	94,630	700,761
LTF	96	—	96
Nonmajor governmental funds	141,464	44,901	96,563
<b>Total Governmental Funds</b>	<b>1,216,754</b>	<b>160,239</b>	<b>1,056,515</b>
<b>Proprietary Funds:</b>			
OCTD	697,580	84,793	612,787
91 Express Lanes	71,072	938	70,134
405 Express Lanes	160,653	3,140	157,513
Nonmajor-OC Streetcar	47,351	473	46,878
Internal Service Funds	1,076	681	395
<b>Total Proprietary Funds</b>	<b>977,732</b>	<b>90,025</b>	<b>887,707</b>
<b>Total</b>	<b>\$ 2,194,486</b>	<b>\$ 250,264</b>	<b>\$ 1,944,222</b>

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.

**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. In September 2024, OCTA Board of Directors approved a partial settlement which was accrued in fiscal year 2024. The remaining exposure is estimated at \$25,000, and trial has been set for February 2025.

**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

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

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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 made \$44,553 contributions during fiscal year 2023-24 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 \$4,670 to LOSSAN for administrative support during fiscal year 2023-24. 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.

**19. FUND DEFICIT**

The 405 Express Lanes fund, an enterprise fund, has a net position deficit of \$(97,468) as of June 30, 2024. The deficit is mainly due to the interfund transfers to the LTA fund for the I-405 improvement project pertaining to general purpose lanes which were funded by the TIFIA debt held by 405 EL fund. In addition, interest on the 2021 TIFIA loan is capitalized/ accreted to principal, which also attributed to the fund deficit.

The net investment in capital assets of \$(12,071) is a portion of net position related to I-405 Express Lanes' capital assets, offset by liabilities and deferred resource flows arising from construction, acquisition, or improvements. The unrestricted net position of \$(85,397) is the remaining of net position not classified as net investment in capital assets, which pertaining to non-capital related assets and liabilities.

The construction of I-405 Express Lanes and two new general purpose lanes were completed and the 405 Express Lanes were opened for public use in December 2023. The primary source of funding for the deficit is toll revenues and related fees.

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

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**20. EFFECT OF NEW PRONOUNCEMENTS**

**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 leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and the requirements related to financial guarantees and the classification and reporting of derivative instruments are effective for fiscal years beginning after June 15, 2023, 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. The implementation of this Statement did not have a material effect on the financial statements.

**21. SUBSEQUENT EVENT**

In July 2024, California State Transportation Agency (CalSTA) authorized disbursement of the Transit and Intercity Rail Capital Program (TIRCP) for \$160,109 and the Zero Emission Transit Capital Program (ZETCP) for \$22,474 to OCTA as part of Budget Act of 2023 SB 125 funding. The TIRCP was created to fund transformative capital improvements that modernize California's intercity rail, bus, ferry, and rail transit systems. The ZETCP was created to fund zero emission transit equipment, including, but not limited to, zero-emission vehicles and refueling infrastructure and, transit operating expenditures that prevent service reduction or elimination in order to maintain or increase ridership.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines	\$ 177	\$ 177	\$ 145	\$ (32)
Contributions from other agencies	10,252	10,252	8,203	(2,049)
Interest and investment earnings	2,448	2,448	6,266	3,818
Capital assistance grants	5,675	5,675	2,659	(3,016)
Miscellaneous	152	152	1,050	898
<b>Total revenues</b>	<b>18,704</b>	<b>18,704</b>	<b>18,323</b>	<b>(381)</b>
<b>Expenditures</b>				
Current:				
General government:				
Salaries and benefits	78,798	78,814	71,453	7,361
Supplies and services	56,406	56,406	48,922	7,484
Interfund reimbursements	(111,823)	(111,823)	(94,974)	(16,849)
Transportation:				
Contributions to other local agencies	439	1,539	1,218	321
Capital outlay	12,390	12,390	9,686	2,704
<b>Total expenditures</b>	<b>36,210</b>	<b>37,326</b>	<b>36,305</b>	<b>1,021</b>
<b>Deficiency of revenues under expenditures</b>	<b>(17,506)</b>	<b>(18,622)</b>	<b>(17,982)</b>	<b>640</b>
<b>Other financing sources (uses)</b>				
Transfers in	5,302	5,302	5,076	(226)
Transfers out	—	—	(22,174)	(22,174)
<b>Total other financing sources (uses)</b>	<b>5,302</b>	<b>5,302</b>	<b>(17,098)</b>	<b>(22,400)</b>
<b>Net change in fund balances</b>	<b>\$ (12,204)</b>	<b>\$ (13,320)</b>	<b>\$ (35,080)</b>	<b>\$ (21,760)</b>
<b>Reconciliation to GAAP:</b>				
Net change in fund balance (budgetary basis)			\$ (35,080)	
Less: Estimated revenues for encumbrances outstanding at June 30			2,256	
Add: Current year encumbrances outstanding at June 30			19,885	
<b>Net change in fund balance (GAAP basis)</b>			<b>\$ (17,451)</b>	

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Local Transportation Authority Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax revenue	\$ 461,560	\$ 461,560	\$ 431,412	\$ (30,148)
Contributions from other agencies	96,082	96,082	56,878	(39,204)
Interest and investment earnings	38,229	38,229	44,725	6,496
Miscellaneous	75	1,958	1,013	(945)
<b>Total revenues</b>	<b>595,946</b>	<b>597,829</b>	<b>534,028</b>	<b>(63,801)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	244,464	238,239	163,683	74,556
Transportation:				
Contributions to other local agencies	197,384	227,153	100,944	126,209
Capital outlay	410,065	410,065	207,364	202,701
Debt service:				
Interest	—	—	4	(4)
<b>Total expenditures</b>	<b>851,913</b>	<b>875,457</b>	<b>471,995</b>	<b>403,462</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(255,967)</b>	<b>(277,628)</b>	<b>62,033</b>	<b>339,661</b>
<b>Other financing sources (uses)</b>				
Transfers in	37,518	37,518	53,160	15,642
Transfers out	(122,942)	(122,942)	(266,563)	(143,621)
Proceeds from sale of capital assets	1,883	—	—	—
<b>Total other financing sources (uses)</b>	<b>(83,541)</b>	<b>(85,424)</b>	<b>(213,403)</b>	<b>(127,979)</b>
<b>Net change in fund balances</b>	<b>\$ (339,508)</b>	<b>\$ (363,052)</b>	<b>\$ (151,370)</b>	<b>\$ 211,682</b>
<b>Reconciliation to GAAP:</b>				
Net change in fund balance (budgetary basis)			\$	(151,370)
Less: Estimated revenues for encumbrances outstanding at June 30				27,778
Add: Current year encumbrances outstanding at June 30				95,829
<b>Net change in fund balance (GAAP basis)</b>			<b>\$</b>	<b>(83,319)</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Local Transportation Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax revenue	\$ 230,731	\$ 230,731	\$ 219,233	\$ (11,498)
Interest and investment earnings	350	350	23,075	22,725
<b>Total revenues</b>	<b>231,081</b>	<b>231,081</b>	<b>242,308</b>	<b>11,227</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	2,284	2,284	2,134	150
Transportation:				
Contributions to other local agencies	3,237	3,237	3,095	142
<b>Total expenditures</b>	<b>5,521</b>	<b>5,521</b>	<b>5,229</b>	<b>292</b>
<b>Excess of revenues over expenditures</b>	<b>225,560</b>	<b>225,560</b>	<b>237,079</b>	<b>11,519</b>
<b>Other financing uses</b>				
Transfers out	(225,321)	(225,321)	(199,294)	26,027
<b>Total other financing uses</b>	<b>(225,321)</b>	<b>(225,321)</b>	<b>(199,294)</b>	<b>26,027</b>
<b>Net change in fund balances</b>	<b>\$ 239</b>	<b>\$ 239</b>	<b>\$ 37,785</b>	<b>\$ 37,546</b>



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Required Supplementary Information**  
**Supplemental Pension Plan and OPEB Plan Trend Data**  
June 30, 2024

*(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\***

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
OCTA's Proportion of the NPL	4.288 %	3.842 %	3.581 %	4.415 %	4.419 %	4.353 %	4.283 %	4.436 %	4.377 %	4.006 %
OCTA's proportionate share of the NPL	\$207,825	\$207,133	\$73,424	\$186,024	\$224,285	\$230,261	\$230,261	\$230,261	\$250,193	\$203,592
OCTA's covered payroll	\$111,089	\$105,542	\$97,538	\$102,500	\$101,980	\$97,230	\$94,528	\$94,507	\$93,110	\$95,061
OCTA's proportionate share of the NPL as a percentage of its covered payroll	187.08 %	196.26 %	75.28 %	181.49 %	219.93 %	277.48 %	224.40 %	243.64 %	268.71 %	214.17 %
Plan fiduciary net position as a percentage of the total pension liability	82.82 %	81.45 %	91.45 %	81.69 %	76.67 %	70.03 %	74.93 %	71.16 %	67.10 %	69.42 %

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\***

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 32,883	\$ 33,932	\$ 31,794	\$ 29,175	\$ 27,801	\$ 24,690	\$ 24,811	\$ 23,900	\$ 26,347	\$ 24,722
Contributions in relation to the actuarially determined contributions	32,883	33,932	31,794	29,175	27,801	24,690	24,811	23,900	26,347	24,722
<b>Contribution excess (deficiency)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Covered payroll	\$111,089	\$ 98,906	\$ 95,163	\$ 92,887	\$ 92,496	\$ 87,887	\$ 86,117	\$ 86,925	\$ 97,616	\$ 92,878
Contributions as a percentage of covered payroll	29.60%	34.31%	33.41%	31.41%	30.06%	28.09%	28.81%	27.50%	26.99%	26.62%

\* 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 2023-24, the inflation rate remained unchanged at 2.50% (retiree cost-of-living assumption maintained at 2.75%). Projected salary increases changed to 3.90% - 8.00%. 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, 2024

*(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\***

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability - beginning</b>	\$ 2,516	\$ 2,508	\$ 2,414	\$ 2,301	\$ 2,927	\$ 1,432	\$ 745
Changes for the year:							
Service cost	213	189	192	185	152	112	40
Interest	102	94	48	58	104	48	28
Changes in assumption	85	(94)	35	60	172	(4)	40
Difference between actual and expected experience	62	—	62	—	(869)	12	651
Plan change				—	—	1,419	—
Benefit payments	(187)	(181)	(187)	(190)	(185)	(92)	(72)
<b>Total OPEB liability - ending</b>	<b>\$ 2,791</b>	<b>\$ 2,516</b>	<b>\$ 2,564</b>	<b>\$ 2,414</b>	<b>\$ 2,301</b>	<b>\$ 2,927</b>	<b>\$ 1,432</b>
<b>Covered employee payroll</b>	\$ 86,100	\$ 94,180	\$ 85,148	\$ 82,937	\$ 82,050	\$ 70,204	\$ 42,366
<b>Total OPEB liability as a percentage of covered employee payroll</b>	3.24 %	2.67 %	3.01 %	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 2023-24, the discount rate used to measure the TOL was 3.97%, an increase from the discount rate of 3.86% for fiscal year 2022-23.

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

**June 30, 2024**

**(amounts expressed in thousands)**

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**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 2024 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 2023-24 for the General fund and the major special revenue funds. In the Local Transportation fund, sales tax revenue fell short of budget by \$11,498 due to economic slowdown in consumer spending.

In 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. Beginning fiscal year 2023-24, the CURE fund was closed out and the remaining balances were transferred to the LTA fund.

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, 2024  
(amounts expressed in thousands)**

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**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, 2024**

<i>(amounts expressed in thousands)</i>	Special Revenue			Total Nonmajor Governmental Funds
	OCUTT	SAFE	STAF	
<b>Assets</b>				
Cash and investments	\$ 14,293	\$ 3,726	\$ 44,100	\$ 62,119
Receivables:				
Interest	65	61	434	560
Other	—	4	—	4
Due from other funds	78	—	—	78
Due from other governments	—	1,384	15,310	16,694
Note receivable	715	—	—	715
<b>Total assets</b>	<b>15,151</b>	<b>5,175</b>	<b>59,844</b>	<b>80,170</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	1	875	7	883
Due to other funds	—	—	15,310	15,310
Due to other governments	—	46	—	46
<b>Total liabilities</b>	<b>1</b>	<b>921</b>	<b>15,317</b>	<b>16,239</b>
<b>Fund Balances</b>				
Restricted for:				
Transportation programs	15,150	—	44,527	59,677
Motorist services	—	3,373	—	3,373
<b>Total fund balances</b>	<b>15,150</b>	<b>3,373</b>	<b>44,527</b>	<b>63,050</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,151</b>	<b>\$ 5,175</b>	<b>\$ 59,844</b>	<b>\$ 80,170</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Special Revenue			Total Nonmajor Governmental Funds
	OCUTT	SAFE	STAF	
<b>Revenues</b>				
Sales tax revenue	\$ —	\$ —	\$ 49,788	\$ 49,788
Transportation improvement fee	—	—	7,115	7,115
Vehicle registration fees	—	3,013	—	3,013
Contributions from other agencies	—	4,258	—	4,258
Interest and investment earnings	187	187	2,126	2,500
Miscellaneous	—	11	—	11
<b>Total revenues</b>	<b>187</b>	<b>7,469</b>	<b>59,029</b>	<b>66,685</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	3	10,845	32	10,880
Capital outlay	—	36	—	36
<b>Total expenditures</b>	<b>3</b>	<b>10,881</b>	<b>32</b>	<b>10,916</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>184</b>	<b>(3,412)</b>	<b>58,997</b>	<b>55,769</b>
<b>Other financing sources (uses)</b>				
Transfers in	—	5,410	—	5,410
Transfers out	—	—	(56,904)	(56,904)
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>5,410</b>	<b>(56,904)</b>	<b>(51,494)</b>
<b>Net change in fund balances</b>	<b>184</b>	<b>1,998</b>	<b>2,093</b>	<b>4,275</b>
Fund balances - beginning	14,966	1,375	42,434	58,775
<b>Fund balances - ending</b>	<b>\$ 15,150</b>	<b>\$ 3,373</b>	<b>\$ 44,527</b>	<b>\$ 63,050</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Local Transportation Authority Debt Service Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Interest and investment earnings	\$ 6,212	\$ 6,212	\$ 7,012	\$ 800
<b>Total revenues</b>	<b>6,212</b>	<b>6,212</b>	<b>7,012</b>	<b>800</b>
<b>Expenditures</b>				
Debt service:				
Principal payments on long-term debt	20,920	20,920	20,920	—
Interest on long-term debt	33,952	33,952	33,952	—
<b>Total expenditures</b>	<b>54,872</b>	<b>54,872</b>	<b>54,872</b>	<b>—</b>
<b>Deficiency of revenues under expenditures</b>	<b>(48,660)</b>	<b>(48,660)</b>	<b>(47,860)</b>	<b>800</b>
<b>Other financing sources (uses)</b>				
Transfers in	54,872	54,872	51,397	(3,475)
Transfers out	(6,212)	(6,212)	(11,340)	(5,128)
<b>Total other financing sources (uses)</b>	<b>48,660</b>	<b>48,660</b>	<b>40,057</b>	<b>(8,603)</b>
<b>Net change in fund balances</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (7,803)</b>	<b>\$ (7,803)</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Orange County Unified Transportation Trust Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Interest and investment earnings	\$ 283	\$ 283	\$ 187	\$ (96)
<b>Total revenues</b>	<b>283</b>	<b>283</b>	<b>187</b>	<b>(96)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	933	933	3	930
<b>Total expenditures</b>	<b>933</b>	<b>933</b>	<b>3</b>	<b>930</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(650)</b>	<b>(650)</b>	<b>184</b>	<b>834</b>
<b>Net change in fund balances</b>	<b>\$ (650)</b>	<b>\$ (650)</b>	<b>\$ 184</b>	<b>\$ 834</b>



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Service Authority for Freeway Emergencies Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Vehicle registration fees	\$ 2,900	\$ 2,900	\$ 3,013	\$ 113
Contributions from other agencies	10,554	10,554	4,258	(6,296)
Interest and investment earnings	81	81	187	106
Miscellaneous	5	5	11	6
<b>Total revenues</b>	<b>13,540</b>	<b>13,540</b>	<b>7,469</b>	<b>(6,071)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	12,226	12,226	10,885	1,341
Capital outlay	698	698	62	636
<b>Total expenditures</b>	<b>12,924</b>	<b>12,924</b>	<b>10,947</b>	<b>1,977</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>616</b>	<b>616</b>	<b>(3,478)</b>	<b>(4,094)</b>
<b>Other financing sources</b>				
Transfers in	5,731	5,731	5,410	(321)
<b>Total other financing sources</b>	<b>5,731</b>	<b>5,731</b>	<b>5,410</b>	<b>(321)</b>
<b>Net change in fund balances</b>	<b>\$ 6,347</b>	<b>\$ 6,347</b>	<b>\$ 1,932</b>	<b>\$ (4,415)</b>
<b>Reconciliation to GAAP:</b>				
Net change in fund balance (budgetary basis)			\$ 1,932	
Less: Estimated revenues for encumbrances outstanding at June 30			—	
Add: Current year encumbrances outstanding at June 30			66	
<b>Net change in fund balance (GAAP basis)</b>			<b>\$ 1,998</b>	

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**State Transit Assistance Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax revenue	\$ 51,259	\$ 51,259	\$ 49,788	\$ (1,471)
Transportation improvement fee	6,886	6,886	7,115	229
Interest and investment earnings	120	120	2,126	2,006
<b>Total revenues</b>	<b>58,265</b>	<b>58,265</b>	<b>59,029</b>	<b>764</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	—	—	32	(32)
<b>Total expenditures</b>	<b>—</b>	<b>—</b>	<b>32</b>	<b>(32)</b>
<b>Excess of revenues over expenditures</b>	<b>58,265</b>	<b>58,265</b>	<b>58,997</b>	<b>732</b>
<b>Other financing uses</b>				
Transfers out	(58,265)	(58,265)	(56,904)	1,361
<b>Total other financing uses</b>	<b>(58,265)</b>	<b>(58,265)</b>	<b>(56,904)</b>	<b>1,361</b>
<b>Net change in fund balances</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,093</b>	<b>\$ 2,093</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**General Capital Project Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Capital assistance grants	\$ 35,104	\$ 35,104	\$ 30,694	\$ (4,410)
<b>Total revenues</b>	<b>35,104</b>	<b>35,104</b>	<b>30,694</b>	<b>(4,410)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	35,792	35,792	7,401	28,391
Transportation:				
Contributions to other local agencies	1,998	1,998	195	1,803
Capital outlay	130,920	130,920	147,146	(16,226)
<b>Total expenditures</b>	<b>168,710</b>	<b>168,710</b>	<b>154,742</b>	<b>13,968</b>
<b>Deficiency of revenues under expenditures</b>	<b>(133,606)</b>	<b>(133,606)</b>	<b>(124,048)</b>	<b>9,558</b>
<b>Other financing sources</b>				
Transfers in	48,728	48,728	74,201	25,473
<b>Total other financing sources</b>	<b>48,728</b>	<b>48,728</b>	<b>74,201</b>	<b>25,473</b>
<b>Net change in fund balances</b>	<b>\$ (84,878)</b>	<b>\$ (84,878)</b>	<b>\$ (49,847)</b>	<b>\$ 35,031</b>

**Reconciliation to GAAP:**

Net change in fund balance (budgetary basis)	\$ (49,847)
Less: Estimated revenues for encumbrances outstanding at June 30	19
Add: Current year encumbrances outstanding at June 30	50,926
<b>Net change in fund balance (GAAP basis)</b>	<b>\$ 1,060</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
OTHER SUPPLEMENTARY INFORMATION  
June 30, 2024  
(amounts expressed in thousands)**

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**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 2025-26. 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, 2024**

<i>(amounts expressed in thousands)</i>	<b>OC Streetcar</b>	<b>Total Nonmajor Enterprise Fund</b>
<b>Assets</b>		
Current assets:		
Due from other funds	\$ 10	\$ 10
Total current assets	10	10
<b>Total assets</b>	<b>10</b>	<b>10</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	10	10
Total current liabilities	10	10
<b>Total liabilities</b>	<b>10</b>	<b>10</b>
<b>Net Position</b>		
Unrestricted	—	—
<b>Total net position</b>	<b>\$ —</b>	<b>\$ —</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Revenues, Expenses and Charges in Net Position**  
**Nonmajor Enterprise Fund**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	<b>OC Streetcar</b>	<b>Total Nonmajor Enterprise Fund</b>
<b>Operating revenues:</b>		
Permit fees	\$ —	\$ —
<b>Total operating revenues</b>	<u>—</u>	<u>—</u>
<b>Operating expenses:</b>		
Administrative services	876	876
Professional services	74	74
<b>Total operating expenses</b>	<u>950</u>	<u>950</u>
<b>Operating loss</b>	<u>(950)</u>	<u>(950)</u>
<b>Loss before contributions and transfers</b>	(950)	(950)
Transfers in	950	950
<b>Change in net position</b>	<u>—</u>	<u>—</u>
Total net position - beginning	<u>—</u>	<u>—</u>
<b>Total net position - ending</b>	<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, 2024**

<i>(amounts expressed in thousands)</i>	OC Streetcar	Total Nonmajor Enterprise Fund
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$ —	\$ —
Payments to suppliers	(74)	(74)
Payments to employees	—	—
Payments for interfund services used	(876)	(876)
<b>Net cash used for operating activities</b>	<b>(950)</b>	<b>(950)</b>
<b>Cash flows from noncapital financing activities:</b>		
Transfers from other funds	950	950
<b>Net cash provided by noncapital financing activities</b>	<b>950</b>	<b>950</b>
<b>Net increase in cash and cash equivalents</b>	<b>—</b>	<b>—</b>
Cash and cash equivalents at beginning of year	—	—
<b>Cash and cash equivalents at end of year</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Reconciliation of operating loss to net cash provided by (used for) operating activities:</b>		
Operating loss	\$ (950)	\$ (950)
<b>Change in assets and liabilities:</b>		
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	—	—
<b>Total adjustments</b>	<b>—</b>	<b>—</b>
<b>Net cash used for operating activities</b>	<b>\$ (950)</b>	<b>\$ (950)</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
OTHER SUPPLEMENTARY INFORMATION  
June 30, 2024  
(amounts expressed in thousands)**

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**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, 2024**

<i>(amounts expressed in thousands)</i>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 21,351	\$ 37,689	\$ 59,040
Receivables:			
Interest	252	405	657
Other	74	391	465
Other assets	13	825	838
Total current assets	21,690	39,310	61,000
<b>Total assets</b>	<b>21,690</b>	<b>39,310</b>	<b>61,000</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	236	725	961
Claims payable	1,270	2,911	4,181
Total current liabilities	1,506	3,636	5,142
Noncurrent liabilities:			
Claims payable	5,080	12,412	17,492
<b>Total liabilities</b>	<b>6,586</b>	<b>16,048</b>	<b>22,634</b>
<b>Net Position</b>			
Unrestricted	15,104	23,262	38,366
<b>Total net position</b>	<b>\$ 15,104</b>	<b>\$ 23,262</b>	<b>\$ 38,366</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues:</b>			
Charges for services	\$ 2,985	\$ 8,046	\$ 11,031
<b>Total operating revenues</b>	<b>2,985</b>	<b>8,046</b>	<b>11,031</b>
<b>Operating expenses:</b>			
Administrative services	205	86	291
Other	229	294	523
Insurance claims and premiums	1,932	6,684	8,616
Professional services	919	526	1,445
<b>Total operating expenses</b>	<b>3,285</b>	<b>7,590</b>	<b>10,875</b>
<b>Operating income (loss)</b>	<b>(300)</b>	<b>456</b>	<b>156</b>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings	1,054	1,822	2,876
Other	284	77	361
<b>Total nonoperating revenues</b>	<b>1,338</b>	<b>1,899</b>	<b>3,237</b>
<b>Change in net position</b>	<b>1,038</b>	<b>2,355</b>	<b>3,393</b>
Total net position - beginning	14,066	20,907	34,973
<b>Total net position - ending</b>	<b>\$ 15,104</b>	<b>\$ 23,262</b>	<b>\$ 38,366</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>			
Receipts from interfund services provided	\$ 3,364	\$ 8,185	\$ 11,549
Payments to suppliers	(995)	(292)	(1,287)
Payments to claimants	(1,776)	(6,458)	(8,234)
Payments for interfund services used	(205)	(86)	(291)
Miscellaneous revenue received	284	77	361
<b>Net cash provided by operating activities</b>	<b>672</b>	<b>1,426</b>	<b>2,098</b>
<b>Cash flows from investing activities:</b>			
Investment earnings	970	1,711	2,681
<b>Net cash provided by investing activities</b>	<b>970</b>	<b>1,711</b>	<b>2,681</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,642</b>	<b>3,137</b>	<b>4,779</b>
Cash and cash equivalents at beginning of year	19,709	34,552	54,261
<b>Cash and cash equivalents at end of year</b>	<b>\$ 21,351</b>	<b>\$ 37,689</b>	<b>\$ 59,040</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (300)	\$ 456	\$ 156
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Insurance recoveries	284	77	361
Change in assets and liabilities:			
Other receivables	137	(78)	59
Other assets	379	139	518
Accounts payable	(76)	234	158
Claims payable	248	598	846
Total adjustments	972	970	1,942
<b>Net cash provided by operating activities</b>	<b>\$ 672</b>	<b>\$ 1,426</b>	<b>\$ 2,098</b>
<b>Noncash capital, financing and investing activities:</b>			
Investment earnings	\$ (83)	\$ (109)	\$ (192)

# 91 & 405 EXPRESS LANES



# VANPOOL



**ORANGE COUNTY TRANSPORTATION AUTHORITY  
 STATISTICAL SECTION  
 (Unaudited)  
 June 30, 2024**

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><b>Contents</b></u>	<u><b>Page</b></u>
<p><b>Financial Trends</b>..... 96</p> <p>These schedules contain trend information to help the reader understand how OCTA's financial performance and well-being have changed over time.</p>	96
<p><b>Revenue Capacity</b>..... 101</p> <p>These schedules contain information to help the reader assess OCTA's most significant local revenue source, the sales tax.</p>	101
<p><b>Debt Capacity</b>..... 106</p> <p>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.</p>	106
<p><b>Demographic and Economic Information</b>..... 109</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which OCTA's financial activities take place.</p>	109
<p><b>Operating Information</b>..... 112</p> <p>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.</p>	112

**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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 177,195	\$ 185,209	\$ 202,587	\$ 211,433	\$ 262,985	\$ 340,129	\$ 433,782	\$ 501,053	\$ 582,156	\$ 681,639
Restricted	421,285	545,220	621,580	565,653	677,934	626,302	545,091	735,780	773,909	755,550
Unrestricted	94,641	67,517	29,578	37,947	(14,857)	(49,044)	(23,655)	18,118	5,854	16,134
<b>Total governmental activities net position</b>	<b>\$ 693,121</b>	<b>\$ 797,946</b>	<b>\$ 853,745</b>	<b>\$ 815,033</b>	<b>\$ 926,062</b>	<b>\$ 917,387</b>	<b>\$ 955,218</b>	<b>\$ 1,254,951</b>	<b>\$ 1,361,919</b>	<b>\$ 1,453,323</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 279,153	\$ 300,737	\$ 389,791	\$ 339,677	\$ 320,212	\$ 303,484	\$ 287,575	\$ 306,992	\$ 302,428	\$ 370,095
Restricted	13,032	13,075	13,199	16,776	18,229	25,156	31,268	29,252	28,432	31,682
Unrestricted	275,052	305,689	323,682	439,737	487,407	547,164	583,939	482,767	641,516	859,053
<b>Total business-type activities net position</b>	<b>\$ 567,237</b>	<b>\$ 619,501</b>	<b>\$ 726,672</b>	<b>\$ 796,190</b>	<b>\$ 825,848</b>	<b>\$ 875,804</b>	<b>\$ 902,782</b>	<b>\$ 819,011</b>	<b>\$ 972,376</b>	<b>\$ 1,260,830</b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 456,348	\$ 485,946	\$ 592,378	\$ 551,110	\$ 583,197	\$ 643,613	\$ 721,357	\$ 808,045	\$ 884,584	\$ 1,051,734
Restricted	434,317	558,295	634,779	582,429	696,163	651,458	576,359	765,032	802,341	787,232
Unrestricted	369,693	373,206	353,260	477,684	472,550	498,120	560,284	500,885	647,370	875,187
<b>Total primary government net position</b>	<b>\$ 1,260,358</b>	<b>\$ 1,417,447</b>	<b>\$ 1,580,417</b>	<b>\$ 1,611,223</b>	<b>\$ 1,751,910</b>	<b>\$ 1,793,191</b>	<b>\$ 1,858,000</b>	<b>\$ 2,073,962</b>	<b>\$ 2,334,295</b>	<b>\$ 2,714,153</b>

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.  
In fiscal year 2023-24, the increase in government-type activities net position is mainly due to favorable investment performance and decrease in Measure M program expenses related to I-405 Improvement Project. The increase in business-type activities net position is mainly due to increased charges for services from 405 Express Lanes, investment earnings, and interfund transfer from the LTA fund to 405 Express Lanes fund for TIFIA loan allocation.

**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,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 74,852	\$ 95,155	\$ 94,929	\$ 80,877	\$ 88,394	\$ 89,868	\$ 87,346	\$ 89,924	\$ 104,701	\$ 111,528
Measure M program	301,329	272,627	280,154	439,279	390,253	453,965	534,584	543,991	482,865	371,900
Motorist services	5,281	6,355	5,826	5,725	6,359	7,724	7,092	8,284	8,206	9,772
Commuter rail	29,347	34,004	39,736	414	117	454	47	194	15	—
<b>Total governmental activities expenses</b>	<b>410,809</b>	<b>408,141</b>	<b>420,645</b>	<b>526,295</b>	<b>485,123</b>	<b>552,011</b>	<b>629,069</b>	<b>642,393</b>	<b>595,787</b>	<b>493,200</b>
<b>Business-type activities:</b>										
Fixed route	201,630	208,851	204,969	208,167	230,256	201,819	174,441	179,877	210,789	209,916
Paratransit	51,392	63,071	64,594	67,883	71,104	88,086	75,431	88,131	99,541	115,153
Tollroad	22,980	25,120	38,455	25,672	26,491	29,239	30,137	30,162	15,409	29,764
Taxicab administration	584	567	524	385	348	160	86	—	—	—
Fixed guideway	—	—	—	—	6	7	28	51	107	74
<b>Total business-type activities expenses</b>	<b>276,586</b>	<b>297,609</b>	<b>308,542</b>	<b>302,107</b>	<b>328,205</b>	<b>319,311</b>	<b>280,123</b>	<b>298,221</b>	<b>325,846</b>	<b>354,907</b>
<b>Total primary government expenses</b>	<b>\$ 687,395</b>	<b>\$ 705,750</b>	<b>\$ 729,187</b>	<b>\$ 828,402</b>	<b>\$ 813,328</b>	<b>\$ 871,322</b>	<b>\$ 909,192</b>	<b>\$ 940,614</b>	<b>\$ 921,633</b>	<b>\$ 848,107</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 181	\$ 1,180	\$ 730	\$ 842	\$ 855	\$ 872	\$ 1,113	\$ 1,094	\$ 935	\$ 694
Other activities	1,644	1,087	1,104	1,544	968	1,197	1,149	1,373	1,257	1,046
Operating grants and contributions	122,282	125,220	92,486	98,233	83,458	78,703	74,365	63,978	61,774	65,287
Capital grants and contributions	586	3,897	17,602	7,679	19,994	37,921	65,919	65,949	47,923	40,085
<b>Total governmental activities program revenues</b>	<b>124,693</b>	<b>131,384</b>	<b>111,922</b>	<b>108,298</b>	<b>105,275</b>	<b>118,693</b>	<b>142,546</b>	<b>132,394</b>	<b>111,889</b>	<b>107,112</b>
<b>Business-type activities:</b>										
Charges for services:										
Fixed route	51,265	50,197	42,753	40,821	41,067	39,747	22,380	37,647	38,580	39,939
Tollroad	46,132	52,240	56,005	57,615	57,417	43,944	45,353	64,848	61,376	93,335
Other activities	8,695	8,650	8,656	8,280	8,727	7,654	2,193	4,824	6,183	7,527
Operating grants and contributions	67,356	65,226	74,966	74,236	87,667	64,917	164,819	258,866	77,750	62,937
Capital grants and contributions	14,139	35,848	89,740	17,849	11,172	4,747	7,154	10,568	84,923	48,357
<b>Total business-type activities program revenues</b>	<b>187,587</b>	<b>212,161</b>	<b>272,120</b>	<b>198,801</b>	<b>206,050</b>	<b>161,009</b>	<b>241,899</b>	<b>376,753</b>	<b>268,812</b>	<b>252,095</b>
<b>Total primary government program revenues</b>	<b>\$ 312,280</b>	<b>\$ 343,545</b>	<b>\$ 384,042</b>	<b>\$ 307,099</b>	<b>\$ 311,325</b>	<b>\$ 279,702</b>	<b>\$ 384,445</b>	<b>\$ 509,147</b>	<b>\$ 380,701</b>	<b>\$ 359,207</b>

(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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Indirect expenses allocation:</b>										
Governmental activities	\$ (35,996)	\$ (37,748)	\$ (41,045)	\$ (43,163)	\$ (44,411)	\$ (46,890)	\$ (48,485)	\$ (52,347)	\$ (55,455)	\$ (61,325)
Business-type activities	35,996	37,748	41,045	43,163	44,411	46,890	48,485	52,347	55,455	61,325
<b>Net (expense) revenue</b>										
Governmental activities	(250,120)	(239,009)	(267,678)	(374,834)	(335,437)	(386,428)	(438,038)	(457,652)	(428,442)	(324,763)
Business-type activities	(124,995)	(123,196)	(77,467)	(146,469)	(166,566)	(205,192)	(86,709)	26,185	(112,489)	(164,137)
<b>Total primary government net expense</b>	<b>\$ (375,115)</b>	<b>\$ (362,205)</b>	<b>\$ (345,145)</b>	<b>\$ (521,303)</b>	<b>\$ (502,003)</b>	<b>\$ (591,620)</b>	<b>\$ (524,747)</b>	<b>\$ (431,467)</b>	<b>\$ (540,931)</b>	<b>\$ (488,900)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes:										
Sales taxes	\$ 466,127	\$ 476,368	\$ 475,863	\$ 515,475	\$ 546,912	\$ 518,933	\$ 554,785	\$ 679,399	\$ 718,022	\$ 700,434
Unrestricted investment earnings	13,301	19,447	9,807	12,609	48,527	55,593	21,334	(27,383)	38,383	81,699
Other miscellaneous revenue	168	918	99	133	233	159	2,028	1,360	826	1,064
Transfers	(169,199)	(152,899)	(162,292)	(191,734)	(149,206)	(196,930)	(117,292)	104,009	(221,821)	(367,030)
<b>Total governmental activities</b>	<b>310,397</b>	<b>343,834</b>	<b>323,477</b>	<b>336,483</b>	<b>446,466</b>	<b>377,755</b>	<b>460,855</b>	<b>757,385</b>	<b>535,410</b>	<b>416,167</b>
<b>Business-type activities:</b>										
Taxes:										
Property taxes	13,293	14,098	14,943	15,995	16,971	17,829	18,648	19,646	21,155	22,281
Unrestricted investment earnings	4,531	7,672	2,332	2,892	24,654	29,285	4,859	(32,167)	14,586	53,490
Other miscellaneous revenue	1,218	791	5,071	5,604	5,393	11,104	7,685	6,574	8,292	9,790
Transfers	169,199	152,899	162,292	191,734	149,206	196,930	117,292	(104,009)	221,821	367,030
<b>Total business-type activities</b>	<b>188,241</b>	<b>175,460</b>	<b>184,638</b>	<b>216,225</b>	<b>196,224</b>	<b>255,148</b>	<b>148,484</b>	<b>(109,956)</b>	<b>265,854</b>	<b>452,591</b>
<b>Total primary government</b>	<b>\$ 498,638</b>	<b>\$ 519,294</b>	<b>\$ 508,115</b>	<b>\$ 552,708</b>	<b>\$ 642,690</b>	<b>\$ 632,903</b>	<b>\$ 609,339</b>	<b>\$ 647,429</b>	<b>\$ 801,264</b>	<b>\$ 868,758</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 60,277	\$ 104,825	\$ 55,799	\$ (38,351)	\$ 111,029	\$ (8,673)	\$ 22,817	\$ 299,733	\$ 106,968	\$ 91,404
Business-type activities	63,246	52,264	107,171	69,756	29,658	49,956	61,775	(83,771)	153,365	288,454
<b>Total primary government</b>	<b>\$ 123,523</b>	<b>\$ 157,089</b>	<b>\$ 162,970</b>	<b>\$ 31,405</b>	<b>\$ 140,687</b>	<b>\$ 41,283</b>	<b>\$ 84,592</b>	<b>\$ 215,962</b>	<b>\$ 260,333</b>	<b>\$ 379,858</b>

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Fund</b>										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	—	—	—	—	—	—	—	—	—	—
Nonspendable	11,038	11,862	20,672	11,699	13,717	12,746	13,763	13,282	12,802	14,334
Restricted	24,732	23,548	22,992	23,189	23,101	23,517	44,642	40,881	41,994	44,060
Assigned	25,173	14,453	—	2,413	8,740	11,562	14,735	25,759	28,218	—
Unassigned	22,115	—	(17,135)	—	(2,217)	—	—	(2)	—	7,169
<b>Total general fund</b>	<b>\$ 83,058</b>	<b>\$ 49,863</b>	<b>\$ 26,529</b>	<b>\$ 37,301</b>	<b>\$ 43,341</b>	<b>\$ 47,825</b>	<b>\$ 73,140</b>	<b>\$ 79,920</b>	<b>\$ 83,014</b>	<b>\$ 65,563</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in:										
Special revenue funds	—	—	—	—	—	—	—	—	—	—
Capital projects funds	—	—	—	—	—	—	—	—	—	—
Nonspendable	20,575	12,519	7,177	12,144	15,772	12,230	17,507	39,222	25,887	21,843
Restricted	753,071	862,565	953,569	892,703	1,337,025	1,252,083	1,155,000	1,314,797	1,343,802	1,300,225
Committed										
Assigned, reported in:										
Special revenue funds	—	—	—	—	—	—	—	—	—	—
Transportation capital projects	9,469	8,682	1,158	—	2,521	—	—	—	—	—
Unassigned	—	—	—	(6,917)	(883)	(2,024)	(3,562)	(7,658)	(10,171)	(10,552)
<b>Total all other governmental funds</b>	<b>\$ 783,115</b>	<b>\$ 883,766</b>	<b>\$ 961,904</b>	<b>\$ 897,930</b>	<b>\$ 1,354,435</b>	<b>\$ 1,262,289</b>	<b>\$ 1,168,945</b>	<b>\$ 1,346,361</b>	<b>\$ 1,359,518</b>	<b>\$ 1,311,516</b>

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.

In fiscal year 2023-24, the decrease in assigned fund balance of General Fund is due to interfund transfer of CURE fund from General Fund to LTA Fund.

**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,**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Revenues</b>										
Sales taxes	\$466,127	\$465,830	\$486,401	\$507,584	\$554,804	\$518,933	\$554,785	\$679,399	\$718,022	\$700,433
Gasoline taxes	—	—	—	—	—	—	—	—	—	—
Transportation improvement fee	—	—	—	5,673	5,603	5,823	6,230	7,581	6,619	7,115
Vehicle registration fees	2,351	3,401	2,960	2,941	2,978	2,773	3,099	2,896	2,952	3,013
Fines	197	220	205	201	200	245	125	182	163	145
Contributions from other agencies	121,341	103,532	87,870	92,239	67,550	96,817	84,483	51,603	77,858	40,691
Interest and investment income	12,732	18,917	11,894	12,253	48,528	53,209	23,840	(29,596)	41,529	83,578
Capital assistance grants	768	3,220	14,552	7,541	14,171	29,102	45,999	46,975	42,384	31,948
Miscellaneous	4,221	5,090	8,060	6,361	3,649	1,425	3,250	2,365	2,555	2,074
<b>Total revenues</b>	<b>607,737</b>	<b>600,210</b>	<b>611,942</b>	<b>634,793</b>	<b>697,483</b>	<b>708,327</b>	<b>721,811</b>	<b>761,405</b>	<b>892,082</b>	<b>868,997</b>
<b>Expenditures</b>										
Current:										
General government	105,995	126,370	116,183	110,973	110,537	106,911	114,120	101,883	122,642	144,832
Transportation:										
Contributions to other local agencies	133,286	124,230	146,199	109,767	114,543	97,116	103,286	104,090	105,526	105,389
Capital outlay	129,312	103,441	106,921	250,292	235,559	354,492	430,188	435,542	372,308	262,322
Debt service:										
Principal payments on long-term debt	6,865	7,210	7,475	7,775	8,165	8,530	8,065	8,455	19,935	20,920
Interest	21,961	21,614	21,343	21,059	20,677	35,615	35,777	35,808	34,949	33,956
Bond issuance costs	—	—	—	—	826	—	—	—	—	—
<b>Total expenditures</b>	<b>397,419</b>	<b>382,865</b>	<b>398,121</b>	<b>499,866</b>	<b>490,307</b>	<b>602,664</b>	<b>691,436</b>	<b>685,778</b>	<b>655,360</b>	<b>567,419</b>
<b>Excess of revenues over expenditures</b>	<b>210,318</b>	<b>217,345</b>	<b>213,821</b>	<b>134,927</b>	<b>207,176</b>	<b>105,663</b>	<b>30,375</b>	<b>75,627</b>	<b>236,722</b>	<b>301,578</b>
<b>Other financing sources (uses):</b>										
Transfers in	65,411	56,722	74,074	46,148	155,033	137,216	99,830	217,996	122,116	189,244
Transfers out	(234,610)	(209,621)	(236,366)	(237,882)	(304,239)	(334,146)	(217,122)	(113,987)	(343,936)	(556,275)
Proceeds from sale of capital assets	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)	—	—	—	—	—
<b>Total other financing sources (uses)</b>	<b>(166,532)</b>	<b>(149,889)</b>	<b>(159,017)</b>	<b>(188,129)</b>	<b>255,369</b>	<b>(193,325)</b>	<b>(113,426)</b>	<b>108,569</b>	<b>(220,471)</b>	<b>(367,031)</b>
<b>Net changes in fund balances</b>	<b>\$ 43,786</b>	<b>\$ 67,456</b>	<b>\$ 54,804</b>	<b>\$ (53,202)</b>	<b>\$462,545</b>	<b>\$ (87,662)</b>	<b>\$ (83,051)</b>	<b>\$184,196</b>	<b>\$ 16,251</b>	<b>\$ (65,453)</b>
Debt service as a percentage of noncapital expenditures	7.6 %	7.7 %	7.6 %	5.9 %	6.6 %	8.4 %	7.3 %	6.8 %	9.6 %	11.8 %

Source: Accounting and Financial Reporting Department

**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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Function/Program</b>										
<b>Governmental activities:</b>										
General government	\$ 4,101	\$ 8,963	\$ 22,323	\$ 18,830	\$ 27,932	\$ 46,179	\$ 76,165	\$ 77,831	\$ 54,580	\$ 49,165
Measure M program	112,056	111,050	76,881	81,902	67,979	63,996	59,115	48,550	48,894	51,512
Motorist services	5,521	5,648	5,575	5,492	8,755	8,516	7,251	5,968	8,222	6,435
Commuter rail	3,015	5,723	7,143	2,074	609	2	15	45	194	—
<b>Total governmental activities</b>	<b>124,693</b>	<b>131,384</b>	<b>111,922</b>	<b>108,298</b>	<b>105,275</b>	<b>118,693</b>	<b>142,546</b>	<b>132,394</b>	<b>111,890</b>	<b>107,112</b>
<b>Business-type activities:</b>										
Fixed route	112,721	123,504	173,107	105,539	108,244	107,503	193,353	306,103	200,782	149,316
Paratransit	28,059	28,080	40,777	33,882	38,859	7,496	2,192	4,824	6,183	7,527
Tollroad	46,132	60,059	57,816	59,069	58,576	45,835	46,342	65,826	61,847	95,252
Taxicab administration	675	518	420	311	371	175	12	—	—	—
<b>Total business-type activities</b>	<b>187,587</b>	<b>212,161</b>	<b>272,120</b>	<b>198,801</b>	<b>206,050</b>	<b>161,009</b>	<b>241,899</b>	<b>376,753</b>	<b>268,812</b>	<b>252,095</b>
<b>Total primary government</b>	<b>\$ 312,280</b>	<b>\$ 343,545</b>	<b>\$ 384,042</b>	<b>\$ 307,099</b>	<b>\$ 311,325</b>	<b>\$ 279,702</b>	<b>\$ 384,445</b>	<b>\$ 509,147</b>	<b>\$ 380,702</b>	<b>\$ 359,207</b>

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.

In fiscal year 2023-24, the decrease in Fixed route is primarily due to decreased operating grants and contributions relating to transit operations. The increase in Tollroad is due to increase in 91 EL user revenues and opening of 405 EL for public use.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 6**

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

*(accrual basis of accounting - thousands)*

<b>For the Year Ended June 30,</b>	<b>Sales &amp; Use Tax</b>		<b>Total</b>	
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
2024		700,434		700,434
 <b>Change</b>				
2015 - 2024		50.3 %		50.3 %

Source: Accounting and Financial Reporting Department

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 7**

**Taxable Sales by Category, Last Ten Calendar Years (Unaudited)**

<i>(amounts expressed in thousands)</i>	Calendar Year										(a)
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
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	\$5,510,685	
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	6,433,829	
Specialty Stores	—	—	—	—	—	—	—	—	—	—	
Food and Beverage Stores	2,249,980	2,315,300	2,399,937	2,460,590	2,483,191	2,630,703	2,705,682	2,843,138	2,851,552	575,234	
Food Services and Drink Places	7,174,652	7,561,709	7,953,351	8,195,164	8,559,216	6,232,835	8,795,493	10,252,167	10,807,335	2,612,840	
Home Furnishings and Appliance Stores	2,995,975	3,082,463	3,074,257	3,037,974	2,907,710	2,578,348	3,104,704	3,116,190	2,946,553	667,046	
Building Material & Garden Equipment & Supplies Dealers	2,870,940	2,961,129	3,106,396	3,184,381	3,174,208	3,539,541	3,817,836	4,006,427	3,930,919	892,944	
Motor Vehicle and Parts Dealers	8,352,815	8,648,763	8,927,827	9,408,045	9,646,527	9,482,960	11,324,257	11,775,654	11,056,748	2,515,914	
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	4,536,118	1,028,009	
Other Retail Group	5,130,425	5,318,826	5,562,771	5,742,982	6,158,835	8,462,565	8,412,348	8,661,056	9,248,654	2,076,020	
Business and Personal Services	—	—	—	—	—	—	—	—	—	—	
All other outlets	19,768,161	20,241,650	20,883,715	21,390,429	22,553,862	19,576,172	24,603,345	29,927,949	29,976,022	6,924,027	
<b>Total</b>	<b>\$61,671,679</b>	<b>\$63,013,220</b>	<b>\$65,093,718</b>	<b>\$67,117,373</b>	<b>\$69,470,798</b>	<b>\$65,236,827</b>	<b>\$75,534,222</b>	<b>\$87,100,094</b>	<b>\$87,660,683</b>	<b>\$29,236,548</b>	

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

(a) Taxable Sales reported for year 2024 includes first quarter data.

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

<u>Calendar Year</u>	<u>Measure M Direct rate</u>	<u>County of Orange</u>
<b>2015</b>	0.50%	7.50%
<b>2016</b>	0.50%	7.50%
<b>2017</b>	0.50%	7.25%
<b>2018</b>	0.50%	7.25%
<b>2019</b>	0.50%	7.25%
<b>2020</b>	0.50%	7.25%
<b>2021</b>	0.50%	7.25%
<b>2022</b>	0.50%	7.25%
<b>2023</b>	0.50%	7.25%
<b>2024</b>	0.50%	7.25%

(a)

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 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 2023			Calendar Year 2014		
	Taxable Sales	Rank	Percentage of Total	Taxable Sales	Rank	Percentage of Total
Aliso Viejo	\$ 652,818	24	0.90 %	\$ 429,394	28	0.81 %
Anaheim	9,041,035	1	12.43 %	6,163,023	1	11.64 %
Brea	2,279,816	12	3.13 %	1,716,397	12	3.24 %
Buena Park	3,156,850	8	4.34 %	2,264,394	8	4.28 %
Costa Mesa	6,663,120	3	9.16 %	4,538,729	3	8.57 %
Cypress	1,135,633	19	1.56 %	1,022,902	16	1.93 %
Dana Point	585,575	26	0.80 %	478,526	26	0.90 %
Fountain Valley	1,345,211	16	1.85 %	992,753	18	1.88 %
Fullerton	2,480,656	11	3.41 %	1,767,550	10	3.34 %
Garden Grove	2,539,606	10	3.49 %	1,729,278	11	3.27 %
Huntington Beach	4,094,798	6	5.63 %	3,111,543	6	5.88 %
Irvine	8,126,299	2	11.17 %	5,173,640	2	9.77 %
La Habra	1,194,157	18	1.64 %	1,014,076	17	1.92 %
La Palma	208,417	32	0.29 %	1,213,860	15	2.29 %
Laguna Beach	544,327	28	0.75 %	863,229	19	1.63 %
Laguna Hills	546,817	27	0.75 %	343,730	31	0.65 %
Laguna Niguel	1,219,335	17	1.68 %	433,293	27	0.82 %
Laguna Woods	94,862	33	0.13 %	495,401	25	0.94 %
Lake Forest	1,527,440	15	2.10 %	82,028	33	0.15 %
Los Alamitos	309,964	31	0.43 %	258,885	32	0.49 %
Mission Viejo	1,708,442	13	2.35 %	1,532,627	13	2.90 %
Newport Beach	3,718,122	7	5.11 %	2,943,344	7	5.56 %
Orange	4,974,290	5	6.84 %	3,501,414	5	6.61 %
Placentia	648,684	25	0.89 %	518,539	24	0.98 %
Rancho Santa Margarita	718,591	22	0.99 %	544,759	23	1.03 %
San Clemente	1,033,227	20	1.42 %	667,415	21	1.26 %
San Juan Capistrano	992,597	21	1.36 %	689,069	20	1.30 %
Santa Ana	5,072,727	4	6.97 %	3,816,866	4	7.21 %
Seal Beach	411,834	30	0.57 %	381,814	29	0.72 %
Stanton	442,723	29	0.61 %	353,691	30	0.67 %
Tustin	3,009,766	9	4.14 %	1,978,508	9	3.74 %
Villa Park	27,438	34	0.04 %	17,046	34	0.03 %
Westminster	1,544,152	14	2.12 %	1,349,549	14	2.55 %
Yorba Linda	711,941	23	0.98 %	549,187	22	1.04 %
<b>Total</b>	<b>72,761,270</b>		<b>100 %</b>	<b>52,936,459</b>		<b>100 %</b>
Unincorporated Cities	14,537,147			7,160,669		
<b>Total Orange County</b>	<b>\$ 87,298,417</b>			<b>\$ 60,097,128</b>		

Source: California Department of Tax and Fee Administration, [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

Note: The most current data available is for 2023.



**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	Lease Liabilities	Subscription Liabilities	Toll Road Revenue Bonds	TIFIA Loan	Lease Liabilities	Subscription Liabilities	PPP Liabilities			
2015	\$ 335,707	\$ —	\$ —	\$ 129,444	\$ —	\$ —	\$ —	\$ —	\$ 465,151	0.25 %	147.08
2016	327,894	—	—	123,725	—	—	—	—	451,619	0.23 %	142.06
2017	319,817	—	—	117,796	—	—	—	—	437,613	0.22 %	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	0.50 %	342.60
2020	691,810	—	—	98,420	303,422	—	—	—	1,093,652	0.45 %	342.37
2021	680,592	—	—	91,356	312,329	—	—	—	1,084,277	0.42 %	343.80
2022	668,985	28,483	—	83,962	—	3,394	—	—	784,824	0.30 %	248.19
2023	645,899	24,634	623	76,223	620,189	8,914	276	—	1,376,758	n/a	438.31
2024	621,827,000	20,871,852	357,000	51,555,000	632,355,000	8,491,499	253,000	108,391,000	1,444,101,000	n/a	458.32

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.
- In fiscal year 2023-24, OCTA issued 2023 Toll Road Revenue Bonds and refunded 2013 Toll Road Revenue Bonds for 91 Express Lanes.

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)*

<b>Measure M Ordinance No. 3 (Measure M2)</b>		<b>Toll Road Revenue Bonds 91 EL</b>		<b>TIFIA Loan 405 EL</b>	
<b>Legal Debt Margin Calculation for Fiscal Year 2024</b>		<b>Legal Debt Margin Calculation for Fiscal Year 2024</b>		<b>Legal Debt Margin Calculation for Fiscal Year 2024</b>	
Debt service	\$ 54,872	Debt service	\$ 10,272	Debt service	\$ —
Debt coverage (130 % of debt service)	71,334	Debt coverage (130 % of debt service)	13,354	Debt coverage (135 % of debt service)	—
Sales tax revenue	433,919	Toll revenues	88,794	Toll revenues	22,651
Less: local fair share & other expenses	(93,583)	Less: operating expenses	(15,309)	Less: operating expenses	(18,074)
Net sales tax revenues	340,336	Net toll revenues	73,485	Net toll revenues	4,577
<b>Legal debt margin</b>	<b>\$ 269,002</b>	<b>Legal debt margin</b>	<b>\$ 60,131</b>	<b>Legal debt margin</b>	<b>\$ 4,577</b>

	<b>Measure M Ordinance No. 3 (Measure M2)</b>				<b>Toll Road Revenue Bonds 91 EL</b>				<b>TIFIA Loan 405 EL</b>				
	<b>For Year Ended June 30,</b>	<b>Debt limit</b>	<b>Total net debt applicable to limit</b>	<b>Legal debt margin</b>	<b>Total net debt applicable to limit as a percentage of debt limit</b>	<b>Debt limit</b>	<b>Total net debt applicable to limit</b>	<b>Legal debt margin</b>	<b>Total net debt applicable to limit as a percentage of debt limit</b>	<b>Debt limit</b>	<b>Total net debt applicable to limit</b>	<b>Legal debt margin</b>	<b>Total net debt applicable to limit as a percentage of debt limit</b>
2015	\$ 227,936	\$ 29,039	\$ 198,897	12.7 %	\$ 30,825	\$ 14,035	\$ 16,790	45.5 %	\$ —	\$ —	\$ —	—	n/a
2016	237,151	29,021	208,130	12.2 %	35,576	14,035	21,541	39.5 %	—	—	—	—	n/a
2017	239,727	29,244	210,483	12.2 %	25,002	14,039	10,963	56.2 %	—	—	—	—	n/a
2018	249,427	29,080	220,347	11.7 %	42,211	14,034	28,177	33.2 %	—	—	—	—	n/a
2019	258,085	37,434	220,651	14.5 %	49,624	14,035	35,589	28.3 %	—	—	—	—	n/a
2020	252,570	57,360	195,210	22.7 %	37,268	14,037	23,231	37.7 %	—	—	—	—	n/a
2021	262,280	56,992	205,288	21.7 %	31,735	14,034	17,701	44.2 %	—	—	—	—	n/a
2022	330,050	56,974	273,076	17.3 %	37,145	14,122	23,023	38.0 %	—	—	—	—	n/a
2023	349,480	71,349	278,131	20.4 %	51,439	14,034	37,406	27.3 %	—	—	—	—	n/a
2024	340,336	71,334	269,002	21.0 %	73,485	13,354	60,131	18.2 %	4,577	—	4,577	—	%

Source: Treasury and Accounting and Financial Reporting Departments

**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 91EL					TIFIA Loan 405EL				
	Sales Tax Revenue	Less: Fair Share & Other Expenses	Debt Service		Coverage	Toll Road Revenue	Less: Operating Expenses	Debt Service		Coverage	Toll Road Revenue	Less: Operating Expenses	Debt Service		Coverage
			Principal	Interest				Principal	Interest				Principal	Interest	
2015	\$ 289,359	\$ (61,423)	\$ 6,865	\$ 15,473	10.20	\$ 47,351	\$ (16,526)	\$ 4,925	\$ 5,871	2.86	—	—	—	—	n/a
2016	300,602	(63,451)	7,210	15,114	10.62	54,267	(18,691)	5,075	5,721	3.30	—	—	—	—	n/a
2017	305,057	(65,330)	7,475	15,020	10.66	56,835	(31,833)	5,285	5,514	2.32	—	—	—	—	n/a
2018	316,093	(66,666)	7,775	14,594	11.15	58,613	(16,403)	5,525	5,270	3.91	—	—	—	—	n/a
2019	328,892	(70,807)	8,165	20,629	8.96	64,932	(15,308)	5,810	4,986	4.60	—	—	—	—	n/a
2020	322,448	(69,878)	8,530	35,592	5.72	52,313	(15,045)	6,110	4,688	3.45	—	—	—	—	n/a
2021	332,888	(70,608)	8,065	35,774	5.98	46,463	(14,729)	6,420	4,375	2.94	—	—	—	—	n/a
2022	419,531	(89,481)	8,455	35,371	7.53	57,626	(20,481)	6,750	4,046	3.44	—	—	—	—	n/a
2023	442,081	(92,601)	19,935	34,949	6.37	64,827	(13,388)	7,095	3,700	4.77	—	—	—	—	n/a
2024	433,919	(93,583)	20,920	33,952	6.20	88,794	(15,309)	7,460	3,336	6.81	22,651	(18,074)	—	—	n/a

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.

In fiscal year 2023-24, the TIFIA loan is secured by toll revenues of the 405 Express Lanes which is opened to public in December 2023.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 13**

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

<b>Calendar Year</b>	<b>Population (a)</b>	<b>Personal Income (millions) (b)</b>	<b>Per Capita Personal Income (c)</b>	<b>Median Age (d)</b>	<b>School Enrollment (e)</b>	<b>Unemployment Rate (f)</b>
2015	3,162,622	\$ 187,043	\$ 60,228	37.10	497,116	4.3 %
2016	3,179,122	194,224	62,135	37.30	493,030	4.4 %
2017	3,200,748	202,337	64,321	37.50	490,430	3.8 %
2018	3,221,103	210,649	66,735	37.80	485,835	3.2 %
2019	3,222,498	221,692	70,539	38.10	478,823	3.0 %
2020	3,194,332	240,734	75,572	38.30	473,612	13.6 %
2021	3,153,764	257,834	81,567	38.50	456,572	6.5 %
2022	3,162,245	263,290	83,553	38.70	448,729	2.9 %
2023	3,141,065	n/a	n/a	n/a	441,249	3.7 %
2024	3,150,835	n/a	n/a	n/a	437,276	4.0 %

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 2015-2017 and January 1 estimate for 2018-2024 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 2024				Calendar Year 2015			
	Employees	(a)	Rank	Percentage of Total County Employment (b)	Employees	(a)	Rank	Percentage of Total County Employment (b)
Walt Disney Co.	34,000		1	2.23 %	27,000		1	1.76 %
University of California, Irvine	26,072		2	1.71 %	22,385		2	1.46 %
Providence	23,632		3	1.55 %	n/a		n/a	n/a
County of Orange	18,000		4	1.18 %	18,135		3	1.18 %
Kaiser Permanente	10,293		5	0.67 %	7,000		5	0.46 %
Hoag Memorial Hospital Presbyterian	8,081		6	0.53 %	n/a		n/a	n/a
Albertsons Southern CA Division	7,222		7	0.47 %	n/a		n/a	n/a
Allied Universal	6,145		8	0.40 %	n/a		n/a	n/a
Memorial Care Health System	5,800		9	0.38 %	5,650		8	0.37 %
CHOC Hospital	5,462		10	0.36 %	n/a		n/a	n/a
St. Joseph Health System					12,227		4	0.80 %
Boeing Co.					6,890		6	0.45 %
Bank of America Corp.					5,500		9	0.36 %
Walmart Inc.					6,000		7	0.39 %
Target Corp.					5,400		10	0.35 %
Total County Employment	1,526,200				1,530,800			

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	224.0	238.0	239.0	240.5	247.5	243.0	246.0	250.5	260.5	264.0
Measure M program	40.0	39.5	39.0	39.0	40.5	41.5	39.5	38.0	38.0	38.0
Motorist services	3.0	4.0	4.0	5.0	5.0	5.0	5.0	3.0	3.0	2.0
Commuter rail	9.0	10.5	11.0	8.0	7.0	6.0	7.0	6.0	6.0	6.0
Fixed route	1,078.0	1,020.0	981.0	906.5	964.0	990.5	972.5	886.0	888.0	887.0
Paratransit	12.0	5.0	7.5	7.5	6.5	8.5	7.5	7.5	8.0	9.0
Tollroad	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.5	6.0	6.5
Taxicab	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	16.0
<b>Total</b>	<b>1,373.0</b>	<b>1,330.0</b>	<b>1,294.5</b>	<b>1,220.0</b>	<b>1,287.0</b>	<b>1,313.0</b>	<b>1,295.0</b>	<b>1,209.5</b>	<b>1,224.5</b>	<b>1,228.5</b>

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.
- In fiscal year 2023-24, no significant changes noted.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 16**

**Operating Indicators by Function/Program (Unaudited)**

For the Year Ended June 30,

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Measure M1 program (thousands)</b>										
Freeways	\$ 30,434	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Regional streets and roads	25,371	—	—	—	—	—	—	—	—	—
Local streets and roads	14,796	—	—	—	—	—	—	—	—	—
Transit	128,110	—	—	—	—	—	—	—	—	—
<b>Total program expenses</b>	<b>198,711</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Measure M2 program (thousands)</b>										
Freeways	\$ 58,775	\$ 68,486	\$ 100,729	\$ 251,130	\$ 204,726	\$ 295,020	\$ 355,936	\$ 399,043	\$ 310,105	\$ 325,154
Streets and roads	161,622	163,699	138,273	106,691	110,412	105,555	92,472	60,180	94,112	97,982
Transit	47,876	22,464	16,516	20,419	173,782	74,815	68,617	143,009	68,792	76,589
Environmental cleanup	2,220	9,578	10,189	6,409	7,117	2,656	1,499	1,938	1,347	2,763
<b>Total program expenses</b>	<b>\$ 270,493</b>	<b>\$ 264,227</b>	<b>\$ 265,707</b>	<b>\$ 384,649</b>	<b>\$ 496,037</b>	<b>\$ 478,046</b>	<b>\$ 518,524</b>	<b>\$ 604,170</b>	<b>\$ 474,356</b>	<b>\$ 502,488</b>
<b>Motorist services</b>										
Calls made from call boxes	2,011	1,717	1,363	1,246	1,049	1,067	922	960	1,297	1,510
Vehicles removed	—	—	—	—	—	—	—	—	—	—
Vehicles assisted by FSP	69,045	68,678	62,527	54,136	52,673	56,374	60,062	67,224	59,129	55,375
511 Motorist Assistance Calls	2,886	4,023	4,120	3,888	4,298	4,718	3,774	4,815	5,281	4,360
<b>Commuter rail</b>										
Weekday trips	54	54	54	54	54	54	41	45	45	45
Annual boardings	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	2,407,622
<b>Fixed route</b>										
Annual boardings	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	34,978,231
Vehicle revenue hours	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	1,450,826
Miles of fixed route	2,047	2,045	1,820	1,801	1,762	1,792	1,562	1,587	1,546	1,544
<b>Paratransit</b>										
Annual boardings	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	1,137,743
Vehicle revenue hours	741,291	754,004	780,798	744,746	756,391	603,477	312,776	461,261	559,776	631,095
Eligible riders	31,602	32,173	32,871	32,735	32,744	31,812	28,851	28,248	27,710	27,512
<b>Tollroad</b>										
Annual drivers trips	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	29,823,225
<b>Taxicab</b>										
Permits Issued	2,513	1,855	1,521	1,214	971	437	—	—	—	—

Source: Various departments within OCTA

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

	For the Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Fixed route</b>										
Bus bases	5	5	5	5	5	5	5	5	5	5
Large revenue vehicles	537	537	517	492	498	505	495	508	416	428
Small revenue vehicles	19	18	11	35	43	24	38	36	19	14
<b>Paratransit</b>										
Paratransit vehicles	248	248	248	248	248	248	245	245	254	247
<b>Tollroad</b>										
Transponders in use	176,790	182,522	196,997	213,993	225,621	208,656	163,235	145,393	128,715	127,904

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.
- In fiscal year 2023-24, the decrease in Fixed route small revenue vehicles resulted from a decline in I-Shuttle service.







# 2024 Annual Comprehensive Financial Report



[www.octa.net](http://www.octa.net)

Orange County Transportation Authority  
550 S. Main Street • P.O. Box 14184  
Orange, CA 92863-1584

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
(A Component Unit of the Orange County Transportation Authority)**

**ANNUAL FINANCIAL  
AND  
COMPLIANCE REPORT**

**Year Ended June 30, 2024**

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**

**Audited Financial Statements**  
**Year Ended June 30, 2024**

**Table of Contents**

Independent Auditor's Report .....	1
Management's Discussion and Analysis (Unaudited) .....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	10
Statement of Activities .....	11
Governmental Funds Financial Statements:	
Balance Sheet .....	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances .....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Notes to the Financial Statements .....	16
Required Supplementary Information (Other than Management's Discussion and Analysis):	
Local Transportation Authority Special Revenue Fund	
Budgetary Comparison Schedule (Budgetary Basis) .....	29
Notes to Required Supplementary Information .....	30
Other Supplementary Information:	
Local Transportation Authority Debt Service Fund	
Budgetary Comparison Schedule (Budgetary Basis) .....	31
Other Reports:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	32

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Orange County Local Transportation Authority  
Orange, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Orange County Local Transportation Authority (OCLTA), a component unit of the Orange County Transportation Authority (OCTA), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise OCLTA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of OCLTA as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 OCLTA, 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 OCLTA'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 the OCLTA'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 OCLTA'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 and budgetary comparison information for the Local Transportation Authority Special Revenue Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information 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 OCLTA's basic financial statements. The budgetary comparison schedule for the Local Transportation Authority Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and 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 budgetary comparison schedule for the Local Transportation Authority Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of the OCLTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the OCLTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the OCLTA's internal control over financial reporting and compliance.



Crowe LLP

Costa Mesa, California  
October 31, 2024

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**(unaudited)**  
**For the Fiscal Year Ended June 30, 2024**

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As management of the Orange County Local Transportation Authority (OCLTA), we offer readers of the OCLTA's financial statements this narrative overview and analysis of the OCLTA's Measure M financial activities for the fiscal year (FY) ended June 30, 2024. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- Total net position of the OCLTA was \$479,680 as of June 30, 2024. The net position of the OCLTA is restricted for transportation projects, debt service, and Environmental Mitigation Program.
- Net position increased by \$127,905 during FY 2023-24. This increase is primarily due to the transfer of assets after the closure of the Common Urban Rail Endowment (CURE) Fund previously reported under the Orange County Transportation Authority (OCTA)'s General Fund. The non-depreciable capital assets increased by \$167,913 as a result of transfer of land to LTA Fund. In FY 2023-24, Measure M program expenses increased by \$52,972 mainly related to payments made to SCRRA for operating costs related to the railroad. Sales tax revenue decreased by \$7,711 compared to FY 2022-23 due to declines in consumer spending. In FY 2023-24, unrestricted investment earnings increased by \$25,294 or 103.0 percent resulting from favorable investment performance.
- OCLTA's governmental funds reported combined ending fund balances of \$869,631 reflecting a decrease of \$91,122 from the prior year. The decrease is primarily due to interfund transfer from LTA Fund to 405EL Fund for TIFIA loan allocation between general purpose lanes and express lanes related construction expenses, which was offset by favorable investment performance and the lower capital expenditures related to the I-405 Improvement project in the current year.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements**

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

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

The statement of activities presents information showing how the OCLTA'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 can be found on pages 10-11 of this report.



## **ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY Management's Discussion and Analysis**

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### **Fund Financial Statements**

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

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

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

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

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

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-28 of this report.

The OCLTA adopts an annual budget for its two funds. A budgetary comparison schedule has been provided for the LTA special revenue fund as required supplementary information on page 29 and the LTA debt service fund as other supplementary information on page 31 to demonstrate compliance with the annual appropriated budget.

### **Government-wide Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of the OCLTA's financial position. At June 30, 2024, the OCLTA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$479,680, a \$127,905 increase from June 30, 2023. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the OCLTA's governmental activities.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
Management's Discussion and Analysis**

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

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Current and other assets	\$ 1,046,520	\$ 1,103,465
Assets held for resale	20,615	15,965
Capital Assets, net	175,213	7,300
<b>Total assets</b>	<b>1,242,348</b>	<b>1,126,730</b>
<b>Deferred outflows of resources</b>		
Deferred charge on refunding	1,153	1,222
Current liabilities	138,718	130,023
Long-term liabilities	621,827	645,899
<b>Total liabilities</b>	<b>760,545</b>	<b>775,922</b>
<b>Deferred inflows of resources</b>		
Deferred inflows - leases	3,276	255
<b>Total net position</b>	<b>\$ 479,680</b>	<b>\$ 351,775</b>

Total assets increased by \$115,618, or 10.3 percent, from June 30, 2023. This increase is primarily due to the transfer of land resulted from the closure of the CURE Fund previously reported under the OCTA's General Fund.

Total liabilities decreased by \$15,377, or 2.0 percent, from June 30, 2023. This decrease is primarily due to decreased long-term liabilities resulting from principal payments of M2 Sales Tax Revenue Bonds.

Total net position from governmental activities increased by \$127,905 or 36.4 percent. This increase results from transfer of assets after the closure of the CURE Fund previously reported under the OCTA's General Fund.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
Management's Discussion and Analysis**

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

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>		
<b>Program revenues</b>		
Charges for services	\$ 1,046	\$ 1,257
Operating grants and contributions	70,113	60,105
<b>General revenues</b>		
Sales tax	431,412	439,123
Unrestricted investment earnings	49,858	24,564
Other miscellaneous expenses	—	(12)
<b>Transfers</b>	192,911	—
<b>Total revenues and transfers</b>	<b>745,340</b>	<b>525,037</b>
<b>Expenses:</b>		
Measure M program expenses	617,435	564,463
<b>Change in net position</b>	<b>127,905</b>	<b>(39,426)</b>
Net position – beginning	351,775	391,201
<b>Net position – end of year</b>	<b>\$ 479,680</b>	<b>\$ 351,775</b>

OCLTA expenses shown on the statement of activities consist of:

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Supplies and services	\$ 114,749	\$ 93,273
Contributions to other local agencies	100,935	102,306
Capital outlay	156,102	281,263
Interest expense	30,483	31,495
Contributions to other OCTA funds	215,166	56,126
<b>Total expenses</b>	<b>\$ 617,435</b>	<b>\$ 564,463</b>

Total revenues increased by \$220,303, or 42.0 percent, from FY 2022-23. In FY 2023-24, the unrestricted investment earnings increased by \$25,294 or 103.0 percent resulting from favorable investment performance and sales tax revenues decreased by \$7,711. In addition, grants and contributions which ultimately finance a significant portion of the OCLTA's net costs, also increased by \$10,008 or 16.7 percent from the prior year.

Program expenses increased by \$52,972 primarily due to the payment made to SCRRA for operating costs related to the railroad during FY 2023-24.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**

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

As of June 30, 2024, the OCLTA's governmental funds reported combined ending fund balances of \$869,631, a decrease of \$91,122 compared to FY 2022-23. The majority of fund balances, 92.9 percent, are restricted for transportation projects funded by the Measure M Program. The remaining fund balances are restricted for the Environmental Mitigation Program and for debt service on M2 sales tax revenue bonds issued to accelerate funding for transportation projects.

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

- The LTA fund balance decreased by \$83,319 primarily due to increase in investment earnings, transfer of assets after the closure of the CURE Fund previously reported under the OCTA's General Fund, and offset by interfund transfer from LTA Fund to 405EL Fund for TIFIA loan allocation.
- The LTA Debt Service fund balance decreased by \$7,803, due to the transfer out of excess fund from LTA Debt Service fund to LTA fund.

**Capital Asset and Debt Administration**

**Capital Assets**

As of June 30, 2024, the OCLTA has \$175,213 net of accumulated depreciation invested in capital assets, including land, right-of-way improvements, and machinery. A summary of the OCLTA's capital assets, net of depreciation is as follows:

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Land	\$ 167,913	\$ —
Right-of-way improvements	7,300	7,300
Machinery and equipment	15	21
<b>Total capital assets</b>	<b>175,228</b>	<b>7,321</b>
Less accumulated depreciation	(15)	(21)
<b>Total capital assets, net</b>	<b>\$ 175,213</b>	<b>\$ 7,300</b>

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

OCLTA has outstanding capital expenditure commitments; the most significant of which are \$162,909 for the I-5 Freeway Widening Construction Project, \$108,079 for the Regional Capacity Program, and \$94,185 for the Regional Traffic Signal Synchronization Project.

**Debt Administration**

As of June 30, 2024, the OCLTA has \$569,315 in sales tax revenue bonds compared to \$590,235 as of the prior fiscal year.

## **ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY Management's Discussion and Analysis**

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

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

### **Economic and Other Factors**

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

Although revenue collection for M2 projects did not begin until April 2011, OCTA began delivering projects early based on the five-year M2 Early Action Plan (EAP) adopted in 2007 and subsequent M2020 Plan adopted in 2012. Both delivery plans were developed to accelerate M2 freeway, streets and roads, transit, and environmental projects. In response to lower actual sales tax revenue, a new forecasting methodology was adopted in March 2016. This prompted the need to revisit the assumptions built into the M2020 plan. A new program/project delivery framework covering FY 2016-17 through FY 2025-26, called the Next 10 Plan, was adopted by the Board of Directors on November 14, 2016. The updated version of the Next 10 Plan was adopted by the Board of Directors in November 2022 and covers FY 2023 - FY 2032.

The OCLTA adopted its FY 2024-25 annual budget on June 10, 2024. Despite recent declines, an increase is projected in both local and state sales taxes. Looking specifically at our Measure M2 (M2) Program half-cent Local Transportation Authority (LTA) sales tax revenue, the FY 2024-25 projections are cautiously optimistic. The growth rate for the M2 half-cent LTA sales tax revenue is forecasted to be 3.3 percent over FY 2023-24 estimates. Similarly, the growth rate for the quarter-cent Local Transportation Fund sales tax revenue, primarily supporting the bus program, is anticipated to be 3.1 percent over FY 2023-24 estimates.

The M2 Program delineates a clear roadmap for the enhancement of transportation infrastructure across our cities and County. The M2 Program will persist in advancing enhancements across freeways, transit, streets, roads, and environmental initiatives. The FY 2024-25 budget for the M2 Program includes \$405 million for freeway improvement projects and \$158 million for the enhancement of streets and roads. Moreover, the budget earmarks \$146 million for M2 Transit Programs, which comprises \$64 million for the construction of the OC Streetcar Project and \$46 million to bolster regional rail services.

### **Contacting the OCLTA's Management**

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

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Statement of Net Position**  
**June 30, 2024**

<i>(amounts expressed in thousands)</i>	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 360,102
Receivables:	
Interest	5,298
Operating grants	26,193
Capital grants	1,960
Other	716
Due from other OCTA funds	9,181
Due from other governments	98,745
Condemnation deposits	8,619
Lease receivable	3,354
Note receivable	3,133
Restricted investments	528,425
Other assets	794
Assets held for resale	20,615
Capital assets:	
Nondepreciable	175,213
<b>Total Assets</b>	<b><u>1,242,348</u></b>
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	1,153
<b>Total Deferred Outflows of Resources</b>	<b><u>1,153</u></b>
<b>Liabilities</b>	
Accounts payable	48,347
Accrued interest payable	12,272
Due to other OCTA funds	42,298
Due to other governments	35,456
Unearned revenue	274
Other liabilities	71
Noncurrent liabilities:	
Due within one year	21,950
Due in more than one year	599,877
<b>Total Liabilities</b>	<b><u>760,545</u></b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - leases	3,276
<b>Total Deferred Inflows of Resources</b>	<b><u>3,276</u></b>
<b>Net Position</b>	
Investment in capital assets	175,213
Restricted for:	
Transportation projects	252,542
Debt service	23,500
Environmental Mitigation Program	28,425
<b>Total Net Position</b>	<b><u>\$ 479,680</u></b>

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Statement of Activities**  
**Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<b>Program revenues</b>				
<u>Governmental activities</u>				
Measure M program	\$ 617,435	\$ 1,046	\$ 70,113	\$ (546,276)
<b>General revenues</b>				
Sales tax				431,412
Unrestricted investment earnings				49,858
Other miscellaneous expenses				—
<b>Transfers</b>				192,911
<b>Total general revenues and transfers</b>				674,181
Change in net position				127,905
Net position - beginning				351,775
<b>Net position - ending</b>				<b>\$ 479,680</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Balance Sheet - Governmental Funds**  
**June 30, 2024**

<i>(amounts expressed in thousands)</i>	LTA	LTA Debt Service	Total OCLTA
<b>Assets</b>			
Cash and investments	\$ 338,797	\$ 21,305	\$ 360,102
Receivables:			
Interest	5,229	69	5,298
Operating grants	26,193	—	26,193
Capital grants	1,960	—	1,960
Other	716	—	716
Due from other OCTA funds	16,848	—	16,848
Due from other governments	96,619	2,126	98,745
Condemnation deposits	8,619	—	8,619
Lease receivables	3,354	—	3,354
Note receivable	3,133	—	3,133
Restricted investments	528,425	—	528,425
Other assets	794	—	794
<b>Total Assets</b>	<b>1,030,687</b>	<b>23,500</b>	<b>1,054,187</b>
<b>Liabilities</b>			
Accounts payable	48,347	—	48,347
Due to other OCTA funds	49,963	—	49,963
Due to other governments	35,456	—	35,456
Unearned revenue	274	—	274
Other liabilities	71	—	71
<b>Total Liabilities</b>	<b>134,111</b>	<b>—</b>	<b>134,111</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - leases	3,276	—	3,276
Unavailable revenue - grant reimbursements	43,062	—	43,062
Unavailable revenue - reimbursements from others	2,852	—	2,852
Unavailable revenue - ARTIC	1,255	—	1,255
<b>Total Deferred Inflows of Resources</b>	<b>50,445</b>	<b>—</b>	<b>50,445</b>
<b>Fund Balances</b>			
Nonspendable:			
Condemnation deposits	8,619	—	8,619
Other assets - prepaids	794	—	794
Restricted for:			
Transportation projects	808,293	—	808,293
Debt service	—	23,500	23,500
Environmental Mitigation Program	28,425	—	28,425
<b>Total Fund Balances</b>	<b>846,131</b>	<b>23,500</b>	<b>869,631</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,030,687</b>	<b>\$ 23,500</b>	<b>\$ 1,054,187</b>

See accompanying notes to the financial statements.



**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2024**

*(amounts expressed in thousands)*

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

<b>Total fund balances (page 12)</b>		<b>\$ 869,631</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		175,213
Assets held for resale are not financial resources and, therefore, are not reported in the funds.		20,615
Earned but unavailable revenue is not available to liquidate current liabilities and, therefore, is reported as a deferred inflow of resources in the funds.		47,167
Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds.		(12,272)
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.		1,153
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ (569,315)	
Unamortized bond issuance premium	<u>(52,512)</u>	<u>(621,827)</u>
<b>Net position of governmental activities (page 10)</b>		<b><u><u>\$ 479,680</u></u></b>

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	LTA	LTA Debt Service	Total OCLTA
<b>Revenues</b>			
Sales tax	\$ 431,412	\$ —	\$ 431,412
Contributions from other agencies	29,100	—	29,100
Contributions from other OCTA funds	19,647	—	19,647
Investment earnings	44,725	7,012	51,737
Miscellaneous	1,013	—	1,013
<b>Total revenues</b>	<b>525,897</b>	<b>7,012</b>	<b>532,909</b>
<b>Expenditures</b>			
Current:			
General government:			
Supplies and services	114,749	—	114,749
Transportation:			
Contributions to other local agencies	100,935	—	100,935
Contributions to other OCTA funds	215,166	—	215,166
Capital outlay	160,479	—	160,479
Debt service:			
Principal payments on long-term debt	—	20,920	20,920
Interest	4	33,952	33,956
<b>Total expenditures</b>	<b>591,333</b>	<b>54,872</b>	<b>646,205</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(65,436)</b>	<b>(47,860)</b>	<b>(113,296)</b>
<b>Other financing sources (uses)</b>			
Transfers in	33,514	51,397	84,911
Transfers out	(51,397)	(11,340)	(62,737)
<b>Total other financing sources (uses)</b>	<b>(17,883)</b>	<b>40,057</b>	<b>22,174</b>
<b>Net change in fund balances</b>	<b>(83,319)</b>	<b>(7,803)</b>	<b>(91,122)</b>
Fund balances - beginning	929,450	31,303	960,753
<b>Fund balances - ending</b>	<b>\$ 846,131</b>	<b>\$ 23,500</b>	<b>\$ 869,631</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2024**

*(amounts expressed in thousands)*

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

**Net change in fund balances - total governmental funds (page 14) \$ (91,122)**

The transfer of capital assets (land) from the OCTA's General Fund is an increase to net position. 167,913

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. 2,548

The net effect of various miscellaneous transactions involving assets held for resale is to increase net position. 4,650

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 19,522

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

Principal repayments	\$ 20,920	
Change in accrued interest	390	
Amortization of premium and deferred charge on refunding	3,084	24,394

**Change in net position of governmental activities (page 11) \$ 127,905**

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Notes to The Financial Statements**  
**Year Ended June 30, 2024**  
(in thousands)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

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

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

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

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

**Basis of Presentation**

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

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

The statement of activities demonstrates the degree to which the OCLTA Measure M program expenses are offset by program revenues. Program expenses include direct and indirect expenses, which are identifiable with Measure M. Interest expense related to the sales tax revenue bonds is reported as a direct expense of the Measure M program. The borrowings are considered essential to the creation or continuing existence of the Measure M program. For the fiscal year ended June 30, 2024, interest expense of \$30,483 was included in Measure M program costs. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by Measure M; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the Measure M program. Taxes, investment earnings, and other items are not reported as program revenues and instead are reported as general revenues.

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## Notes to The Financial Statements

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**Year Ended June 30, 2024**

(in thousands)

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

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

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

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

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

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

### **Cash and Investments**

The OCLTA maintains cash and investments in a pool with other OCTA cash and investments and in accordance with the Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended July 1, 2022. The Policy complies with, or is more restrictive than, the California Government Code (Code). Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Pooled cash and investment earnings are allocated based on average daily dollar account balances.

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

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## Notes to The Financial Statements

**Year Ended June 30, 2024**

(in thousands)

accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs - other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are unobservable inputs.

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

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

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

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

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

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.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Notes to The Financial Statements**

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**Year Ended June 30, 2024**

(in thousands)

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

**Due To/From Other OCTA Funds**

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

**Contributions To/From Other OCTA Funds**

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

**Administrative Services Costs**

OCTA allocates indirect costs related to administrative services from certain funds to benefiting funds. For fiscal year 2023-24, \$30,096 of administrative services were charged to the OCLTA and are reported as general government expenditures in the statement of revenues, expenditures and changes in fund balances and as program expenses in the statement of activities.

**Leases**

OCLTA adopted GASB Statement No. 87, Leases, for the fiscal year ended June 30, 2022. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. OCLTA is a lessor for a noncancellable lease of land. OCLTA 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, OCLTA 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 OCLTA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. OCLTA 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.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Notes to The Financial Statements**

**Year Ended June 30, 2024**

(in thousands)

OCLTA 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.

For the year ended June 30, 2024, the lease receivable and deferred inflow of resources associated with these leases were \$3,354 and \$3,276, respectively. OCLTA recognized lease revenue of \$255 during the fiscal year. Remaining receivables associated with these leases are as follows:

<b>Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 469	\$ 95	\$ 564
2026	504	75	579
2027	498	62	560
2028	492	49	541
2029	331	35	366
2030-2034	1,054	44	1,098
2035-2039	5	—	5
2040-after	1	—	1
<b>Total</b>	<b>\$ 3,354</b>	<b>\$ 360</b>	<b>\$ 3,714</b>

**Assets Held for Resale**

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

**Capital Assets**

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

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

Machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:



**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Notes to The Financial Statements**

**Year Ended June 30, 2024**

(in thousands)

<b>Asset Type</b>	<b>Useful Life</b>
Machinery and equipment	3-10 years

**Deferred Outflows/Inflows of Resources**

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

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

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

**Long-Term Debt**

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

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

**Contributions to Other Local Agencies**

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

**Net Position**

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

- *Net investment in capital assets* - This balance reflects the net position of the OCLTA that is invested in capital assets, net of related debt. This net position is generally not accessible for other purposes.

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## Notes to The Financial Statements

**Year Ended June 30, 2024**

(in thousands)

- *Restricted net position* - This balance represents net position that is not accessible for general use because use is subject to restrictions enforceable by third parties. The OCLTA government-wide statement of net position reports net position restricted for transportation projects funded by the Measure M Program, debt service, and Environmental Mitigation Program.
- *Unrestricted net position* – This balance represents the net position that is available for general use.

### Fund Balances

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

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

- *Nonspendable* – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2024, OCLTA reported nonspendable balance for condemnation deposits and other assets - prepaids.
- *Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. As of June 30, 2024, OCLTA reported restricted fund balance for transportation projects, debt service, and Environmental Mitigation Program.
- *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 do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This classification also includes residual amounts assigned for specific projects. The Board establishes and modifies assignments of fund balance through the adoption of the budget and subsequent budget amendments. The Board retains the authority to assign fund balance.

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

### Use of Estimates

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

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Notes to The Financial Statements**

**Year Ended June 30, 2024**

(in thousands)

**2. CASH AND INVESTMENTS**

Cash and investments are comprised of the following at June 30, 2024:

Investments:

With OCTA Commingled Investment Pool	\$	457,760
With Trustee		402,342
With CA Community Foundation		28,425
<b>Total Cash and Investments</b>	<b>\$</b>	<b>888,527</b>

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

Unrestricted Cash and Investments	\$	360,102
Restricted Cash and Investments		528,425
<b>Total Cash and Investments</b>	<b>\$</b>	<b>888,527</b>

As of June 30, 2024, OCLTA had the following investments:

Investment	Fair Value	Interest Rate	Maturity Range	Weighted Average Maturity (Years)
OCTA Commingled Investment Pool	\$ 457,760	*	*	*
Money Market Funds **	353,328	5.17% - 5.24%	07/01/2024	0.003
Commercial Paper	49,014	5.31% - 5.37%	09/10/2024 - 12/27/2024	0.344
CA Community Foundation Investment Fund	28,425	NA	NA	NA
<b>Total Investments</b>	<b>\$ 888,527</b>			

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

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

The Portfolio Weighted Average Maturity is 1.888 years.

As of June 30, 2024, OCLTA had \$457,760 invested in the OCTA's Commingled Investment Pool (CIP). Refer to the OCTA's Annual Comprehensive Financial Report for details on valuation techniques and fair value hierarchy, interest rate risk, variable rate notes and custodial credit risk. Deposits and withdrawals in OCTA's CIP are made on the basis of \$1.00 (absolute dollars) and not fair value. Accordingly, the OCLTA's investment in OCTA's CIP at June 30, 2024 is uncategorized, not defined as Level 1, Level 2, or Level 3 input.

As of June 30, 2024, OCLTA had \$28,425 invested in the CA Community Foundation (CCF) investment fund. The amount invested is valued using significant unobservable inputs and, therefore, classified as Level 3. Unobservable inputs used by CCF include the foundations own assumptions, market comparable rates, capitalization and occupancy rates.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Notes to The Financial Statements**

**Year Ended June 30, 2024**

(in thousands)

**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, 2024 (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U. S. government):

<b>Investment</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>% of Portfolio</b>
OCTA Commingled Investment Pool	NR	NR	51.52 %
Money Market Funds	AAA	Aaa	39.76 %
Commercial Paper	A-1	P-1	5.52 %
CA Community Foundation Investment Fund	NR	NR	3.20 %
			<b>100.00 %</b>

**3. DUE FROM/TO OTHER GOVERNMENTS**

Amounts due from other governments as of June 30, 2024 in the fund financial statements are \$98,745 which comprised of \$96,619 of sales taxes and project reimbursements, and \$2,126 representing the interest receivable on Build America Bonds.

Amounts due to other governments as of June 30, 2024 are \$35,456 for transportation projects.

**4. RELATED PARTY AND INTERFUND TRANSFERS**

**Related party transactions**

As of June 30, 2024, OCLTA has \$16,848 receivable from other OCTA funds which is related to OC Streetcar and SR-91 Improvement Project

As of June 30, 2024, OCLTA owes \$49,963 to other OCTA funds as follows:

	<b>Amount</b>	<b>Description</b>
General Capital Project	\$ 49,875	OC Streetcar project
OC Streetcar	10	OC Streetcar project
OCUTT	78	Placentia loan
<b>Total</b>	<b>\$ 49,963</b>	

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Notes to The Financial Statements**

**Year Ended June 30, 2024**

(in thousands)

**Contributions from Other OCTA Funds**

During fiscal year 2023-24, OCLTA received \$19,647 which is comprised of \$4,402 from OCTD and \$15,245 from the 91 Express Lanes Fund for freeway improvements.

**Contributions to Other OCTA Funds**

During fiscal year 2023-24, OCLTA made contributions to the following funds:

- \$73,664 to the General Capital Projects Fund for the OC Streetcar Project
- \$950 to OC Streetcar Fund for OC Streetcar Project
- \$9,920 to the OCTD Fund for La Habra service, iShuttle, Commuter Rail, Fare Stabilization and Senior Mobility Program
- \$5,410 to the SAFE Fund for motorist emergency aid system
- \$125,222 to 405 Express Lanes Fund for construction related expenses

**Interfund Transfers**

During fiscal year 2023-24, the LTA Fund transferred \$51,397 to the LTA Debt Service Fund for debt service payments. Additionally, the LTA Debt Service Fund transferred \$11,340 in excess interest earnings to the LTA Fund.

**5. CAPITAL ASSETS**

Capital assets activity for the OCLTA governmental activities for the year ended June 30, 2024 is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ —	\$ 167,913	\$ —	\$ 167,913
Right-of-way improvements	7,300	—	—	7,300
<b>Total capital assets, not being depreciated</b>	<b>7,300</b>	<b>167,913</b>	<b>—</b>	<b>175,213</b>
<b>Capital assets, being depreciated:</b>				
Machinery and equipment	21	—	(6)	15
<b>Total capital assets, being depreciated</b>	<b>21</b>	<b>—</b>	<b>(6)</b>	<b>15</b>
<b>Less accumulated depreciation for:</b>				
Machinery and equipment	(21)	—	6	(15)
<b>Total accumulated depreciation</b>	<b>(21)</b>	<b>—</b>	<b>6</b>	<b>(15)</b>
<b>Total capital assets, being depreciated, net</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total governmental activities capital assets, net</b>	<b>\$ 7,300</b>	<b>\$ 167,913</b>	<b>\$ —</b>	<b>\$ 175,213</b>

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Notes to The Financial Statements**

**Year Ended June 30, 2024**

(in thousands)

**6. LONG-TERM DEBT**

**Sales Tax Revenue Bonds**

On December 9, 2010, OCLTA 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. Pursuant to the bond indenture for the 2010 Series Bonds, a reserve fund is not required. The transaction closed on December 23, 2010. A total of \$75,000 was used to refund outstanding TECP.

On February 12, 2019, OCLTA 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. Pursuant to the bond indenture for the Series 2019 Bonds, a reserve fund is not required. The transaction closed on February 26, 2019.

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

A summary of the bonds outstanding is as follows:

	<b>2010 Series A (Taxable Build America Bonds)</b>	<b>2019 Series B (Tax-Exempt Bonds)</b>	<b>Total</b>
Issuance date	12/9/10	2/12/19	
Original issue amount	\$ 293,540	\$ 376,690	\$ 670,230
Original issue premium	—	69,342	69,342
<b>Net Bond Proceeds</b>	<b>\$ 293,540</b>	<b>\$ 446,032</b>	<b>\$ 739,572</b>
Issuance costs	\$ 1,905	\$ 970	\$ 2,875
Interest rates	5.56%-6.91%	3.00%-5.00%	
Maturity range	2021-2041	2021-2041	
Final maturity	2041	2041	
Bonds outstanding	\$ 250,000	\$ 319,315	\$ 569,315
Plus unamortized premium	—	52,512	52,512
<b>Total</b>	<b>\$ 250,000</b>	<b>\$ 371,827</b>	<b>\$ 621,827</b>

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Notes to The Financial Statements**

**Year Ended June 30, 2024**

(in thousands)

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2024, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>		<b>Interest</b>	
2025	\$	21,950	\$	32,906
2026		23,630		31,722
2027		24,755		30,334
2028		25,935		28,881
2029		27,170		27,359
2030-2034		156,585		111,323
2035-2039		197,110		61,479
2040-2041		92,180		8,146
<b>Total</b>	<b>\$</b>	<b>569,315</b>	<b>\$</b>	<b>332,150</b>

**Changes in Long-Term Liabilities**

Long-term liabilities activity for the year ended June 30, 2024, is as follows:

	<b>Beginning</b>			<b>Ending</b>	<b>Due within</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>one year</b>
Measure M program activities:					
Sales tax revenue bonds	\$ 590,235	\$ —	\$ (20,920)	\$ 569,315	\$ 21,950
Unamortized premium	55,664	—	(3,152)	52,512	—
<b>Total Measure M program activities long-term liabilities</b>	<b>\$ 645,899</b>	<b>\$ —</b>	<b>\$ (24,072)</b>	<b>\$ 621,827</b>	<b>\$ 21,950</b>

**Pledged Revenue**

OCLTA has debt issuances outstanding that are repaid and secured by the pledging of certain revenues. For the year ended June 30, 2024, debt service payments in relation to the pledged gross revenue net of the local fair share program and other expenses as required by the debt agreement, are indicated in the following table:

<b>Description of Pledged Revenue</b>	<b>Annual Amount of Net Pledged Revenue</b>	<b>Annual Debt Service Payments</b>	<b>Pledged Revenue Coverage</b>
Measure M2 Net Sales Tax Revenue	\$ 340,337	\$ 54,872	6.20

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**Notes to The Financial Statements**

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**Year Ended June 30, 2024**

(in thousands)

**7. COMMITMENTS AND CONTINGENCIES**

**Purchase Commitments**

The OCLTA has various long-term outstanding contracts that extend over several years and rely on future years' revenues. Total commitments at June 30, 2024 were \$795,391, the majority of which relate to the expansion of Orange County's freeways and road systems.

**Federal Grants**

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

**8. EFFECT OF NEW PRONOUNCEMENTS**

**GASB Statement No. 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 requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, 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. The implementation of this Statement did not have a material effect on the financial statements.



**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - LTA Fund (Budgetary Basis)**  
**Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Sales tax	\$ 461,560	\$ 461,560	\$ 431,412	\$ (30,148)
Contributions from other agencies	96,082	96,082	56,878	(39,204)
Contributions from other OCTA funds	31,305	31,305	19,647	(11,658)
Investment earnings	38,229	38,229	44,725	6,496
Miscellaneous	76	76	1,013	937
<b>Total revenues</b>	<b>627,252</b>	<b>627,252</b>	<b>553,675</b>	<b>(73,577)</b>
<b>Expenditures:</b>				
Current:				
General government - supplies and services	244,464	238,239	163,684	74,555
Transportation:				
Contributions to other local agencies	197,384	227,153	100,944	126,209
Contributions to other OCTA funds	112,909	112,909	215,166	(102,257)
Capital outlay	410,065	410,065	207,364	202,701
Debt service:				
Interest	—	—	4	(4)
<b>Total expenditures</b>	<b>964,822</b>	<b>988,366</b>	<b>687,162</b>	<b>301,204</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(337,570)</b>	<b>(361,114)</b>	<b>(133,487)</b>	<b>227,627</b>
<b>Other financing sources (uses):</b>				
Transfers in	51,051	51,051	33,514	(17,537)
Transfers out	(54,872)	(54,872)	(51,397)	3,475
Proceeds from sale of capital assets	1,883	1,883	—	(1,883)
<b>Total other financing sources (uses)</b>	<b>(1,938)</b>	<b>(1,938)</b>	<b>(17,883)</b>	<b>(15,945)</b>
<b>Net change in fund balance</b>	<b>\$ (339,508)</b>	<b>\$ (363,052)</b>	<b>\$ (151,370)</b>	<b>\$ 211,682</b>
<b>Reconciliation to GAAP:</b>				
<b>Net change in fund balance (budgetary basis)</b>				<b>\$ (151,370)</b>
Less: Estimated revenues for encumbrances outstanding at June 30				27,778
Add: Current year encumbrances outstanding at June 30				95,829
<b>Net change in fund balance (GAAP basis)</b>				<b>\$ (83,319)</b>

See accompanying notes to the required supplementary information.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2024**  
(in thousands)

**1. Budgetary Data**

The OCLTA establishes accounting control through formal adoption of an annual operating budget for the LTA and the debt service governmental funds. The budget is prepared in conformity with accounting principles generally accepted in the United States (GAAP) except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. The adopted budget can be amended by the Board to increase both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Division heads are authorized to approve appropriation transfers within major objects subject to approval by the Finance and Administration Division. Major objects are defined as Salaries and Benefits, Supplies and Services and Capital Outlay. Supplies and Services includes Contributions to Other Local Agencies, Debt Service and Transfers. Appropriation transfers between major objects require approval of the Board. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations, for budgeted funds, is at the major object level for the budgeted governmental funds. A Fourth Quarter Budget Status Report, June 2024 is available from the OCTA Finance and Administration Division. With the exception of accounts which have been encumbered, appropriations lapse at year end.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**(A Component Unit of the Orange County Transportation Authority)**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule - LTA Debt Service Fund (Budgetary Basis)**  
**Year Ended June 30, 2024**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ 6,212	\$ 6,212	\$ 7,012	\$ 800
<b>Total revenues</b>	<b>6,212</b>	<b>6,212</b>	<b>7,012</b>	<b>800</b>
<b>Expenditures:</b>				
Debt service:				
Principal payments on long-term debt	20,920	20,920	20,920	—
Interest on long-term debt	33,952	33,952	33,952	—
<b>Total expenditures</b>	<b>54,872</b>	<b>54,872</b>	<b>54,872</b>	<b>—</b>
<b>Deficiency of revenues under expenditures</b>	<b>(48,660)</b>	<b>(48,660)</b>	<b>(47,860)</b>	<b>800</b>
<b>Other financing sources:</b>				
Transfers in	54,872	54,872	51,397	(3,475)
Transfers out	(6,212)	(6,212)	(11,340)	(5,128)
<b>Total other financing sources</b>	<b>48,660</b>	<b>48,660</b>	<b>40,057</b>	<b>(8,603)</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (7,803)</b>	<b>\$ (7,803)</b>

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

Board of Directors  
Orange County Local Transportation Authority  
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Orange County Local Transportation Authority (OCLTA), a component unit of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise OCLTA's basic financial statements, and have issued our report thereon dated October 31, 2024.

### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

## Report on Compliance and Other Matters

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

### Purpose of this Report

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



Crowe LLP

Costa Mesa, California  
October 31, 2024

**91 EXPRESS LANES FUND**  
**(An Enterprise Fund of the**  
**Orange County Transportation Authority)**  
**FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

**91 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**

**Financial Statements**  
**For the Year Ended June 30, 2024**

**Table of Contents**

Independent Auditor’s Report .....	1
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	4
Management’s Discussion and Analysis (Unaudited) .....	6
Financial Statements:	
Statement of Net Position .....	11
Statement of Revenues, Expenses and Changes in Net Position .....	12
Statement of Cash Flows .....	13
Notes to the Financial Statements .....	15

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Orange County Transportation Authority  
Orange, California

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the accompanying financial statements of the 91 Express Lanes Fund (91 EL), a major enterprise fund of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 91 EL's 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 financial position of the 91 EL, a major enterprise fund of OCTA, as of June 30, 2024, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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 opinion.

***Emphasis of Matters***

As discussed in Note 1, the financial statements present only the 91 EL and do not purport to, and do not, present fairly the financial position of OCTA as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



## ***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.

## ***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 opinion. 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 the OCTA's internal control, as it relates to the 91 EL. 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.

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.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 91 EL's financial statements. The management's discussion and analysis, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of OCTA's internal control over financial reporting, as it relates to the 91 EL, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OCTA's internal control over financial reporting or on compliance, as it relates to the 91 EL. 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, as it relates to the 91 EL.



Crowe LLP

Costa Mesa, California  
October 31, 2024

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

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 91 Express Lanes Fund (91 EL), a major enterprise fund of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 91 EL's basic financial statements, and have issued our report thereon dated October 31, 2024. As discussed in Note 1, the financial statements present only the 91 EL and do not purport to, and do not, present fairly the financial position of OCTA, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OCTA's internal control over financial reporting and compliance (internal control), as it relates to the 91 EL, as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control, as it relates to the 91 EL. Accordingly, we do not express an opinion on the effectiveness of OCTA's internal control, as it relates to the 91 EL.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 91 EL's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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



Crowe LLP

Costa Mesa, California  
October 31, 2024

**91 Express Lanes Fund  
Management's Discussion and Analysis (unaudited)  
For the Year Ended June 30, 2024**

As management of the 91 Express Lanes Fund (91 EL), an enterprise fund of the Orange County Transportation Authority, we offer readers of the 91 EL financial statements this narrative overview and analysis of the 91 EL's financial activities for the fiscal year ended June 30, 2024. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 11.

**Financial Highlights**

- a. At the end of fiscal year 2023-24, the total net position of the 91 EL was \$371,029,376 and consisted of net investment in capital assets of \$70,703,790; restricted net position of \$8,000,000; and unrestricted net position of \$292,325,586. Net position increased \$51,780,608 during fiscal year 2023-24, which represents an increase of 16.2% from the fiscal year 2022-23 ending net position. The increase is primarily due to increase in operating revenues, decrease in operating expenses, and favorable investment earnings.
- b. In fiscal year 2023-24, total operating revenues increased by \$10,592,944, which represents a 16.8% increase from the fiscal year 2022-23. The increase in operating revenue is primarily due to increase in average gross revenue per trip and increase in the collection of violation fees in fiscal year 2023-24.
- c. Total operating expenses decreased by \$2,384,192, which represents a 10.7% decrease from fiscal year 2022-23, primarily due to decrease in depreciation expense, professional services, and other operating expenses related to bond issuance cost.
- d. At the end of fiscal year 2023-24, investment earnings increased by \$10,360,062, which represents a 234.9% increase compared to fiscal year 2022-23. The increase in investment earnings is primarily due to favorable investment performance.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the 91 EL's financial statements. The financial statements are comprised of the fund financial statements and notes to the financial statements.

The statement of net position presents information on all of the 91 EL's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 91 EL is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the 91 EL'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 91 EL fund financial statements can be found on pages 11-14 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15-27 of this report.

**91 Express Lanes Fund  
Management's Discussion and Analysis (unaudited)  
For the Year Ended June 30, 2024**

**91 Express Lanes Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of the 91 EL's financial position. At June 30, 2024, the 91 EL's net position was \$371,029,376, an increase of \$51,780,608 or 16.2% from June 30, 2023. Our analysis below focuses on net position (Table 1) and changes in net position (Table 2) of the 91 EL's financial activities.

**Table 1  
91 Express Lanes Fund  
Net Position**

	<b>2024</b>	<b>2023</b>
Current and other assets	\$ 314,557,508	\$ 272,979,841
Restricted assets	13,452,646	19,451,418
Noncurrent receivables, net	4,737,647	5,558,650
Capital assets, net	119,552,293	123,498,812
<b>Total assets</b>	<b>452,300,094</b>	<b>421,488,721</b>
<b>Total deferred outflows of resources</b>	<b>165,492</b>	<b>4,993,814</b>
Current liabilities	33,417,356	35,796,415
Long-term liabilities	48,018,854	71,437,352
<b>Total liabilities</b>	<b>81,436,210</b>	<b>107,233,767</b>
<b>Net position:</b>		
Net investment in capital assets	70,703,790	60,024,445
Restricted	8,000,000	8,652,893
Unrestricted	292,325,586	250,571,430
<b>Total net position</b>	<b>\$ 371,029,376</b>	<b>\$ 319,248,768</b>

In fiscal year 2023-24, total assets increased by \$30,811,373 which represents an increase of 7.3% from fiscal year 2022-23, primarily due to an increase of \$31,029,287 in cash and investments, offset by a decrease of \$821,003 in noncurrent violations account receivables and a decrease of \$3,946,519 in capital assets. Total liabilities decreased by \$25,797,557 or 24.1% primarily due to refunding of the Toll Road Revenue Bonds Series 2013 during the fiscal year.

The 91 EL's net investment in capital assets was \$70,703,790 in fiscal year 2023-24 compared to \$60,024,445 in fiscal year 2022-23. The 91 EL's net position reflects its investment in capital assets (i.e. improvements; communications equipment; computer hardware and software; equipment, furniture and fixtures; transponders; intangible assets; and toll facility franchise), less any related outstanding debt used to acquire these assets. The 91 EL uses these capital assets to provide improved mobility for 91 EL customers and commuters along the SR-91 corridor. The increase of \$10,679,345 in net investment in capital assets was primarily due to Toll Road Revenue Bonds Series 2013 debt refunding.

**91 Express Lanes Fund**  
**Management's Discussion and Analysis (unaudited)**  
**For the Year Ended June 30, 2024**

Restricted net position, representing resources subject to external restrictions on how they may be used, represented 2.2% of the total net position at June 30, 2024. The \$652,893 decrease in restricted net position is related to investment activity in bond reserve accounts.

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. Unrestricted net position changed from \$250,571,430 at June 30, 2023 to \$292,325,586 at June 30, 2024. This increase of \$41,754,156 was primarily due to increase in operating revenues, decrease in operating expenses and favorable investment earnings.

**Table 2**  
**91 Express Lanes Fund**  
**Changes in Net Position**

	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>		
<b>Operating revenues:</b>		
Tolls, fees, and fines	\$ 73,668,071	\$ 63,075,127
<b>Operating expenses:</b>		
Management and operational services	5,875,462	5,773,860
Administrative overhead	3,685,194	3,784,342
Other operating expenses	18,652	453,900
Insurance claims and premiums	597,820	542,938
Professional services	4,374,822	5,812,583
General and administrative	332,599	111,028
Depreciation and amortization	5,078,179	5,868,269
<b>Total operating expenses</b>	<b>19,962,728</b>	<b>22,346,920</b>
<b>Operating income</b>	<b>53,705,343</b>	<b>40,728,207</b>
<b>Nonoperating revenues (expenses):</b>		
Investment earnings	14,770,382	4,410,320
Interest expense	(1,875,126)	(3,666,110)
Other	424,819	468,181
<b>Total nonoperating revenues</b>	<b>13,320,075</b>	<b>1,212,391</b>
Income before transfers	67,025,418	41,940,598
Transfers to other OCTA funds	(15,244,810)	(12,014,196)
<b>Changes in net position</b>	<b>51,780,608</b>	<b>29,926,402</b>
Total net position—beginning	319,248,768	289,322,366
<b>Total net position—ending</b>	<b>\$ 371,029,376</b>	<b>\$ 319,248,768</b>

**91 Express Lanes Fund  
Management's Discussion and Analysis (unaudited)  
For the Year Ended June 30, 2024**

The 91 EL's total operating revenues increased by 16.8%, while total operating expenses decreased by 10.7%. The increase in operating revenues is due to a rise of average gross revenue per trip and increase in revenue collected from violators. The decrease in operating expenses is attributable to drop in professional services, depreciation expenses, and other operating expenses related to bond issuance cost.

Total traffic volume on the 91 EL during fiscal year 2023-24 was 21,167,257 trips reflecting an increase of 7.2% in comparison to fiscal year 2022-23. Investment earnings increased by \$10,360,062 which represents a 234.9% increase compared to fiscal year 2022-23 resulting from favorable investment performance.

**Capital Assets**

As of June 30, 2024, the 91 EL had \$119,552,293 net of accumulated depreciation and amortization, invested in a broad range of capital assets including: the toll facility franchise, construction in progress, improvements, communication equipment, computer hardware and software, transponders, intangible right-to-use asset, and equipment, furniture and fixtures (Table 3). The total decrease in the 91 EL's capital assets for fiscal year 2023-24 was \$3,946,519 due to depreciation and amortization.

**Table 3  
91 Express Lanes Fund  
Capital Assets, net of Depreciation and Amortization**

	<b>2024</b>	<b>2023</b>
Toll facility franchise	\$ 107,347,747	\$ 109,934,440
Construction in progress	4,327,477	3,671,559
Improvements	502,054	619,854
Communication equipment	200,375	287,722
Computer hardware and software	4,473,892	5,647,182
Transponders	205,237	425,151
Intangible right-to-use asset (building)	2,488,602	2,903,405
Equipment, furniture, and fixtures	6,909	9,499
<b>Total capital assets, net</b>	<b>\$ 119,552,293</b>	<b>\$ 123,498,812</b>

The 91 EL has outstanding capital expense commitments, the most significant of which are \$7,791,662 and \$2,268,407 for the electronic toll and traffic management (ETTM) and back-office system, respectively. Major capital asset additions during fiscal year 2023-24 included \$655,918 and \$475,742 primarily due to the ETTM system and back-office system, respectively. The ETTM system is still in the construction in progress stage and is projected to complete in fiscal year 2024-25. Net capital assets decreased by \$3,946,519 due to amortization of toll facility franchise and depreciation for the back-office system. Total construction in progress increased by \$655,918 as a result of payments made for the ETTM system in current fiscal year. More detailed information about the 91 EL's capital assets is presented in note 5 to the financial statements.



**91 Express Lanes Fund  
Management's Discussion and Analysis (unaudited)  
For the Year Ended June 30, 2024**

**Debt Administration**

As of June 30, 2024, the 91 EL had \$47,545,000 in tax-exempt bonds outstanding compared to \$71,420,000 at June 30, 2023. The reduction is due to refinancing of 2013 Toll Revenue Bonds to save and allow for even more efficient investments in transportation improvements in fiscal year 2023-24. Additional information on long-term debt can be found in note 7 to the financial statements.

**Economic and Other Factors**

The 91 EL makes up \$66,476,747 or 3.78% of OCTA's fiscal year 2024-25 adopted revenue budget. In fiscal year 2024-25, budgeted toll revenue is forecasted to increase by 9.2% from the fiscal year 2023-24 budgeted value. This increase is due to a forecasted increase in revenue and traffic volumes. The budgeted average long term rate of growth for toll road revenue beyond fiscal year 2024-25 is 3.3%.

The majority of expenses related to the 91 EL within the fiscal year 2024-25 budget are on-going general costs related to day to day operations of the toll facility. Since the 91 EL is a fully electronic toll facility, motorists pay tolls through the convenient use of windshield mounted FasTrak® transponders that automatically deduct toll charges from a prepaid account. At the end of fiscal year 2023-24, there were 178,880 active customer accounts, with 717,597 transponders assigned to those accounts, which represents an increase of 8,703 and 50,307, respectively from fiscal year 2022-23.

OCTA, in concert with Caltrans and RCTC, issued an annual SR-91 Implementation Plan to establish a program of projects eligible for funding by potential excess 91 EL toll revenue and other funds. The projects are presented in the following groups: Orange County Projects, Riverside County Projects, and Bi-County Projects. The Orange County Projects have a total cost of approximately \$495 million. The projects include improvements to the SR-91 between SR-57 and SR-55, Placentia Metrolink rail station, and Metrolink Improvements. The Riverside County projects have a total cost of approximately \$417 million. The improvements include the I-15/91 Express Lanes Connector, 91 Eastbound Express Lane Extension, the SR-71/SR-91 interchange improvements, and the SR-91 improvements east of I-15. The Bi-County projects benefit both Orange and Riverside Counties, with total projects exceeding \$380 million.

**Contacting 91 EL's Management**

This financial report is designed to provide a general overview of the 91 EL's finances for all those with an interest in the government's finances and to demonstrate the 91 EL'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.

**91 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**  
**Statement of Net Position**  
**June 30, 2024**

**Assets**

**Current Assets:**

Cash and investments	\$ 303,865,031
Receivables:	
Interest	2,841,199
Violations, net	6,021,370
Other, net	1,736,578
Due from other governments	83,448
Other assets	9,882
<b>Total current assets</b>	<b><u>314,557,508</u></b>

**Noncurrent Assets:**

Restricted cash and investments	13,452,646
Receivable violations, net	4,737,647
Capital assets, net:	
Nondepreciable	4,327,477
Depreciable and amortizable	115,224,816
<b>Total noncurrent assets</b>	<b><u>137,742,586</u></b>

**Total Assets**

**452,300,094**

**Deferred Outflows of Resources**

Deferred charge on refunding	165,492
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**Total Deferred Outflows of Resources**

**165,492**

**Liabilities**

**Current Liabilities:**

Accounts payable	5,421,014
Accrued interest payable	896,864
Due to other funds	9,180,528
Due to other governments	1,294,084
Unearned revenue	10,295,525
Other liabilities	119,542
Lease liabilities - due within one year	389,799
Bonds payable - due within one year	5,820,000
<b>Total current liabilities</b>	<b><u>33,417,356</u></b>

**Noncurrent Liabilities:**

Lease liabilities - due in more than one year	2,284,855
Bonds payable - due in more than one year	45,733,999
<b>Total noncurrent liabilities</b>	<b><u>48,018,854</u></b>

**Total Liabilities**

**81,436,210**

**Net Position**

Net investment in capital assets	70,703,790
Restricted for:	
Capital	5,000,000
Operating reserves	3,000,000
Unrestricted	292,325,586

**Total Net Position**

**\$ 371,029,376**

See accompanying notes to the financial statements.

**91 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024**

<b>Operating revenues:</b>	
Tolls, fees, and fines	\$ 73,668,071
<b>Operating expenses:</b>	
Management and operational services	5,875,462
Administrative overhead	3,685,194
Other operating expenses	18,652
Insurance claims and premiums	597,820
Professional services	4,374,822
General and administrative	332,599
Depreciation and amortization	5,078,179
<b>Total operating expenses</b>	<b><u>19,962,728</u></b>
<b>Operating income</b>	<b><u>53,705,343</u></b>
<b>Nonoperating revenues (expenses):</b>	
Investment earnings	14,770,382
Interest expense	(1,875,126)
Other	424,819
<b>Total nonoperating revenues</b>	<b><u>13,320,075</u></b>
<b>Income before transfers</b>	<b>67,025,418</b>
Transfers to other OCTA funds	<u>(15,244,810)</u>
<b>Change in net position</b>	<b>51,780,608</b>
Total net position - beginning	<u>319,248,768</u>
<b>Total net position - ending</b>	<b><u><u>\$ 371,029,376</u></u></b>

See accompanying notes to the financial statements.

**91 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

<b>Cash flows from operating activities:</b>	
Receipts from customers and users	\$ 70,341,595
Payments to suppliers	(16,510,728)
Payments for OCTA interfund services used	(3,685,194)
Other revenues received	424,819
	<hr/>
<b>Net cash provided by operating activities</b>	<b>50,570,492</b>
<b>Cash flows from noncapital financing activities:</b>	
Reimbursement from other governments	254,305
Transfers to other OCTA funds	(9,953,199)
	<hr/>
<b>Net cash used for noncapital financing activities</b>	<b>(9,698,894)</b>
<b>Cash flows from capital and related financing activities:</b>	
Principal payment on long-term debt	(19,273,411)
Interest paid on long-term debt	(2,872,273)
Acquisition and construction of capital assets	(1,501,014)
	<hr/>
<b>Net cash used for capital and related financing activities</b>	<b>(23,646,698)</b>
<b>Cash flows from investing activities:</b>	
Investment earnings	13,804,387
	<hr/>
<b>Net cash provided by investing activities</b>	<b>13,804,387</b>
Net increase in cash and cash equivalents	31,029,287
Cash and cash equivalents at beginning of year	286,288,390
	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 317,317,677</b>
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>	
Cash and investments	\$ 303,865,031
Restricted cash and investments	13,452,646
	<hr/>
<b>Total cash and cash equivalents</b>	<b>\$ 317,317,677</b>
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See accompanying notes to the financial statements.

**91 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

**Reconciliation of operating income to net cash**

**provided by operating activities:**

Operating income	\$ 53,705,343
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**Adjustments to reconcile operating income to net cash**

**provided by operating activities:**

Depreciation & amortization expense	2,491,486
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Amortization of toll road franchise agreement	2,586,693
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Nonoperating revenues	424,819
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**Change in assets and liabilities:**

Violations receivables, net	(3,275,766)
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Other receivables, net	(198,229)
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Other assets	(140,736)
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Amortization of prepaid insurance	597,820
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Accounts payable	(6,005,722)
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Due to other governments	237,265
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Unearned revenue	48,748
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Other liabilities	98,771
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<b>Total adjustments</b>	<b><u>(3,134,851)</u></b>
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<b>Net cash provided by operating activities</b>	<b><u>\$ 50,570,492</u></b>
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**Noncash capital, financing and investing activities:**

Proceeds from issuance of long term debt 2023 series	\$ 47,545,000
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Principal payment on long-term debt 2013 series	(52,146,589)
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Amortization of bond premium	(793,699)
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Amortization of bond deferred charge on refunding 2003 series	669,552
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Amortization of bond deferred charge on refunding 2013 series	25,620
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Change in fair value of investments	944,366
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See accompanying notes to the financial statements.

# **91 Express Lanes Fund**

## **Notes to the Financial Statements**

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**For the Year Ended June 30, 2024**

### **1. REPORTING ENTITY**

On January 3, 2003, the Orange County Transportation Authority (OCTA) purchased from the California Private Transportation Company (CPTC) its interest in a Franchise Agreement for the 91 Express Lanes. See note 5 for further information on this transaction.

These financial statements include only the activities of the 91 Express Lanes (91 EL) Fund, an enterprise fund of OCTA. These financial statements are not intended to present the activities of OCTA.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the 91 Express Lanes Fund are in conformity with generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

#### **Basis of Accounting**

The financial statements of the 91 Express Lanes Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, consisting substantially of tolls and fees, are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Toll amounts are collected from customers on a prepaid basis, and unearned tolls are reported as unearned revenue. Toll revenue is recognized when the customers utilize the toll road facility.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the 91 Express Lanes Fund are charges to customers for use of the toll facility and are presented net of discounts and allowances. Operating expenses for the 91 Express Lanes Fund include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the 91 Express Lanes Fund's policy to use restricted resources first and then unrestricted resources as they are needed.

#### **Cash and Investments**

The 91 Express Lanes Fund participates in OCTA's Commingled Investment Pool. OCTA maintains cash and investments in accordance with an Investment Policy (Policy) adopted initially by OCTA's Board of Directors (Board) on May 8, 1995, and most recently amended on July 1, 2023. The Policy complies with, or is more restrictive than, the California Government Code (Code). At June 30, 2024 the investment portfolios were maintained at U.S. Bank, N.A. as custodial bank. OCTA's Commingled Investment Pool is managed by four private sector investment managers. 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 in the OCTA Commingled Investment Pool, with investment earnings allocated to the different accounts based on average daily account balances.

## **91 Express Lanes Fund Notes to the Financial Statements**

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### **For the Year Ended June 30, 2024**

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 GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs-other than quoted prices included in Level 1-that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are unobservable inputs. Refer to the OCTA Annual Comprehensive Financial Report (ACFR) for details on valuation techniques and fair value hierarchy.

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

All investments are subject to a maximum maturity of five years, unless specific direction to exceed the limit is given by the Board and 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.

#### **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, commercial paper, money market funds, certificates of deposit, and the 91 Express Lanes Fund's share of the OCTA Commingled Investment Pool represent cash and cash equivalents for cash flow purposes.

#### **Restricted Cash and Investments**

Investments set aside in the Senior Lien Reserve Fund, Major Maintenance Reserve Fund, and Operating Reserve Fund are pursuant to the terms of the 2023 Indenture for the \$47,545,000 Toll Road Revenue Refunding Bonds and their use is limited by applicable debt covenants.

Permitted investments per the debt covenants include: government obligations, State of California and local agency obligations, banker's acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, money market funds, other mutual funds, investment agreements, and variable and floating rate securities.

#### **Receivables**

Violations receivables include an estimate for outstanding unpaid violations that the 91 Express Lanes Fund anticipates to collect. For violations less than or equal to 90 days old, the receivable is based on a 12-month average of violations collected, and is recorded net of an allowance for uncollectible accounts of \$3,202,350 at June 30, 2024. For unpaid violations in excess of 90 days, the receivable is estimated

## 91 Express Lanes Fund Notes to the Financial Statements

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### For the Year Ended June 30, 2024

using a three-year average of violations collected and is recorded net of uncollectible accounts as the majority is not considered probable of collection.

Other receivables include amounts due from other California toll road agencies related to their customers' use of the 91 Express Lanes, as well as amounts owed from customers, net of an allowance for uncollectible accounts of \$240,731 at June 30, 2024.

An estimated \$4,737,647 of violation and customer receivables are not expected to be collected within one year. The 91 Express Lanes utilizes an outside collection agency to assist in the recovery of unpaid customer balances and violations exceeding 90 days.

#### Due from other Governments

Due from other governments include receivables due from other government agencies.

#### Other Assets

Other assets include prepaid expenses and refundable deposits.

#### Capital Assets

Capital assets are tangible and intangible assets, which include toll facility franchise, construction in progress, improvements, equipment, computer hardware, software, furniture and fixtures, intangible right-to-use assets, and transponders. Capital assets are defined by the 91 Express Lanes Fund as assets with an initial, individual cost of more than \$5,000 and a useful life in excess of one year. It is also the 91 Express Lanes Fund's policy to capitalize non-sticker transponder purchases, as they are considered a significant class of assets even though individually under \$5,000. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. The 91 Express Lanes 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 intangible right to use intangible asset is amortized each year for the shorter of lease term or useful life of asset.

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

<b>Capital Asset Type</b>	<b>Useful Life</b>
Improvements	10-30 years
Equipment, furniture and fixtures	3-10 years
Computer hardware and software	3-5 years
Transponders	5-7 years
Intangible right-to-use assets	7-10 years

OCTA purchased the interest in the Franchise Agreement for the toll facility from CPTC on January 3, 2003. The toll facility franchise is amortized over the remaining life of the Franchise Agreement through December 2065. GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements is not applicable to 91 Express Lanes Fund, as there are no exchange or exchange-like transactions between OCTA and Caltrans, and there are no franchise fees or installment payments payable to Caltrans.



## 91 Express Lanes Fund Notes to the Financial Statements

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For the Year Ended June 30, 2024

### Leases

OCTA adopted GASB Statement No. 87 Leases for the fiscal year ended June 30, 2022. The 91 Express Lanes Fund recorded lease liabilities and lease assets at the commencement of the lease term. The lease liabilities are measured at the present value of payments expected to be made during the lease term less any lease incentives. The lease assets are measured at the amount of the initial measurement of the lease liabilities, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

### Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. As of June 30, 2024, the 91 Express Lanes Fund only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding 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.

### Due to other Governments

Due to other governments include payables due to other government agencies.

### Risk Management

The 91 Express Lanes Fund purchases commercial property insurance including fire, flood and earthquake coverage, which also covers business interruption related to the operation of the toll facility. Additionally, the 91 Express Lanes Fund participates in OCTA's self-insurance general liability program. Liability claims are resolved by OCTA and are an expense of the 91 Express Lanes Fund.

### Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three categories:

- *Net investment in capital assets* - Reflects net position of the 91 Express Lanes Fund invested in capital assets and the intangible asset net of related debt. This net position is not accessible for other purposes.
- *Restricted net position* - Represents net position not accessible for general use, with the use subject to restrictions enforceable by third parties. The net position has been restricted by the 2023 Toll Road Revenue Refunding Bonds Master Indenture of Trust for debt service, capital, and operating expenses.
- *Unrestricted net position* - Represents net position available for general use.

### Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported

**91 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

**Administrative Services Costs**

OCTA allocates indirect costs related to administrative services from certain funds to benefiting funds. For fiscal year 2023-24, \$3,685,194 of administrative services were charged to the 91 EL and are reported as operating expenses in the statement of revenues, expenditures and changes in net position.

**3. CASH AND INVESTMENTS**

Cash and investments are comprised of the following at June 30, 2024:

<b>Cash:</b>	
Petty cash	\$ 550
Deposits	1,761,266
<b>Total cash</b>	<b>1,761,816</b>
<b>Investments:</b>	
With OCTA Commingled Investment Pool	291,879,206
With trustee	23,676,655
<b>Total investments</b>	<b>315,555,861</b>
<b>Total cash and investments</b>	<b>\$ 317,317,677</b>

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

Unrestricted cash and investments	303,865,031
Restricted cash and investments	13,452,646
<b>Total cash and investments</b>	<b>\$ 317,317,677</b>

As of June 30, 2024, the 91 Express Lanes Fund had the following investments:

<b>Investment</b>	<b>Fair Value</b>	<b>Yield</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>Weighted Average Maturity (Years)</b>
OCTA Commingled Investment Pool	\$ 291,879,206	Refer to the OCTA Annual Comprehensive Financial Report for information related to the OCTA Commingled Investment Pool.*			
Held by trustee:					
*Money Market Funds	15,676,655	4.93% - 5.18%	4.93% - 5.18%	07/01/2024	0.003
*Negotiable CD's	8,000,000	5.16% - 5.84%	5.16% - 5.84%	07/05/24 - 10/08/24	0.111
<b>Total investments</b>	<b>\$ 315,555,861</b>				
Portfolio Weighted Average					2.23

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

**91 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

As of June 30, 2024, the 91 Express Lanes Fund had \$291,879,206 invested in the OCTA's Commingled Investment Pool (CIP). OCTA's CIP investments are carried at fair value except for money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date carried at amortized cost which approximates fair value.

Deposits and withdrawals in the OCTA's CIP are made on the basis of \$1.00 (cost basis) and not fair value. Accordingly, the 91 Express Lanes Fund's investment in the OCTA's CIP at June 30, 2024 is uncategorized, not defined as a Level 1, Level 2, or Level 3 input.

Refer to the OCTA Annual Comprehensive Financial Report for fiscal year 2023-24 for details on valuation techniques, fair value hierarchy, interest rate risk, variable rate notes and custodial credit risk related to the OCTA's CIP underlying investments.

**Credit Risk**

The Policy sets minimum acceptable credit ratings for investments from any of the three nationally recognized rating services: Standard & Poor's Corporation (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (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 must be rated no less than an "A" by two of the three rating services. OCTA's CIP is not rated.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of fair value of the 91 Express Lanes Fund's portfolio at June 30, 2024 (NR means Not Rated):

Investments	S&P	Moody's	% of 91 Express Lanes Fund
OCTA Commingled Investment Pool	NR	NR	92.50 %
Held by trustee:			
Money Market Funds	AAA	Aaa	4.968 %
Negotiable CD's	A-1	P-1	2.535 %
<b>Total</b>			<b>100.00 %</b>

**Concentration of Credit Risk**

At June 30, 2024, OCTA did not exceed the Policy maximum concentrations. 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 Orange County Transportation Authority'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.

There is no issuer exceeding 5% of the fair value of the 91 Express Lanes Fund's portfolio at June 30, 2024.

**91 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

**4. INTERFUND ACTIVITIES**

**Due To Other Funds:**

As of June 30, 2024, the 91 EL owes \$9,180,528 to the Orange County Local Transportation Authority (OCLTA) for SR-91 Improvement Project.

**Interfund Transfers:**

During fiscal year 2023-24, the 91 EL transferred \$15,244,810 to the OCLTA for SR-91 Improvement Project.

**5. CAPITAL ASSETS**

Capital asset activity for the 91 Express Lanes Fund for the year ended June 30, 2024 is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated:</b>				
Construction in progress	\$ 3,671,559	\$ 655,918	\$ —	\$ 4,327,477
<b>Capital assets, being depreciated:</b>				
Improvements	2,469,220	—	—	2,469,220
Communications equipment	2,861,175	—	—	2,861,175
Computer hardware and software	8,274,532	475,742	(86,123)	8,664,151
Transponders	3,699,629	—	(22,588)	3,677,041
Intangible right-to-use (building)	3,733,010	—	—	3,733,010
Equipment, furniture and fixtures	46,890	—	—	46,890
Toll facility franchise	205,263,668	—	—	205,263,668
<b>Total capital assets, being depreciated and amortized</b>	<b>226,348,124</b>	<b>475,742</b>	<b>(108,711)</b>	<b>226,715,155</b>
<b>Less accumulated depreciation and amortization for:</b>				
Improvements	(1,849,366)	(117,800)	—	(1,967,166)
Communications equipment	(2,573,453)	(87,347)	—	(2,660,800)
Computer hardware and software	(2,627,350)	(1,649,032)	86,123	(4,190,259)
Transponders	(3,274,478)	(219,914)	22,588	(3,471,804)
Intangible right-to-use (building)	(829,605)	(414,803)	—	(1,244,408)
Equipment, furniture and fixtures	(37,391)	(2,590)	—	(39,981)
Toll facility franchise	(95,329,228)	(2,586,693)	—	(97,915,921)
<b>Total accumulated depreciation and amortization</b>	<b>(106,520,871)</b>	<b>(5,078,179)</b>	<b>108,711</b>	<b>(111,490,339)</b>
<b>Total capital assets, being depreciated and amortized, net</b>	<b>119,827,253</b>	<b>(4,602,437)</b>	<b>—</b>	<b>115,224,816</b>
<b>Total capital assets, net</b>	<b>\$ 123,498,812</b>	<b>\$ (3,946,519)</b>	<b>\$ —</b>	<b>\$ 119,552,293</b>

## **91 Express Lanes Fund**

### **Notes to the Financial Statements**

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#### **For the Year Ended June 30, 2024**

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 non-compete provisions in the Franchise Agreement for needed improvements on the 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.

## **6. LEASES**

OCTA adopted GASB Statement No. 87, Leases, effective fiscal year ended June 30, 2022. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The 91 Express Lanes has several leasing arrangements, summarized below:

### **Lessee:**

The 91 Express Lanes entered into a lease agreement for the use of 91 Express Lanes Anaheim office space for 180-months, beginning September 2015. The lease terminates August 2030. At June 30, 2024, the balance of intangible right to use asset and lease liabilities were \$2,256,089 and \$2,429,628, respectively. During fiscal year 2024, the 91 Express Lanes recorded \$365,852 in amortization expense and \$55,251 in interest expense for the right to use the office space. The 91 Express Lanes used an incremental discount rate of 1.80%, based on an estimated incremental borrowing rate.

**91 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

The 91 Express Lanes entered into a lease agreement for the use of 91 Express Lanes (91 EL) RCTC office space for 120-months, beginning April 2019. The lease terminates March 2029. At June 30, 2024, the balance of intangible right to use asset and lease liabilities were \$232,513 and \$245,026, respectively. During fiscal year 2024, the 91 Express Lanes recorded \$48,951 in amortization expense and \$4,930 in interest expense for the intangible right-to-use the office space. The 91 Express Lanes used an incremental discount rate of 2.12%, based on an estimated increment borrowing rate.

Remaining obligations associated with these leases are as follows:

<b>Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 389,799	\$ 52,306	\$ 442,105
2026	411,014	43,997	455,011
2027	432,876	35,237	468,113
2028	455,267	26,016	481,283
2029	464,676	16,314	480,990
2030-2031	521,022	6,953	527,975
<b>Total</b>	<b>\$ 2,674,654</b>	<b>\$ 180,823</b>	<b>\$ 2,855,477</b>

The amortized right-to-use assets activity for the year ended June 30, 2024, is as follows:

<b>Lessee activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Intangible right-to-use assets:				
91 EL Anaheim Office	\$ 2,621,941	\$ (365,852)	\$ —	\$ 2,256,089
91 EL RCTC Office	281,464	(48,951)	—	232,513
<b>Total</b>	<b>\$ 2,903,405</b>	<b>\$ (414,803)</b>	<b>\$ —</b>	<b>\$ 2,488,602</b>

Lease liability activities associated with these leases are as follows:

<b>Lease Liabilities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
Buildings:					
91 EL Anaheim Office	\$ 2,753,120	\$ —	\$ (323,492)	\$ 2,429,628	\$ 341,896
91 EL RCTC Office	290,888	—	(45,862)	245,026	47,903
<b>Total lease liabilities</b>	<b>\$ 3,044,008</b>	<b>\$ —</b>	<b>\$ (369,354)</b>	<b>\$ 2,674,654</b>	<b>\$ 389,799</b>

**91 Express Lanes Fund**  
**Notes to the Financial Statements**

---

**For the Year Ended June 30, 2024**

**7. BONDS PAYABLE**

**Taxable Senior Secured Bonds**

On January 3, 2003, as part of the purchase agreement, the 91 Express Lanes Fund assumed \$135,000,000 of taxable 7.63% Senior Secured Bonds. On November 12, 2003, the taxable bonds were refunded as noted below. As required by the tax-exempt bond indenture, OCTA paid a \$26,428,197 Yield Maintenance Premium in connection with the defeasance of the Senior Secured Bonds, which is amortized over the life of the Series 2003 tax-exempt bonds on the straight line basis.

**Toll Road Revenue Refunding Bonds**

On November 12, 2003, OCTA issued \$195,265,000 in Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003-B-1 and Series 2003-B-2 to refund the \$135,000,000 taxable 7.63% Senior Secured Bonds and to reimburse OCTA for a portion of its payment of the costs of acquiring the Toll Road and certain other property and interests associated with the Toll Road. The \$95,265,000 Series 2003-A Bonds were issued as fixed rate bonds. The \$75,000,000 Series 2003-B-1 Bonds and the \$25,000,000 Series 2003-B-2 Bonds (collectively the "Series 2003-B Bonds") were issued as adjustable rate bonds.

On November 24, 2008, OCTA remarketed the \$100,000,000 Series 2003-B Bonds, which were purchased by the Orange County Investment Pool (OCIP). In connection with the mandatory tender of the Series 2003-B Bonds required by the Indenture, the interest rate was converted to a Long Term Interest Rate equal to the OCIP Rate. On December 20, 2010, OCTA entered into a new transaction with OCIP for the Series 2003-B Bonds at a 1.55% rate. The Series 2003-B Bonds had a mandatory tender date of August 15, 2013.

On July 30, 2013, OCTA issued \$124,415,000 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.

On July 6, 2023, OCTA issued \$47,545,000 in Senior Lien Toll Road Revenue Refunding Bonds, Series 2023 ("91EL 2023 Bonds") to refund the outstanding Toll Road Revenue Refunding Bonds, Series 2013 ("91EL 2013 Bonds"). OCTA refunded the outstanding 91EL 2013 Bonds to reduce its total debt service payments over the life of the bonds, which resulted in net present value savings of \$5,521,000. The 91EL 2023 Bonds were issued as fixed rate bonds. The transaction closed on July 6, 2023. Deferred charge on prior refunding (2003 bonds) for \$4,324,253 continue to be deferred and recognized in expense.

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.

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

**91 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

	<u>2023 Series</u>
Issuance date	7/6/2023
Closing date	7/6/2023
Original issue amount	\$ 47,545,000
Cash reserve requirements	\$ 13,215,000 *
Cash reserve balance	\$ 13,452,646
Interest rate	5 %
Maturity	8/15/2030
Principal payment date	August 15
Balance as of 06/30/24	\$ 47,545,000
Unamortized premium	\$ 4,008,999
Deferred charge on refunding	\$ 4,158,761

\* Pursuant to the 2023 Toll Road Revenue Refunding Bonds Master Indenture of Trust and Supplemental Indentures, the following three reserve funds are required to be maintained: Senior Lien Reserve Fund \$5,215,000, Major Maintenance Reserve Fund \$5,000,000 and Operating Reserve Fund \$3,000,000. At June 30, 2024, all reserve requirements have been satisfied.

The Toll Road Revenue Refunding Bonds have ratings of “Aa3” by Moody’s, “AA-“ from Fitch, and “AA-“ by Standard & Poor’s.

Annual debt service requirements on the tax-exempt bonds to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2025	\$ 5,820,000	\$ 2,231,750	\$ 8,051,750
2026	6,115,000	1,933,375	8,048,375
2027	6,430,000	1,619,750	8,049,750
2028	6,760,000	1,290,000	8,050,000
2029	7,105,000	943,375	8,048,375
2030-2031	15,315,000	775,375	16,090,375
<b>Total</b>	<b>\$ 47,545,000</b>	<b>\$ 8,793,625</b>	<b>\$ 56,338,625</b>

**Changes in Long-Term Obligations**

Long-term liabilities activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Tax-exempt bonds	\$ 71,420,000	\$ 47,545,000	\$ (71,420,000)	\$ 47,545,000	\$ 5,820,000
Unamortized premium	4,802,698	4,601,589	(5,395,288)	4,008,999	-
<b>Total long-term debt</b>	<b>\$ 76,222,698</b>	<b>\$ 52,146,589</b>	<b>\$ (76,815,288)</b>	<b>\$ 51,553,999</b>	<b>\$ 5,820,000</b>



## 91 Express Lanes Fund Notes to the Financial Statements

For the Year Ended June 30, 2024

### Pledged Revenue

The 91 Express Lanes debt issuance outstanding is repaid and secured by the pledging of certain revenues, as defined in the debt agreement. The amount and term of the remainder of this commitment is indicated in the debt service to maturity table. The purpose for which the proceeds of the debt issuance were utilized is disclosed in the debt description. Pursuant to the 2023 Toll Road Revenue Refunding Bonds Master Indenture of Trust and Supplemental Indentures, the 91 Express Lanes Fund will covenant to fix and prescribe toll rates for each type of vehicle and each time of day sufficient to produce adjusted net toll revenues for each fiscal year at least equal to 1.3 times annual debt service on Senior Lien Bonds and Parity Obligations. Adjusted net toll revenues includes tolls and investment earnings on specified reserve accounts minus operating expenses, excluding interest expense, depreciation, and amortization of the toll facility franchise.

Pledged revenue for the year ended June 30, 2024, is as follows:

<b>Pledged Revenue</b>	<b>Annual Amount of Net Pledged Revenue</b>	<b>Annual Debt Service Payments</b>	<b>Pledged Revenue Coverage</b>	<b>Required Debt Coverage</b>
91 Express Lanes Net Toll Road Revenue	\$73,485,402	\$10,272,092	7.15	1.30

## 8. COMMITMENTS AND CONTINGENCIES

### Operator Agreement

In connection with the purchase of the toll facility interest, OCTA entered into an operating agreement with Cofiroute Global Mobility, subsequently Cofiroute USA, LLC (Cofiroute), to provide operating services in the annual amount of \$4,994,000 plus inflation for three initial years with two one-year extension options, subject to Board of Directors approval. The agreement was in effect from January 3, 2003 through January 2, 2006. On January 6, 2006, OCTA entered into a second operating agreement with Cofiroute, effective January 3, 2006 through January 2, 2011. The annual amount of the base contract is \$5,448,768 plus inflation adjustments after the first year. The agreement carried two two-year extension options through January 2, 2015. On June 27, 2011, the OCTA Board of Directors approved a subsequent amendment to the operating agreement with Cofiroute, which authorized the addition of two five-year extension options beginning July 1, 2011 through June 30, 2016 for the first extension term and beginning July 1, 2016 through June 30, 2021 as the second extension term. The second extension term was approved on May 9, 2016. Cofiroute is responsible for the day-to-day operations of the toll facility.

On May 24, 2013 OCTA completed a three-party agreement expiring on June 30, 2021, with Riverside County Transportation Commission (RCTC) and Cofiroute for operations of the 91 Express Lanes. This helps in ensuring a streamlined consistent inter-county travel for motorists on the original 10-mile span of the 91 Express Lanes and the eight miles extension into Riverside County. In fiscal year 2018-19, OCTA and RCTC began procurement for a new operating agreement, which includes the development of a new back-office system for both segments of the 91 Express Lanes. The OCTA Board of Directors and RCTC Commission subsequently approved the re-selection of Cofiroute as the operator, with the agreement executed in January 2020. The new agreement expires on January 31, 2027, and carries two three-year extension options.

**91 Express Lanes Fund**  
**Notes to the Financial Statements**

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**For the Year Ended June 30, 2024**

**Purchase Commitments**

The 91 Express Lanes has various outstanding contracts. Total purchase commitments on June 30, 2024 were \$71,072,062, the most significant are with Cofiroute and RCTC for the operations of the 91 Express Lanes, Kapsch TrafficCom for toll lanes integrator services, and California Highway Patrol (CHP) for patrol services.

**9. EFFECT OF NEW PRONOUNCEMENTS**

**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 requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, 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. The implementation of this Statement did not have a material effect on the financial statements.

**405 EXPRESS LANES FUND**  
**(An Enterprise Fund of the**  
**Orange County Transportation Authority)**  
**FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

**405 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**

**Financial Statements**  
**For the Year Ended June 30, 2024**

**Table of Contents**

Independent Auditor's Report .....	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	4
Management's Discussion and Analysis (Unaudited) .....	6
Financial Statements:	
Statement of Net Position .....	11
Statement of Revenues, Expenses and Changes in Net Position .....	12
Statement of Cash Flows .....	13
Notes to the Financial Statements .....	15

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Orange County Transportation Authority  
Orange, California

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the accompanying financial statements of the 405 Express Lanes Fund (405 EL), a major enterprise fund of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 405 EL's 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 financial position of the 405 EL, a major enterprise fund of OCTA, as of June 30, 2024, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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 opinion.

***Emphasis of Matters***

As discussed in Note 1, the financial statements present only the 405 EL and do not purport to, and do not, present fairly the financial position of OCTA as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## ***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.

## ***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 opinion. 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 the OCTA's internal control, as it relates to the 405 EL. 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.

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.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 405 EL's financial statements. The management's discussion and analysis, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of OCTA's internal control over financial reporting, as it relates to the 405 EL, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OCTA's internal control over financial reporting or on compliance, as it relates to the 405 EL. 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, as it relates to the 405 EL.

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

Crowe LLP

Costa Mesa, California  
October 31, 2024

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

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 405 Express Lanes Fund (405 EL), a major enterprise fund of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 405 EL's basic financial statements, and have issued our report thereon dated October 31, 2024. As discussed in Note 1, the financial statements present only the 405 EL and do not purport to, and do not, present fairly the financial position of OCTA, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OCTA's internal control over financial reporting and compliance (internal control), as it relates to the 405 EL, as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control, as it relates to the 405 EL. Accordingly, we do not express an opinion on the effectiveness of OCTA's internal control, as it relates to the 405 EL.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 405 EL's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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



Crowe LLP

Costa Mesa, California  
October 31, 2024

**405 Express Lanes Fund  
Management's Discussion and Analysis (unaudited)  
For the Year Ended June 30, 2024**

As management of the 405 Express Lanes Fund (405 EL), an enterprise fund of the Orange County Transportation Authority, we offer readers of the 405 EL financial statements this narrative overview and analysis of the 405 EL's financial activities for the fiscal year ended June 30, 2024. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 11.

**Financial Highlights**

- a. At the end of fiscal year 2023-24, the total net position of the 405 EL was \$(97,468,761) and consisted of net investment in capital assets of \$(12,071,482) and unrestricted net position of \$(85,397,279). Net position increased \$134,827,861 during fiscal year 2023-24, which represents an increase of 58.0% from the fiscal year 2022-23 ending net position. The increase is primarily due to interfund transfer from the Local Transportation Authority (LTA) fund for TIFIA loan allocation between general purpose lanes and express lanes related construction expenses.
- b. In fiscal year 2023-24, total operating revenues of the 405 EL was \$17,180,154. The I-405 Express Lanes improvement project is a 16-miles improvement of the San Diego Freeway (I-405) between State Route 73 (SR-73) and Interstate 605 (I-605). The 405 EL was completed and opened to public on December 1, 2023. No comparison was made between current fiscal year and the prior fiscal year, as fiscal year 2023-24 is the first year of operations.
- c. Total operating expenses increased by \$21,764,948, which represents a 849.9% increase from fiscal year 2022-23, primarily attributed to operation costs including management and operational services, administrative overhead, professional services, and depreciation expense incurred since the commencement of 405 Express Lanes operations in fiscal year 2023-24, which were not present in the previous fiscal year.
- d. At the end of fiscal year 2023-24, investment earnings increased by \$2,558,219, which represents a 300.2% increase compared to fiscal year 2022-23. The increase in investment earnings is a result of interest earned from the interfund transfer from the LTA fund for TIFIA loan allocation between general purpose lanes and express lanes related construction expenses.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the 405 EL's financial statements. The financial statements are comprised of the fund financial statements and notes to the financial statements.

The statement of net position presents information on all of the 405 EL's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 405 EL is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the 405 EL'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 405 EL fund financial statements can be found on pages 11-14 of this report. Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15-25 of this report.

**405 Express Lanes Fund  
Management's Discussion and Analysis (unaudited)  
For the Year Ended June 30, 2024**

**405 Express Lanes Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of the 405 EL's financial position. At June 30, 2024, the 405 EL's net position was \$(97,468,761), an increase of \$134,827,861 or 58.0% from June 30, 2023. Our analysis below focuses on net position (Table 1) and changes in net position (Table 2) of the 405 EL's financial activities.

**Table 1  
405 Express Lanes Fund  
Net Position**

	<b>2024</b>	<b>2023</b>
Current and other assets	\$ 102,554,296	\$ 493,748
Noncurrent receivables, net	44,892	—
Capital assets, net	462,486,871	444,598,459
<b>Total assets</b>	<b>565,086,059</b>	<b>445,092,207</b>
<b>Total deferred outflows of resources</b>	<b>106,810,152</b>	<b>—</b>
Current liabilities	15,747,967	19,722,687
Long-term liabilities	746,506,787	626,005,547
<b>Total liabilities</b>	<b>762,254,754</b>	<b>645,728,234</b>
<b>Total deferred inflows of resources</b>	<b>7,110,218</b>	<b>31,660,595</b>
<b>Net position:</b>		
Net investment in capital assets	(12,071,482)	(30,112,588)
Unrestricted	(85,397,279)	(202,184,034)
<b>Total net position</b>	<b>\$ (97,468,761)</b>	<b>\$ (232,296,622)</b>

In fiscal year 2023-24, total assets increased by \$119,993,852 which represents an increase of 27.0% from fiscal year 2022-23, primarily due to an increase of \$89,657,153 in cash and investments resulted by interfund transfer from LTA fund and an increase of \$17,888,412 in capital assets. Total liabilities increased by \$116,526,520 or 18.0% primarily due to recognition of Public-Public Partnerships (PPP) liabilities related to the I-405 Improvement Projects.

The 405 EL's net investment in capital assets was \$(12,071,482) in fiscal year 2023-24 compared to \$(30,112,588) in fiscal year 2022-23. The 405 EL's net position reflects its investment in capital assets (i.e., land; improvements; infrastructure; computer hardware and software; equipment, furniture and fixtures; and intangible assets), less any related outstanding debt used to acquire these assets. The 405 EL uses these capital assets to provide improved mobility for 405 EL customers and commuters along the SR-405 corridor. The increase of \$18,041,106 in net investment in capital assets was primarily due to increase in capital assets acquired to support the operations of the 405 EL.

Restricted net position, representing resources subject to external restrictions on how they may be used, represented 0.0% of the total net position at June 30, 2024. The TIFIA loan requires mandatory debt

**405 Express Lanes Fund**  
**Management's Discussion and Analysis (unaudited)**  
**For the Year Ended June 30, 2024**

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. During the period prior to the TIFIA Debt Service Payment Commencement Date, the TIFIA Mandatory Debt Service shall be deemed to be zero per the TIFIA loan indenture. Funds set aside for scheduled debt service payment was zero due to no excess toll revenue were available for transfer to the TIFIA designated funds and accounts; toll revenue collected in the year were first applied towards the operation and maintenance expenditures of the Toll Road in accordance with the TIFIA loan requirement.

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. Unrestricted net position increased from \$(202,184,034) at June 30, 2023 to \$(85,397,279) at June 30, 2024. This increase of \$116,786,755 was primarily due to interfund transfer from the LTA fund for TIFIA loan allocation between general purpose lanes and express lanes related construction expenses.

**Table 2**  
**405 Express Lanes Fund**  
**Changes in Net Position**

	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>		
<b>Operating revenues:</b>		
Tolls, fees, and fines	\$ 17,180,154	\$ —
<b>Operating expenses:</b>		
Management and operational services	4,051,845	—
Administrative overhead	3,353,436	1,734,096
Other operating expenses	234,335	9,279
Insurance claims and premiums	62,613	—
Professional services	7,978,487	683,140
General and administrative	330,901	12,017
Depreciation and amortization	8,314,212	122,349
<b>Total operating expenses</b>	<b>24,325,829</b>	<b>2,560,881</b>
<b>Operating loss</b>	<b>(7,145,675)</b>	<b>(2,560,881)</b>
<b>Nonoperating revenues (expenses):</b>		
Investment earnings	3,410,506	852,287
Interest income	11,848,417	5,950,402
Other	1,492,264	118
<b>Total nonoperating revenues</b>	<b>16,751,187</b>	<b>6,802,807</b>
Income before transfers	9,605,512	4,241,926
Transfers from other OCTA funds	125,222,349	—
<b>Changes in net position</b>	<b>134,827,861</b>	<b>4,241,926</b>
Total net position—beginning	(232,296,622)	(236,538,548)
<b>Total net position—ending</b>	<b>\$ (97,468,761)</b>	<b>\$ (232,296,622)</b>

**405 Express Lanes Fund  
Management's Discussion and Analysis (unaudited)  
For the Year Ended June 30, 2024**

The 405 EL's total operating revenues increased by 100.0%, while total operating expenses increased by 849.9%. The increase in operating revenues is due to the opening of 405 Express Lanes in December 2023. Total traffic volume on the 405 EL during fiscal year 2023-24 was 8,655,968 trips. Investment earnings increased by \$2,558,219 which represents a 300.2% increase compared to fiscal year 2022-23 as a result of interest earned from the interfund transfer from the LTA fund for TIFIA loan allocation between general purpose lanes and express lanes related construction expenses.

**Capital Assets**

As of June 30, 2024, the 405 EL had \$462,486,871 net of accumulated depreciation and amortization, invested in a broad range of capital assets including: land, improvements, infrastructure, computer hardware and software, equipment, furniture and fixtures, and intangible right-to-use asset (Table 3). The total increase in the 405 EL's capital assets for fiscal year 2023-24 was \$17,888,412.

**Table 3  
405 Express Lanes Fund  
Capital Assets, net of Depreciation and Amortization**

	<b>2024</b>	<b>2023</b>
Land	\$ 27,438,468	\$ —
Construction in progress	160,020	437,230,269
Improvements	1,085,916	1,107,969
Infrastructure	401,682,063	—
Computer hardware and software	26,199,110	—
Equipment, furniture, and fixtures	419,623	420,858
Intangible right-to-use (building)	5,501,671	5,839,363
<b>Total capital assets, net</b>	<b>\$ 462,486,871</b>	<b>\$ 444,598,459</b>

The 405 EL has outstanding capital expense commitments, the most significant of which are \$4,572,372 and \$1,247,448 for the electronic toll and traffic management (ETTM) and back-office system, respectively. Major capital asset additions during fiscal year 2023-24 included \$10,720,635 and \$8,469,378 primarily due to the ETTM system and back-office system, respectively. Net capital assets increased by \$17,888,412 primarily due to additional payments made in current year for the ETTM system and back-office system. Total construction in progress decreased by \$437,070,249 as a result of the opening of the 405 Express Lanes; capital assets in construction in progress status were placed into service and reclassified to their respective asset accounts. More detailed information about the 405 EL's capital assets is presented in note 5 to the financial statements.

**Debt Administration**

As of June 30, 2024, the 405 EL had \$632,355,394 in long-term debt outstanding of TIFIA loan compared to \$620,188,702 at June 30, 2023. The increase is due to current year's interest being accreted to principal in the amount of \$12,166,692. Additional information on long-term debt can be found in note 8 to the financial statements.

**405 Express Lanes Fund  
Management's Discussion and Analysis (unaudited)  
For the Year Ended June 30, 2024**

**Economic and Other Factors**

The 405 EL makes up \$44,875,532 or 2.55% of OCTA's fiscal year 2024-25 adopted revenue budget. In fiscal year 2024-25, budgeted toll revenue is forecasted to increase by 91.4% from the fiscal year 2023-24 budgeted value. This increase is because the 405 EL was officially opened for public use on December 1, 2023. The budgeted average long term rate of growth for toll road revenue beyond fiscal year 2024-25 is 2.6%.

The majority of expenses related to the 405 EL within the fiscal year 2024-25 budget are on-going general costs related to day to day operations of the toll facility. Since the 405 EL is a fully electronic toll facility, motorists pay tolls through the convenient use of windshield mounted FasTrak® transponders that automatically deduct toll charges from a prepaid account. At the end of fiscal year 2023-24, there were 9,066 active customer accounts, with 16,271 transponders assigned to those accounts.

The 405 Express Lanes Fund will be responsible for managing the operational and capital expenses associated with the 405 EL.

**Contacting 405 EL's Management**

This financial report is designed to provide a general overview of the 405 EL's finances for all those with an interest in the government's finances and to demonstrate the 405 EL'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.

**405 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**  
**Statement of Net Position**  
**June 30, 2024**

**Assets**

**Current Assets:**

Cash and investments	\$	89,706,701
Receivables:		
Interest		848,791
Violations, net		552,444
Other, net		11,209,510
Condemnation deposits		203,200
Other assets		33,650
<b>Total current assets</b>		<b><u>102,554,296</u></b>

**Noncurrent Assets:**

Receivable violations, net		44,892
Capital assets, net:		
Nondepreciable		27,598,488
Depreciable and amortizable		434,888,383
<b>Total noncurrent assets</b>		<b><u>462,531,763</u></b>

<b>Total Assets</b>		<b><u>565,086,059</u></b>
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**Deferred Outflows of Resources**

Deferred outflows - PPP		<u>106,810,152</u>
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<b>Total Deferred Outflows of Resources</b>		<b><u>106,810,152</u></b>
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**Liabilities**

**Current Liabilities:**

Accounts payable		14,703,345
Accrued interest payable		30,441
Due to other governments		486,857
Unearned revenue		452,281
Other liabilities		18,739
Lease liabilities - due within one year		56,304
<b>Total current liabilities</b>		<b><u>15,747,967</u></b>

**Noncurrent Liabilities:**

Lease liabilities - due in more than one year		5,760,541
Long-term debt - TIFIA loan - due in more than one year		632,355,394
Long-term liabilities - PPP asset due to transferor		108,390,852
<b>Total noncurrent liabilities</b>		<b><u>746,506,787</u></b>

<b>Total Liabilities</b>		<b><u>762,254,754</u></b>
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**Deferred Inflows of Resources**

Deferred inflows on refunding		<u>7,110,218</u>
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<b>Total Deferred Inflows of Resources</b>		<b><u>7,110,218</u></b>
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**Net Position**

Net investment in capital assets		(12,071,482)
Unrestricted		<u>(85,397,279)</u>

<b>Total Net Position</b>	<b>\$</b>	<b><u>(97,468,761)</u></b>
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See accompanying notes to the financial statements.

**405 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024**

<b>Operating revenues:</b>	
Tolls, fees, and fines	\$ 17,180,154
<b>Operating expenses:</b>	
Management and operational services	4,051,845
Administrative overhead	3,353,436
Other operating expenses	234,335
Insurance claims and premiums	62,613
Professional services	7,978,487
General and administrative	330,901
Depreciation and amortization	8,314,212
<b>Total operating expenses</b>	<b>24,325,829</b>
<b>Operating loss</b>	<b>(7,145,675)</b>
<b>Nonoperating revenues (expenses):</b>	
Investment earnings	3,410,506
Interest income	11,848,417
Other	1,492,264
<b>Total nonoperating revenues</b>	<b>16,751,187</b>
<b>Income before transfers</b>	<b>9,605,512</b>
Transfers from other OCTA funds	125,222,349
<b>Change in net position</b>	<b>134,827,861</b>
Total net position - beginning	(232,296,622)
<b>Total net position - ending</b>	<b>\$ (97,468,761)</b>

See accompanying notes to the financial statements.



**405 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

<b>Cash flows from operating activities:</b>	
Receipts from customers and users	\$ 5,844,328
Payments to suppliers	(12,328,411)
Payments for OCTA interfund services used	(3,353,436)
Other revenues received	1,492,264
	<hr/>
<b>Net cash used for operating activities</b>	<b>(8,345,255)</b>
<b>Cash flows from noncapital financing activities:</b>	
Transfers from other funds	125,222,349
Advance to/from other funds	(4,812,301)
	<hr/>
<b>Net cash provided by noncapital financing activities</b>	<b>120,410,048</b>
<b>Cash flows from capital and related financing activities:</b>	
Interest paid on long-term debt	(419,723)
Acquisition and construction of capital assets	(24,381,201)
	<hr/>
<b>Net cash used for capital and related financing activities</b>	<b>(24,800,924)</b>
<b>Cash flows from investing activities:</b>	
Investment earnings	2,393,284
	<hr/>
<b>Net cash provided by investing activities</b>	<b>2,393,284</b>
Net increase in cash and cash equivalents	89,657,153
Cash and cash equivalents at beginning of year	49,548
	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 89,706,701</b>
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>	
Cash and investments	\$ 89,706,701
Restricted cash and investments	—
	<hr/>
<b>Total cash and cash equivalents</b>	<b>\$ 89,706,701</b>

See accompanying notes to the financial statements.

**405 Express Lanes Fund**  
**(An Enterprise Fund of the Orange County Transportation Authority)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

**Reconciliation of operating income to net cash used for operating activities:**

Operating loss	\$	(7,145,675)
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**Adjustments to reconcile operating income to net cash used for operating activities:**

Depreciation & amortization expense		8,314,212
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Nonoperating revenues		1,492,264
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**Change in assets and liabilities:**

Violations receivables, net		(597,336)
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Other receivables, net		(11,209,510)
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Other assets		(96,263)
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Amortization of prepaid insurance		62,613
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Accounts payable		457,892
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Due to other governments		(94,472)
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Unearned revenue		452,281
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Other liabilities		18,739
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<b>Total adjustments</b>		<b>(1,199,580)</b>
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<b>Net cash used for operating activities</b>	<b>\$</b>	<b>(8,345,255)</b>
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**Noncash capital, financing and investing activities:**

Long-term liabilities - PPP asset due to transferor	\$	108,390,852
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Amortization of deferred outflows related to PPP		(1,580,700)
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Interest accretion on TIFIA loan		12,166,692
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Capital assets accrued in accounts payable		3,478,008
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See accompanying notes to the financial statements.

## **405 Express Lanes Fund Notes to the Financial Statements**

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**For the Year Ended June 30, 2024**

### **1. REPORTING ENTITY**

Officially inaugurated on December 1, 2023, the 405 Express Lanes (405 EL) span a four-lane, High-Occupancy Toll corridor along I-405, extending from SR-55 to I-605. The 405 Express Lanes being under the jurisdiction of Caltrans, OCTA has entered into a cooperative agreement with Caltrans to delineate the roles and responsibilities of each agency. The 405 Express Lanes are owned by Caltrans but transferred to OCTA for a 40-year term, commencing on December 1, 2023, which was the first day of public use and toll operations. See note 5 for further information on this transaction.

These financial statements include only the activities of the 405 Express Lanes Fund, an enterprise fund of OCTA. These financial statements are not intended to present the activities of OCTA.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the 405 Express Lanes Fund are in conformity with generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

#### **Basis of Accounting**

The financial statements of the 405 Express Lanes Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, consisting substantially of tolls and fees, are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Toll amounts are collected from customers on a prepaid basis, and unearned tolls are reported as unearned revenue. Toll revenue is recognized when the customers utilize the toll road facility.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the 405 Express Lanes Fund are charges to customers for use of the toll facility and are presented net of discounts and allowances. Operating expenses for the 405 Express Lanes Fund include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the 405 Express Lanes Fund's policy to use restricted resources first and then unrestricted resources as they are needed.

#### **Cash and Investments**

The 405 Express Lanes Fund participates in OCTA's Commingled Investment Pool. OCTA maintains cash and investments in accordance with an Investment Policy (Policy) adopted initially by OCTA's Board of Directors (Board) on May 8, 1995, and most recently amended on July 1, 2023. The Policy complies with, or is more restrictive than, the California Government Code (Code). At June 30, 2024 the investment portfolios were maintained at U.S. Bank, N.A. as custodial bank. OCTA's Commingled Investment Pool is managed by four private sector investment managers. 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 in the OCTA Commingled Investment Pool, with investment earnings allocated to the different accounts based on average daily account balances.

## **405 Express Lanes Fund Notes to the Financial Statements**

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### **For the Year Ended June 30, 2024**

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 GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs-other than quoted prices included in Level 1-that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are unobservable inputs. Refer to the OCTA Annual Comprehensive Financial Report (ACFR) for details on valuation techniques and fair value hierarchy.

Investments in U.S. government and U.S. agency securities, medium-term notes, repurchase agreements, variable and floating rate securities, mortgage and asset-backed securities and corporate notes 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 Policy requires that assets in the portfolio consist of the following investments, with maximum permissible concentrations based on book value, and may be more restrictive than applicable state statutes for the following investment types: OCTA notes and bonds, U.S. treasuries, federal agencies, municipal debt, banker's acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, medium-term notes, money market and mutual funds, mortgage or asset-backed securities, supranationals, Local Agency Investment Fund (LAIF), Orange County Investment Pool (OCIP), investment pools, variable and floating rate securities, bank deposits and derivatives. All investments are subject to a maximum maturity of five years, unless specific direction to exceed the limit is given by the Board and 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.

### **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, commercial paper, money market funds, certificates of deposit, and the 405 Express Lanes Fund's share of the OCTA Commingled Investment Pool represent cash and cash equivalents for cash flow purposes.

### **Restricted Cash and Investments**

The 405 Express Lanes will have up to two internal reserve accounts as well as three reserve accounts required due to outstanding debt to be held by the trustee. The type and amount of the internal reserve accounts will be determined at a future date as OCTA evaluates the available revenue to fund the accounts based on first satisfying the TIFIA loan requirements.

Permitted investments per the debt covenants include: Government obligations, certificates of deposit that are collaterally secured by Government obligations, repurchase agreements, investment agreements, and money market funds that invest solely in obligations of the United States of America.

### **Receivables**

Violations receivables include an estimate for outstanding unpaid violations that the 405 Express Lanes Fund anticipates to collect. Since the 405 Express Lanes has only been in operation for less than a year, there is no sufficient collection history to determine the collection percentage. Due to the similarities between the 91 and 405 Express Lanes, OCTA used the collection percentage from the 91 Express Lanes to estimate the outstanding unpaid violations for the 405 Express Lanes for fiscal year 2023-24. For violations less than or equal to 90 days old, the receivable is estimated based on a 12-month average

## 405 Express Lanes Fund Notes to the Financial Statements

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### For the Year Ended June 30, 2024

of violations collection rate from the 91 Express Lanes, and is recorded net of an allowance for uncollectible accounts of \$2,062,867 at June 30, 2024. For unpaid violations in excess of 90 days, the receivable is estimated using a three-year average of violations collection rate from the 91 Express Lanes and is recorded net of uncollectible accounts as the majority is not considered probable of collection. Violation receivable estimation will utilize collection data of the 405 Express Lanes as historical data becomes available.

Other receivables include amounts due from other California toll road agencies related to their customers' use of the 405 Express Lanes, as well as amounts owed from customers, net of an allowance for uncollectible accounts of \$0 at June 30, 2024. An estimated \$44,892 of violation and customer receivables are not expected to be collected within one year. The 405 Express Lanes utilizes an outside collection agency to assist in the recovery of unpaid customer balances and violations exceeding 90 days.

#### Due from other Governments

Due from other governments include receivables due from other government agencies.

#### Condemnation Deposits

Condemnation deposits are required by the law for eminent domain acquisition of real property proceedings. Payments are issued to the State Treasury and the amount is determined by the court. Deposits are retained in the State Condemnation Deposits fund until the court orders payment to the grantor (property owner).

#### Other Assets

Other assets include prepaid expenses and refundable deposits.

#### Capital Assets

Capital assets are tangible and intangible assets, which include land, construction in progress, leasehold improvements, infrastructure, equipment, computer and software, furniture and fixtures, and intangible right-to-use assets. Capital assets are defined by the 405 Express Lanes Fund as assets with an initial, individual cost of more than \$5,000 and a useful life in excess of one year. The 405 Express Lanes does not capitalize transponders as the new 6C sticker and switchable transponders have a perpetual lifespan due to their design. In addition, customers are not required to return the transponders upon closing their toll accounts; therefore, the 6C transponders are not capitalized. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. The 405 Express Lanes 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 intangible right to use intangible asset is amortized each year for the shorter of lease term or useful life of of asset.

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

<b>Capital Asset Type</b>	<b>Useful Life</b>
Leasehold improvements	20 years
Infrastructure	40-50 years
Computer hardware and software	3 years
Equipment, furniture and fixtures	3-10 years
Intangible right-to-use assets	20 years

## **405 Express Lanes Fund Notes to the Financial Statements**

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**For the Year Ended June 30, 2024**

### **Leases**

OCTA adopted GASB Statement No. 87 Leases for the fiscal year ended June 30, 2022. The 405 Express Lanes Fund recorded lease liabilities and lease assets at the commencement of the lease term. The lease liabilities are measured at the present value of payments expected to be made during the lease term less any lease incentives. The lease assets are measured at the amount of the initial measurement of the lease liabilities, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

### **Deferred Outflows**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. As of June 30, 2024, the 405 Express Lanes Fund has one item that qualifies for reporting in this category. It is the deferred outflows related to Public-Public Partnership Arrangements (PPP) between OCTA and the State of California, Department of Transportation (Caltrans). Under the agreement, 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 40 years term, all property owned by OCTA and which is related to the Toll Facility, shall automatically become the property of Caltrans. The estimated carrying value of the I-405 Toll Facility is recognized as deferred outflows of the PPP arrangement.

### **Due to other Governments**

Due to other governments include payables due to other government agencies.

### **Risk Management**

The 405 Express Lanes Fund purchases commercial property insurance including fire, flood and earthquake coverage, which also covers business interruption related to the operation of the toll facility. Additionally, the 405 Express Lanes Fund participates in OCTA's self-insurance general liability program. Liability claims are resolved by OCTA and are an expense of the 405 Express Lanes Fund.

### **Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three categories:

- *Net investment in capital assets* - Reflects net position of the 405 Express Lanes Fund invested in capital assets and the intangible asset net of related debt. This net position is not accessible for other purposes.
- *Restricted net position* - Represents net position not accessible for general use, with the use subject to restrictions enforceable by third parties. The net position for the 405 Express Lanes is restricted by the TIFIA Loan Master Indenture for debt service, capital, and operating expenses.
- *Unrestricted net position* - Represents net position available for general use.

**405 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

**Use of Estimates**

The preparation of the 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.

**Administrative Services Costs**

OCTA allocates indirect costs related to administrative services from certain funds to benefiting funds. For fiscal year 2023-24, \$3,353,436 of administrative services were charged to the 405 EL and are reported as operating expenses in the statement of revenues, expenditures and changes in net position.

**3. CASH AND INVESTMENTS**

Cash and investments are comprised of the following at June 30, 2024:

<b>Cash:</b>		
Petty cash		\$ 550
Deposits		1,432,571
<b>Total cash</b>		<u><u>1,433,121</u></u>
<b>Investments:</b>		
With OCTA Commingled Investment Pool		88,218,391
With trustee		55,189
<b>Total investments</b>		<u><u>88,273,580</u></u>
<b>Total cash and investments</b>		<u><u>\$ 89,706,701</u></u>

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

Unrestricted cash and investments	\$ 89,706,701
Restricted cash and investments	—
<b>Total cash and investments</b>	<u><u>\$ 89,706,701</u></u>

As of June 30, 2024, the 405 Express Lanes Fund had the following investments:

<b>Investment</b>	<b>Fair Value</b>	<b>Yield</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>Weighted Average Maturity (Years)</b>
OCTA Commingled Investment Pool	\$ 88,218,391	Refer to the OCTA Annual Comprehensive Financial Report for information related to the OCTA Commingled Investment Pool.*			
Held by trustee:					
*Money Market Funds	<u>55,189</u>	4.930%	4.930%	07/01/2024	0.003
<b>Total investments</b>	<u><u>\$ 88,273,580</u></u>				

Portfolio Weighted Average 2.256

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

**405 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

As of June 30, 2024, the 405 Express Lanes Fund had \$88,218,391 invested in the OCTA's Commingled Investment Pool (CIP). OCTA's CIP investments are carried at fair value except for money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date carried at amortized cost which approximates fair value.

Deposits and withdrawals in the OCTA's CIP are made on the basis of \$1.00 (cost basis) and not fair value. Accordingly, the 405 Express Lanes Fund's investment in the OCTA's CIP at June 30, 2024 is uncategorized, not defined as a Level 1, Level 2, or Level 3 input.

Refer to the OCTA Annual Comprehensive Financial Report for fiscal year 2023-24 for details on valuation techniques, fair value hierarchy, interest rate risk, variable rate notes and custodial credit risk related to the OCTA's CIP underlying investments.

**Credit Risk**

The Policy sets minimum acceptable credit ratings for investments from any of the three nationally recognized rating services: Standard & Poor's Corporation (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (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 must be rated no less than an "A" by two of the three rating services. OCTA's CIP is not rated.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of fair value of the 405 Express Lanes Fund's portfolio at June 30, 2024 (NR means Not Rated):

<b>Investments</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>% of 405 EL Fund</b>
OCTA Commingled Investment Pool	NA	NA	99.94 %
Held by trustee:			
Money Market Funds	AAA	Aaa	0.06 %
<b>Total</b>			<b>100.00 %</b>

**Concentration of Credit Risk**

At June 30, 2024, OCTA did not exceed the Policy maximum concentrations. 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 Orange County Transportation Authority'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.

There is no issuer exceeding 5% of the fair value of the 405 Express Lanes Fund's portfolio at June 30, 2024.



**405 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

**4. INTERFUND ACTIVITIES**

During fiscal year 2023-24, the LTA Fund transferred \$125,222,349 to 405 Express Lanes Fund for TIFIA loan allocation between general purpose lanes and express lanes related construction expenses.

**5. CAPITAL ASSETS**

Capital asset activity for the 405 Express Lanes Fund for the year ended June 30, 2024 is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ —	\$ 27,438,468	\$ —	\$ 27,438,468
Construction in progress	437,230,269	—	(437,070,249)	160,020
<b>Total capital assets, not being depreciated and amortized</b>	<b>437,230,269</b>	<b>27,438,468</b>	<b>(437,070,249)</b>	<b>27,598,488</b>
<b>Capital assets, being depreciated:</b>				
Improvements	1,147,748	35,897	—	1,183,645
Infrastructure	—	406,287,092	—	406,287,092
Computer hardware and software	—	27,910,896	—	27,910,896
Equipment, furniture and fixtures	456,644	64,650	—	521,294
Intangible right-to-use (building)	5,913,279	—	(44,830)	5,868,449
<b>Total capital assets, being depreciated and amortized</b>	<b>7,517,671</b>	<b>434,298,535</b>	<b>(44,830)</b>	<b>441,771,376</b>
<b>Less accumulated depreciation and amortization for:</b>				
Improvements	(39,779)	(57,950)	—	(97,729)
Infrastructure	—	(4,605,029)	—	(4,605,029)
Computer hardware and software	—	(1,711,786)	—	(1,711,786)
Equipment, furniture and fixtures	(35,786)	(65,885)	—	(101,671)
Intangible right-to-use (building)	(73,916)	(292,862)	—	(366,778)
<b>Total accumulated depreciation and amortization</b>	<b>(149,481)</b>	<b>(6,733,512)</b>	<b>—</b>	<b>(6,882,993)</b>
<b>Total capital assets, being depreciated and amortized, net</b>	<b>7,368,190</b>	<b>427,565,023</b>	<b>(44,830)</b>	<b>434,888,383</b>
<b>Total capital assets, net</b>	<b>\$ 444,598,459</b>	<b>\$ 455,003,491</b>	<b>\$(437,115,079)</b>	<b>\$ 462,486,871</b>

**405 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

**6. PUBLIC-PUBLIC PARTNERSHIPS (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.

On December 1, 2023, the I-405 Improvement Project reached substantial completion and the 405 Express Lanes opened to public use. The value of the Toll Facility associated with the PPP arrangement recognized on December 1, 2023 was \$431,959,386. As of June 30, 2024, OCTA has recognized a liability measured based on the estimated carrying value of the Toll Facility at the end of the 40-year term for \$108,390,852 and deferred outflows of resources related to the I-405 Improvement Projects in the amount of \$106,810,152.

**7. LEASES**

OCTA adopted GASB Statement No. 87, Leases, effective fiscal year ended June 30, 2022. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The 405 Express Lanes has one leasing arrangement, summarized below:

**Lessee:**

The 405 Express Lanes entered into a lease agreement for the use of 405 Express Lanes Costa Mesa office space for 240-months, beginning April 1, 2023. The lease terminates March 31, 2043. At June 30, 2024, the balance of intangible right to use asset and lease liabilities were \$5,501,671 and \$5,816,845, respectively. During fiscal year 2023-24, the 405 Express Lanes recorded \$366,778 in amortization expense and \$367,114 in interest expense for the right to use the office space. The 405 Express Lanes used an incremental discount rate of 6.28%, based on an estimated incremental borrowing rate.

Remaining obligations associated with these leases are as follows:

<b>Year ending June 30,</b>	<b>Principal</b>		<b>Interest</b>		<b>Total</b>
2025	\$	56,304	\$	363,696	\$ 420,000
2026		84,070		359,555	443,625
2027		97,801		353,699	451,500
2028		112,633		347,333	459,966
2029		146,258		339,105	485,363
2030-2043		5,319,779		2,863,458	8,183,237
<b>Total</b>	<b>\$</b>	<b>5,816,845</b>	<b>\$</b>	<b>4,626,846</b>	<b>\$ 10,443,691</b>

**405 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

The amortized right-to-use assets activity for the year ended June 30, 2024, is as follows:

Lessee activities	Beginning Balance	Additions	Reductions	Ending Balance
Intangible right-to-use assets:				
Office space	\$ 5,839,363	\$ (292,862)	\$ (44,830)	\$ 5,501,671
<b>Total</b>	<b>\$ 5,839,363</b>	<b>\$ (292,862)</b>	<b>\$ (44,830)</b>	<b>\$ 5,501,671</b>

Lease liability activities associated with these leases are as follows:

Lease Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Buildings:					
405 EL Customer Service Center	\$ 5,869,731	\$ —	\$ (52,886)	\$ 5,816,845	\$ 56,304
<b>Total</b>	<b>\$ 5,869,731</b>	<b>\$ —</b>	<b>\$ (52,886)</b>	<b>\$ 5,816,845</b>	<b>\$ 56,304</b>

**8. LONG-TERM DEBT**

**TIFIA Loan**

On September 9, 2021, OCTA and the Department of Transportation Build America Bureau Credit Programs Office (Bureau) executed a TIFIA loan for \$628,930,000 as a direct borrowing with an interest rate of 1.95%. The proceeds financed a portion of the costs for the I-405 Improvement project.

During the construction of the I-405 Improvement project, and for a period of up to five years following the substantial completion, interest on the TIFIA loan is accreted and added to the initial TIFIA loan. 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. OCTA prepaid \$15,218,705 of principal on the TIFIA loan in fiscal year 2022-23. As of June 30, 2024, the unused balance under the loan agreement is \$0. The outstanding balance of the TIFIA loan is \$632,355,394 which includes interest accretion of \$18,644,099 through June 30, 2024.

The TIFIA loan is secured solely by toll revenues of the I-405 Express Lanes, which commenced operations 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.

In accordance with the projected TIFIA loan maturity schedule, the annual debt service requirements to maturity for the TIFIA loan payable throughout the term of the loan are as follows:

**405 Express Lanes Fund**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

Year ending June 30,	Principal	Interest	Total
2025	\$ —	\$ —	\$ —
2026	—	—	—
2027	—	—	—
2028	—	6,588,588	6,588,588
2029	—	13,159,126	13,159,126
2030-2058	675,752,649	261,963,800	937,716,449
<b>Total</b>	<b>\$ 675,752,649</b>	<b>\$ 281,711,514</b>	<b>\$ 957,464,163</b>

**Changes in Long-Term Obligations**

Long-term liabilities activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
TIFIA loan principal	\$ 613,711,295	\$ —	\$ —	\$ 613,711,295	\$ —
TIFIA loan accreted interest	6,477,407	12,166,692	—	18,644,099	—
<b>Total long-term debt</b>	<b>\$ 620,188,702</b>	<b>\$ 12,166,692</b>	<b>\$ —</b>	<b>\$ 632,355,394</b>	<b>\$ —</b>

**Pledged Revenue**

The 405 Express Lanes debt issuance outstanding is secured solely by the pledging of toll revenues. Pursuant to the TIFIA loan agreement, beginning in the first full fiscal year following the substantial competition date for the I-405 improvement project, OCTA will covenant to adopt a toll policy that shall be sufficient to produce net revenue for each fiscal year at least equal to 1.35 times annual debt service on Senior Lien Bonds. Annual debt service payment for the TIFIA loan will commence on June 1, 2028.

Pledged revenue for the year ended June 30, 2024, is as follows:

Pledged Revenue	Annual Amount of Net Pledged Revenue	Annual Debt Service Payments	Pledged Revenue Coverage	Required Debt Coverage
405 Express Lanes Net Toll Road Revenue	\$4,576,402	\$—	0.00	1.35

**9. COMMITMENTS AND CONTINGENCIES**

**Operator Agreement**

OCTA entered into an agreement with WSP USA Services on January 14, 2022 to provide operating services and back-office system implementation services for the 405 Express Lanes. The initial term of the agreement is for eight years and six months through July 14, 2030 with a maximum obligation of \$106,069,864. The agreement carried two extension options with option term 1 for up to three years and option term 2 for up to two years.

## **405 Express Lanes Fund**

### **Notes to the Financial Statements**

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**For the Year Ended June 30, 2024**

#### **Purchase Commitments**

The 405 Express Lanes has various outstanding contracts. Total purchase commitments at June 30, 2024 were \$160,653,288, the most significant are with WSP USA Services Inc for the operations of the 405 Express Lanes and implementation of back-office system, with Kapsch TrafficCom for toll lanes integrator services, and with California Highway Patrol (CHP) for patrol services.

#### **10. EFFECT OF NEW PRONOUNCEMENTS**

##### **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 requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, 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. The implementation of this Statement did not have a material effect on the financial statements.

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY  
LOCAL TRANSPORTATION FUND**

**FINANCIAL STATEMENTS**

Year ended June 30, 2024

ORANGE COUNTY TRANSPORTATION AUTHORITY  
LOCAL TRANSPORTATION FUND

FINANCIAL STATEMENTS  
JUNE 30, 2024

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
BALANCE SHEET .....	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE .....	5
NOTES TO FINANCIAL STATEMENTS .....	6
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL .....	9
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION .....	10
SUPPLEMENTARY INFORMATION	
SCHEDULE OF ALLOCATIONS FOR DISBURSEMENT .....	11
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	12

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Orange County Transportation Authority  
Orange, California

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of the Local Transportation Fund (LTF), a special revenue fund of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2024, and the related notes to the 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 financial position of the LTF, of OCTA, as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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 opinion.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the LTF and do not purport to, and do not, present fairly the financial position of OCTA, as of June 30, 2024, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***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.

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(Continued)



## ***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 opinion. 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 the OCTA's internal control, as it relates to the LTF. 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.

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 budgetary comparison information, 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.

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(Continued)

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the LTF's basic financial statements. The Schedule of Allocations for Disbursement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and 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 Schedule of Allocations for Disbursement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of OCTA's internal control over financial reporting, as it relates to LTF 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 the LTF'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, as it relates to LTF.



Crowe LLP

Costa Mesa, California  
October 31, 2024

ORANGE COUNTY TRANSPORTATION AUTHORITY  
LOCAL TRANSPORTATION FUND  
BALANCE SHEET  
June 30, 2024

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**ASSETS**

Cash and investments	\$ 336,633,627
Interest receivable	5,062,513
Due from other governments (Note 3)	<u>37,825,975</u>

Total assets	<u><u>\$ 379,522,115</u></u>
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**LIABILITIES**

Accounts payable	\$ 78,145
Due to other governments (Note 4)	234,846
Due to other OCTA funds (Note 5)	<u>374,312</u>
Total liabilities	687,303

**FUND BALANCE**

Restricted for transportation programs	<u>378,834,812</u>
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Total liabilities and fund balance	<u><u>\$ 379,522,115</u></u>
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See accompanying notes to financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
LOCAL TRANSPORTATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
For the year ended June 30, 2024

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**REVENUES**

Local transportation sales tax allocations	\$ 219,233,224
Investment income	<u>23,074,741</u>
Total revenues	242,307,965

**EXPENDITURES**

Current:	
Supplies and services	2,134,948
Contributions to other agencies	<u>3,094,899</u>
Total expenditures	<u>5,229,847</u>
Excess of revenues over expenditures	237,078,118

**OTHER FINANCING USES**

Transfers to other OCTA funds (Note 6)	<u>(199,294,011)</u>
Net change in fund balance	37,784,107
Fund balance, beginning of year	<u>341,050,705</u>
<b>Fund balance, end of year</b>	<b><u><u>\$ 378,834,812</u></u></b>

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See accompanying notes to financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
LOCAL TRANSPORTATION FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 – REPORTING ENTITY**

The Local Transportation Fund (LTF) is a special revenue fund of the Orange County Transportation Authority (OCTA). The LTF financial statements do not purport to, and do not, present fairly the financial position of OCTA, as of June 30, 2024, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. This fund is used to account for revenues received and expenditures made for certain transit projects within Orange County.

The LTF was created by the Transportation Development Act (TDA) for specific transportation purposes. Revenues to the LTF are derived from a ¼ cent state sales and use tax. The ¼ cent is returned by the California Department of Tax and Fee Administration (CDTFA) to each county according to the amount of tax collected in that county.

The Orange County Transit District (OCTD) of OCTA is a transit operator and OCTA is the regional Transportation Planning Agency (TPA) for the County of Orange, California (County). Annually, the TPA determines each area's apportionment of LTF revenues. Generally, County LTF revenues are apportioned by population. Where there is a transit operator, separate apportionments are made to areas within and outside the district. Once funds are apportioned, they are only available for allocation to claimants in that area. Payments from the LTF are made by the County Auditor-Controller in accordance with allocation instructions issued by OCTA.

Article 3 of the TDA stipulates that, based on the County's population of more than 500,000, OCTA is eligible to receive LTF revenues solely for claims for the following, which are allocated in specific priority order: administration, planning and programming; Section 99234 of Article 3, which are claims for pedestrian and bicycle facilities; Article 4, which are for general transit operations and services; and Article 4.5, which are claims for community transit services.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the LTF are in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles for governmental units.

Fund Accounting: The LTF activities and transactions are recorded and accounted for in a special revenue fund of OCTA. Special revenue funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds. The LTF accounts for revenues received and expenditures made for certain transit projects within Orange County. Financing is generated from a ¼ cent state sales and use tax pursuant to the TDA. Expenditures of these monies must be made in accordance with TDA provisions. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
LOCAL TRANSPORTATION FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting: The LTF financial statements have been prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means that amounts can be estimated or otherwise determined. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. Revenues are considered available if they are collected within 90 days of year end. Amounts not collected within the availability period are classified as deferred inflows of resources – unavailable revenue. Expenditures are recorded when the liability is incurred. Liabilities are considered current when they are expected to be liquidated with available financial resources.

Cash and Investments: The LTF maintains its deposits in the Orange County Investment Pool (OCIP), as required by State statute. Oversight of the OCIP is performed by the Orange County Treasury Oversight Committee. The fair value of the LTF's investment in this pool is reported in the accompanying financial statements at amounts based upon the LTF's pro-rata share of the fair value provided by OCIP for the entire OCIP portfolio (in relation to the amortized cost of that portfolio). Deposits and withdrawals are made on the basis of \$1.00 (absolute dollars) and not fair value. Investment income earned by the pooled cash and investments in the OCIP is allocated based on average cash and investment balance. The OCIP is not rated.

For information on cash and investment disclosures relating to LTF's deposits in the OCIP, please see OCTA's Annual Comprehensive Financial Report.

Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fund Balance: The LTF classifies fund balance based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Fund balance for the year ended June 30, 2024 consists of the following:

*Restricted* – Resources that are constrained to specific purposes by an external provider (e.g. grantors, contributors, governmental laws and regulations) or by constitutional provisions or enabling legislation. For the LTF, amounts are restricted pursuant to the TDA.

When funds of different classifications are available for the same purpose, the spending priority is to spend restricted resources before unrestricted resources, and within the unrestricted category, committed followed by assigned fund balance.

**NOTE 3 – DUE FROM OTHER GOVERNMENTS**

Due from other governments of \$37,825,975 represents a TDA receivable due from the State of California.

**NOTE 4 – DUE TO OTHER GOVERNMENTS**

Due to other governments of \$234,846 represents amounts due to other agencies for use in transit projects.

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(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
LOCAL TRANSPORTATION FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 5 – DUE TO OTHER OCTA FUNDS**

Due to other OCTA funds as of June 30, 2024 consisted of the following:

OCTA for planning and administration	<u>\$ 374,312</u>
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**NOTE 6 – TRANSFERS**

Transfers to other OCTA funds during the fiscal year ended June 30, 2024 consisted of the following:

OCTA for planning and administration	<u>\$ 199,294,011</u>
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**REQUIRED SUPPLEMENTARY INFORMATION**



ORANGE COUNTY TRANSPORTATION AUTHORITY  
LOCAL TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE – BUDGET AND ACTUAL (BUDGETARY BASIS)  
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local transportation sales				
tax allocations	\$ 230,730,885	\$ 230,730,885	\$ 219,233,224	\$ (11,497,661)
Investment income	<u>351,161</u>	<u>351,161</u>	<u>23,074,741</u>	<u>22,723,580</u>
Total revenues	231,082,046	231,082,046	242,307,965	11,225,919
<b>EXPENDITURES</b>				
Current:				
Supplies and services	2,284,464	2,284,464	2,134,948	149,516
Contributions to other local agencies	<u>3,236,909</u>	<u>3,236,909</u>	<u>3,094,899</u>	<u>142,010</u>
Total expenditures	5,521,373	5,521,373	5,229,847	291,526
Excess of revenues over expenditures	225,560,673	225,560,673	237,078,118	11,517,445
<b>OTHER FINANCING USES</b>				
Transfers to other OCTA funds	<u>(225,320,713)</u>	<u>(225,320,713)</u>	<u>(199,294,011)</u>	<u>26,026,702</u>
Net change in fund balance	239,960	239,960	37,784,107	37,544,147
Fund balance, beginning of year	<u>341,050,705</u>	<u>341,050,705</u>	<u>341,050,705</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 341,290,665</u></u>	<u><u>\$ 341,290,665</u></u>	<u><u>\$ 378,834,812</u></u>	<u><u>\$ 37,544,147</u></u>

ORANGE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the year ended June 30, 2024

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**NOTE 1 – BUDGETARY DATA**

The LTF maintains accounting control through formal adoption of an annual operating budget. The operating budget is prepared in conformity with accounting principles generally accepted in the United States, 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 may be amended by the OCTA Board of Directors (Board) to increase 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. OCTA 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 include 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, is at the major object level. With the exception of amounts that have been encumbered, appropriations lapse at year end.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
 LOCAL TRANSPORTATION FUND  
 SCHEDULE OF ALLOCATIONS FOR DISBURSEMENT  
 For the year ended June 30, 2024

<u>Claimant</u>	<u>Article 3 Administration</u>	<u>Article 3 Planning</u>	<u>Article 4 Operating and Capital</u>	<u>Article 4.5 Paratransit Operating and Capital</u>	<u>Total Allocations</u>	<u>Total Disbursements</u>
City of Laguna Beach	\$ -	\$ -	\$ 1,443,801	\$ -	\$ 1,443,801	\$ 1,443,801
County of Orange	13,198	-	-	-	13,198	13,198
Orange County Transit District	-	-	199,633,108	10,582,995	210,216,103	194,218,331
Orange County Transportation Authority	161,980	4,913,700	-	-	5,075,680	5,075,680
Southern California Association of Governments	-	<u>1,637,900</u>	-	-	<u>1,637,900</u>	<u>1,637,900</u>
Total disbursements	<u>\$ 175,178</u>	<u>\$ 6,551,600</u>	<u>\$ 201,076,909</u>	<u>\$ 10,582,995</u>	<u>\$ 218,386,682</u>	<u>\$ 202,388,910</u>

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

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Local Transportation Fund (LTF), a special revenue fund of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the LTF's basic financial statements, and have issued our report thereon dated October 31, 2024. As discussed in Note 1, the financial statements present only the LTF and do not purport to, and do not, present fairly the financial position of OCTA, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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(Continued)

## Report on Compliance and Other Matters

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

### Purpose of this Report

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



Crowe LLP

Costa Mesa, California  
October 31, 2024

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE FUND**

**FINANCIAL STATEMENTS**  
Year ended June 30, 2024

ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE FUND

FINANCIAL STATEMENTS  
JUNE 30, 2024

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
BALANCE SHEET .....	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE.....	5
NOTES TO FINANCIAL STATEMENTS .....	6
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL.....	9
NOTES TO SUPPLEMENTARY INFORMATION.....	10
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	11

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Orange County Transportation Authority  
Orange, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the State Transit Assistance Fund (STAF), a special revenue fund of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2024, and the related notes to the 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 financial position of the STAF, of OCTA, as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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 opinion.

#### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only the STAF and do not purport to, and do not, present fairly the financial position of OCTA, as of June 30, 2024, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### *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.

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(Continued)



## ***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 opinion. 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, as it relates to the STAF. 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.

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 budgetary comparison information, 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.

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(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of OCTA's internal control over financial reporting, as it relates to STAF 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 the STAF'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, as it relates to STAF.



Crowe LLP

Costa Mesa, California  
October 31, 2024

ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE FUND  
BALANCE SHEET  
June 30, 2024

---

**ASSETS**

Cash and investments	\$ 44,100,098
Interest receivable	433,650
Due from other governments (Note 3)	<u>15,310,030</u>
 Total assets	 <u><u>\$ 59,843,778</u></u>

**LIABILITIES**

Accounts payable	\$ 6,684
Due to other OCTA funds (Note 4)	<u>15,310,030</u>
Total liabilities	15,316,714

**FUND BALANCE**

Restricted for transportation programs	<u>44,527,064</u>
 Total liabilities and fund balance	 <u><u>\$ 59,843,778</u></u>

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See accompanying notes to financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
For the year ended June 30, 2024

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**REVENUES**

State transit assistance sales tax allocations	\$ 49,788,386
Transportation improvement fee	7,115,158
Interest and investment income	<u>2,126,371</u>
Total revenues	59,029,915

**EXPENDITURES**

Supplies and services	<u>32,976</u>
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Excess of revenues over expenditures	58,996,939
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**OTHER FINANCING USES**

Transfers to other OCTA funds (Note 5)	<u>(56,903,544)</u>
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Net change in fund balance	2,093,395
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Fund balance, beginning of year	<u>42,433,669</u>
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<b>Fund balance, end of year</b>	<b><u><u>\$ 44,527,064</u></u></b>
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See accompanying notes to financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 1 – REPORTING ENTITY**

The State Transit Assistance Fund (STAF) is a special revenue fund of the Orange County Transportation Authority (OCTA). The STAF financial statements do not purport to, and do not, present fairly the financial position of OCTA, as of June 30, 2024, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. This fund is used to account for State Transit Assistance (STA) funds transferred to the Orange County Transit District (OCTD) for operations and fare assistance for seniors and disabled persons.

The STA funds provide a second source of Transportation Development Act (TDA) funding for transportation planning and mass transportation purposes as specified by the State of California Legislature. Funds for the program are derived from sales taxes on gasoline and use taxes on diesel fuel. The Road Repair and Accountability Act of 2017 signed into law April 2017, provided additional funding to existing programs as well as created new programs. STA revenues are then distributed based on several demographic factors.

The STA funds are allocated through an appropriation to the State Controller by the Legislature for allocation by formula to each Transportation Planning Agency (TPA). OCTA serves as the regional TPA for the County of Orange, California (County). The formula allocates 50 percent of the funds according to population and the remaining 50 percent according to operator revenues from the prior fiscal year. The allocations are based on the operator's share of revenues compared to all of the other operators in the State. The STA allocations are deposited in the OCTA's STAF, which is maintained by the Auditor-Controller of the County. The allocation to OCTA's STA funds must be made in a resolution adopted by OCTA's governing board. Payments from the STAF are made by the County Auditor-Controller in accordance with the allocation instructions in the allocation resolution.

The STA funds may not be allocated to fund administration or streets and roads projects. Operators receiving the STA funds must meet qualifying criteria based on the subsidy per revenue vehicle hour received in the previous year, taking into consideration the change in the Consumer Price Index within the operator's region.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the STAF are in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles for governmental units.

**Fund Accounting:** The STAF activities and transactions are recorded and accounted for in a special revenue fund of the OCTA. This fund is used to account for funds transferred to OCTD transit for operations and fare assistance for senior 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. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting: The STAF financial statements have been prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are accrued when they become both measurable and available. Measurable means that amounts can be estimated or otherwise determined. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. Revenues are considered available if they are collected by the County Auditor-Controller within 90 days of year end. Amounts not collected within the availability period are classified as deferred inflows of resources – unavailable revenue. Expenditures are recorded when the liability is incurred. Liabilities are considered current when they are expected to be liquidated with available financial resources.

Cash and Investments: The STAF maintains its deposits in the Orange County Investment Pool (OCIP), as required by State statute. Oversight of the OCIP is performed by the Orange County Treasury Oversight Committee. The fair value of the STAF's investment in this pool is reported in the accompanying financial statements at amounts based upon the STAF's pro-rata share of the fair value provided by OCIP for the entire OCIP portfolio (in relation to the amortized cost of that portfolio). Deposits and withdrawals are made on the basis of \$1.00 (absolute dollars) and not fair value. Investment income earned by the pooled cash and investments in the OCIP is allocated based on average cash and investment balance. The OCIP is not rated.

For information on cash and investment disclosures relating to STAF's deposits in the OCIP, please see OCTA's Annual Comprehensive Financial Report.

Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fund Balance: The STAF classifies fund balance based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Fund balance for the year ended June 30, 2024 consists of the following:

*Restricted* – Resources that are constrained to specific purposes by an external provider (e.g. grantors, contributors, governmental laws and regulations) or by constitutional provisions or enabling legislation. For the STAF, amounts are restricted pursuant to the TDA.

When funds of different classifications are available for the same purpose, the spending priority is to spend restricted resources before unrestricted resources, and within the unrestricted category, committed followed by assigned fund balance.

**NOTE 3 – DUE FROM OTHER GOVERNMENTS**

Due from other governments of \$15,310,030 represents a TDA receivable due from the State of California.

**NOTE 4 – DUE TO OTHER OCTA FUNDS**

Due to other OCTA funds of \$15,310,030 represents a TDA payable due to OCTD.

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(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 5 – TRANSFERS TO OTHER OCTA FUNDS**

Transfers to OCTD of \$56,903,544 for the year ended June 30, 2024 were for the purpose of funding transit operations.

**SUPPLEMENTARY INFORMATION**



ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE – BUDGET AND ACTUAL (BUDGETARY BASIS)  
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State transit assistance sales				
tax allocations	\$ 51,258,654	\$ 51,258,654	\$ 49,788,386	\$ (1,470,268)
Transportation improvement fee	6,885,695	6,885,695	7,115,158	229,463
Interest and investment income	120,365	120,365	2,126,371	2,006,006
Total revenues	<u>58,264,714</u>	<u>58,264,714</u>	<u>59,029,915</u>	<u>765,201</u>
<b>EXPENDITURES</b>				
Supplies and services	<u>-</u>	<u>-</u>	<u>32,976</u>	<u>(32,976)</u>
Excess of revenues over expenditures	58,264,714	58,264,714	58,996,939	732,225
<b>OTHER FINANCING USES</b>				
Transfers to other OCTA funds	<u>(58,264,714)</u>	<u>(58,264,714)</u>	<u>(56,903,544)</u>	<u>1,361,170</u>
Net change in fund balance	-	-	2,093,395	2,093,395
Fund balance, beginning of year	<u>110,509</u>	<u>110,509</u>	<u>42,433,669</u>	<u>42,323,160</u>
<b>Fund balance, end of year</b>	<u><u>\$ 110,509</u></u>	<u><u>\$ 110,509</u></u>	<u><u>\$ 44,527,064</u></u>	<u><u>\$ 44,416,555</u></u>

ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATE TRANSIT ASSISTANCE FUND  
NOTES TO SUPPLEMENTARY INFORMATION  
For the year ended June 30, 2024

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**NOTE 1 – BUDGETARY DATA**

The STAF maintains accounting control through formal adoption of an annual operating budget. The operating budget is prepared in conformity with accounting principles generally accepted in the United States, 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 may be amended by the OCTA Board of Directors (Board) to increase 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. OCTA 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 include 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, is at the major object level. With the exception of amounts that have been encumbered, appropriations lapse at year end.

Expenditures exceeded appropriations for Supplies and Services in the amount of \$32,976. This was a result of investment services.

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

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Transit Assistance Fund (STAF), a special revenue fund of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the STAF's basic financial statements, and have issued our report thereon dated October 31, 2024. As discussed in Note 1, the financial statements present only the STAF and do not purport to, and do not, present fairly the financial position of OCTA, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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(Continued)

## Report on Compliance and Other Matters

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

### Purpose of this Report

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



Crowe LLP

Costa Mesa, California  
October 31, 2024



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

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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 year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements, and have issued our report thereon dated October 31, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether OCTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the applicable provisions of the State of California Transportation Development Act (TDA), Title 21 of the California Code of Regulations, Public Utilities Code

Section 99245, and California Government Code §8879.50 (collectively “Transportation Development Act”), noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including the Transportation Development Act.

### **Purpose of this Report**

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



Crowe LLP

Costa Mesa, California  
October 31, 2024



**November 13, 2024**

**To:** Finance and Administration Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Amendment to Fare Policy

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", with the word "For" written in smaller letters above the signature.

**Overview**

The Orange County Transportation Authority is modernizing its fare collection system, with the new Rider Validation System anticipated to be implemented in summer 2025. The new system will enhance customer convenience, improve fare validation, and provide greater flexibility for introducing new fare products. Staff is recommending amendments to the existing fare policy to incorporate daily and monthly fare caps as well as a free transfer period. The recommended changes promote fare equity and streamline payment options for riders.

**Recommendations**

- A. Approve the implementation of daily and monthly fare caps at the current cost of passes, which is \$5 for the day pass and \$69 for the monthly pass.
- B. Approve the implementation of a free two-hour transfer period.
- C. Approve Orange County Transportation Authority's Schedule of Tariffs dated November 25, 2024.

**Background**

The Orange County Transportation Authority (OCTA) has been working towards modernizing the way in which it collects passenger fares. In 2018, OCTA installed onboard mobile ticketing validators across its fixed-route fleet, allowing for mobile ticketing validation. This initial investment laid the foundation for the development of the Rider Validation System (RVS), which aims to provide better customer fare payment experience, enhance rider validation, and offer greater flexibility in fare policy.

On October 24, 2023, the Board of Directors approved the RVS project by awarding a contract to INIT Innovations in Transportation, Inc. for the design and implementation of the RVS. Currently, OCTA is in the process of finalizing the design of the RVS, with the goal of implementing the system in summer 2025. As part of this process, staff has also reviewed the fare policy and is making recommendations to ensure that riders pay the best and lowest possible fare and ensuring fare equity.

***Discussion***

The implementation of the RVS offers significant improvements to OCTA's fare collection system. One of the most important features is the flexibility in fare policy. One of the more popular fare policy options utilized by modern fare collection systems is fare capping. Fare capping ensures that riders only pay for the trips they take, with daily and monthly fare limits that automatically apply once usage thresholds are met.

**Benefits to Rider of Implementing Fare Capping**

Fare capping is a passenger-focused fare system designed to ease the financial burden of up-front monthly pass purchases. With fare capping, passengers pay for individual trips (OCTA's regular fare is \$2) until they reach a daily or monthly cap. OCTA is recommending utilizing the existing daily and monthly pass amounts as caps, so this would translate to a \$5 daily cap and a \$69 monthly cap for regular fare riders. Once these caps are reached, all additional trips within the period are free, ensuring that no rider pays more than the cost of a pass and no rider is required to pay the upfront cost of a pass. This is especially beneficial for low-income riders who may not have the funds to purchase monthly passes in advance or cannot commit to regular travel. It also accommodates unbanked riders, who often face challenges with digital fare systems. By allowing riders to pay as they go, fare capping ensures equitable access to the best fare prices, removing the disadvantage faced by those who cannot afford up-front costs. This approach aligns OCTA with other transit agencies like the San Diego Metropolitan Transit System and Los Angeles Metro in promoting fare equity and financial accessibility.

- **Current fare system:** OCTA's current fare system requires riders to purchase paper passes with magnetic strip or mobile tickets, offering options such as single fares, day passes, and 30-day rolling passes. Riders must purchase these passes in advance, which can be inconvenient for low-income and infrequent riders who may not know how often they will travel or cannot afford the up-front \$69 cost of a monthly pass.



- Proposed future system with fare capping: Under the new system, riders will pay per trip until they reach a set daily or monthly fare cap, ensuring they always receive the best and lowest fare without the need to purchase a pass in advance. This approach reduces financial barriers for those who may not be able to afford a monthly pass upfront or are uncertain about how frequently they will travel. In addition, the new fare system, known as RVS, automatically calculates the fare and applies the cap once it is reached, allowing riders to enjoy unlimited free trips for the remainder of the day or month.

#### Benefits to Rider of Implementing a Two-Hour Free Transfer

It is anticipated that implementing a two-hour free transfer period for riders will improve affordability for riders by allowing them to make multiple stops within two hours without being charged additional rides thereby reducing their overall travel costs. It is also anticipated that a flexible transfer policy will make public transit more attractive to riders thereby potentially increasing daily boardings.

#### Revenue Impact of Fare Capping and Two-Hour Free Transfer

The introduction of fare capping and a two-hour transfer will impact fare revenue by allowing riders to make multiple trips without additional cost once thresholds are met. It is anticipated that there will be a reduction in annual fare revenue primarily due to the implementation of a fare cap on the 30-day pass and the implementation of the two-hour free transfer. This is due to some riders underutilizing the 30-day pass based on the monthly cost of \$69 and it is anticipated that some riders will no longer reach the daily fare cap of \$5 due to the two-hour free transfer. The anticipated annual reduction in fare revenue will be \$2 million, which represents 8.7 percent of current fare revenue. This reduction would not impact OCTA's ability to deliver the current level of bus service.

#### Accessibility for Unbanked and Underbanked Riders

OCTA is committed to ensuring that the RVS is accessible to all riders, including unbanked and underbanked. The term "underbanked" refers to individuals who may have a bank account but still depend on non-traditional financial services for their needs. To accommodate riders without full access to traditional banking, OCTA will allow them to add cash to their smart cards or mobile accounts at select retail locations or directly at the OCTA store. This ensures that all riders, regardless of their banking status, can benefit from the recommended changes to the fare policy.

***Summary***

Staff recommends the Board of Directors authorize the Chief Executive Officer to implement daily and monthly fare caps at the current cost of passes and a free two-hour transfer period for the Orange County Transportation Authority's fixed-route bus system. In addition, staff is recommending the Board of Directors approve the Orange County Transportation Authority's Schedule of Tariffs dated November 25, 2024, for the updated fare policy for the Orange County Transportation Authority's fixed-route bus system.

***Attachments***

- A. Orange County Transportation Authority Schedule of Tariffs, Effective July 9, 2025, Red-Lined Version
- B. Orange County Transportation Authority Schedule of Tariffs, Effective July 9, 2025

**Prepared by:**



Isaac Herrera  
Revenue Section Manager,  
Revenue and Grants Administration  
714-560-5870

**Approved by:**



Andrew Oftelie  
Chief Financial Officer,  
Finance and Administration  
714-560-5649

# Orange County Transportation Authority

# Schedule of Tariffs

Effective ~~February 14~~ July 9,  
2025 2024



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule of Tariffs**

***Table of Contents***

Fares .....	1
Local Bus – Regular / Reduced Fares.....	3
University Pass Program.....	3
Employer Perk Pass .....	4
College Programs .....	4
Paratransit Fares .....	5
OC Flex.....	5
Free Rides .....	6
Tariff Policies .....	6
Glossary.....	9

# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule of Tariffs

### Fares

#### Local Bus (1-499, 529, 543, 560, 862)

	Regular	Reduced (Senior/Disabled)	Youth
One-way <sup>1,2,5,13</sup>	\$ 2.00	\$ 0.75	\$ 0.00
<del>Open Payment Day CapPass</del> <sup>1,3</sup>	\$ 5.00	<del>\$ 4.50</del>	
<del>Prepaid Day Wave Day CapPass</del> <sup>1,3</sup>	\$ 4.50	\$ 1.35	
<del>30-Day Wave Monthly- CapPass</del> <sup>1,4</sup>	\$ 69.00	\$ 22.25	

#### University Pass Program

	Student	Faculty/Staff
One-way <sup>10</sup>	\$ 1.25	\$ 1.25
Monthly cap <sup>10</sup>	\$ 45.00	\$ 69.00

#### Employer Pass Program - Perk

	Employee
One-way <sup>11</sup>	\$ 1.25
Monthly cap <sup>11</sup>	\$ 69.00

#### College Pass Program

	Student <sup>9</sup>	Student <sup>6</sup>
One-way <sup>7,8,9</sup>	\$ 0.00	<del>\$ 2.00</del>
30-Day College <del>CapPass</del> (Magnetic and Mobile) <sup>6</sup>	<del>\$ 46.00</del>	<del>\$ 46.00</del>

#### Paratransit (ACCESS)

	All Ages
Base Fare <sup>12</sup>	\$ 3.60
Companion of ADA Eligible Rider	\$ 3.60
ADA Personal Care Attendant	\$ 0.00
ACCESS Eligible Local Bus Fare	\$ 0.25

# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule of Tariffs

### OC Flex

	All Ages
OC Flex Fare	\$ 5.00
OC Flex Media Pre-Paid	\$ 4.50

**Notes:**

<sup>1</sup>Measure M2 subsidizes a portion of Senior/Disabled fares.

<sup>2</sup>M2 subsidizes \$1.25 of Base Fare during peak hours, and \$0.25 of base fare during non-peak hours on single ride fares.

<sup>3</sup>M2 subsidizes \$1.00 of reduced-price fares of \$2.50 for day passes and \$2.35 prepaid day passes.

<sup>4</sup>M2 subsidizes \$12.75 of reduced-price fare of \$35.00 for 30-day passes.

<sup>5</sup>Youth Fares are subsidized through grants provided by Low Carbon Transit Operations Program (LCTOP), effective 2/14/2022.

<sup>6</sup>College 30-Pass – Available for students enrolled full-time or part-time in colleges not participating in the College Pass Program

<sup>7</sup>College Pass Program - Fees are negotiated for each particular contract. Students receive fare media upon registration and based on their student status.

<sup>8</sup>Cost paid by district, calc. actual revenue cost of the semester boarding/ total eligible students.

<sup>9</sup>Not eligible for any college that is not a part of the College Pass Program.

<sup>10</sup>The university agrees to pay the base fare of \$1.25, to a monthly maximum (cap) of the Regular 30-Day Pass price of \$45.00 for students and a monthly maximum (cap) of the Regular 30-Day Pass price of \$69.00 for faculty and staff members.

<sup>11</sup>The employer agrees to pay the base fare of \$1.25, to a monthly maximum (cap) of the Regular 30-Day Pass price of \$69.00 per employee eligible for any college that is not a part of the College Pass Program.

<sup>12</sup>M2 subsidizes 10% of Base Fare = \$0.40.

<sup>13</sup>For each paid one-way fare the rider will be granted a free 2-hour transfer from the time fare is validated.

# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule of Tariffs

### Local Bus – Regular / Reduced Fares

Regular fares apply to passengers ages 19-59, except where otherwise noted.

Reduced fares apply to passengers 60 and older or people with disabilities. For information on qualifying for a reduced fare, contact the Reduced Fare ID department at 714-560-5596 or visit <http://www.octa.net/>.

#### One-way

~~The one-way fare cash payment is good on all local bus routes for one ride.~~

The one-way fare cash payment is good on all local bus routes. One-way fares will earn credit towards just a day cap if the same open loop payment source is used.

One-way fares on Wave media earn credit toward daily and monthly caps and include a free 2-hour transfer upon fare validation. Cash fares do not count toward fare capping.

#### Open Payment Day Cap

A daily fare cap will be applied for an open loop payment source that reaches the set limit. Once the limit is reached all subsequent payments using the same payment source will not incur additional charges. Once reached the cap will be good for unlimited rides that day on all local bus routes and valid until end of the transit day (2:59am).

~~A day pass is good for unlimited rides that day on all local bus routes and valid until end of the transit day (2:59am).~~

#### Wave Prepaid Day Cap

A daily fare cap will be applied for an account-based fare media that reaches the set limit. Once the limit is reached all subsequent payments using the same payment media will not incur additional charges. Once reached the cap will be good for unlimited rides that day on all local bus routes and valid until end of the transit day (2:59am).

~~A prepaid day pass is good for unlimited rides that day on all local bus routes. The prepaid day pass is available at various retailers in Orange County or at the OCTA customer store. Prepaid Day Passes are not available for purchase on the bus.~~

#### 30-Day Pass

#### WAVE Monthly Cap

Customers utilizing an account-based fare option such as the smart card or mobile application will earn credit towards a monthly fare cap, until that cap is reached. Any rides after the cap is reached will not be charged. Credit earned towards the cap is valid only during the calendar month.

~~The 30-Day Pass is good for unlimited travel on all local bus routes and is valid for a period of 30 consecutive days. The first use of the pass begins the 30-day period.~~

### University Pass Program

#### University Pass

# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule of Tariffs

The University Pass is a discounted pass, which identifies the university and the associated student, faculty, or staff member. The pass is valid for payment of the full cash fare on all OCTA local routes.

For each card read by OCTA's bus farebox, the university agrees to pay the college/university reduced price one-way fare, to a monthly maximum (cap) of the price for students.

*Participating Universities: CSU Fullerton, Chapman University, UC Irvine*

### **Employer Perk Pass**

#### **Employer Pass**

The Employer Pass is a discounted pass which identifies the contracting employer. The pass is valid for one calendar year. For each card read by OCTA's bus fare box, the employer agrees to pay the one-way fare, to a monthly cap price per employee.

### **College Programs**

Eligible riders include students enrolled in a public or private community college, trade and/or technical school that participates in the college pass program. To be eligible, students must be enrolled in 9 or more units per term. Mobile passes are to be distributed based on the approved list provided to OCTA by the participating colleges.

#### **College ~~Monthly~~30 Day CapPass**

~~Students utilizing an account-based fare option such as the smart card or mobile application will earn credit towards a monthly fare cap, until that cap is reached. Any rides after the cap is reached will not be charged. Credit earned towards the cap is valid only during the calendar month. The College 30-Day Pass is valid for 30 consecutive days for both magnetic and electronic versions. The first use of the pass begins the 30-day period. This pass is valid for payment of the full cash fare on all OCTA local routes.~~

#### **College Pass Program**

Some college student identification cards are valid for participating colleges. The college student identification cards are only valid for those not using mobile pass ticketing. Colleges activate student identification cards at registration for the students and are valid for the school semester. This pass is valid for payment of the full cash fare on all OCTA local routes.

Students may only use one form of college pass media either ~~mobile or magnetic pass~~mobile or physical Wave card type in one semester.

*Participating Colleges: Coastline College, Cypress College, Fullerton College, Golden West College, Irvine Valley College, Rancho Santiago College, Rancho Santiago Continuing Education, Saddleback College, Santa Ana College, Santa Ana and Rancho Santiago Continuing Education*



# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule of Tariffs

### Paratransit Fares

For information on qualifying for a paratransit fare, contact OC Access Eligibility at 714-560-5956, OC Access Customer Relations at 800-636-7433, or visit <http://www.octa.net/>.

#### ACCESS Base Fare

OCTA ACCESS is a shared  $\frac{3}{4}$  mile ride, curb-to-curb paratransit service for persons who are unable to use the regular public bus service because of their disability. Persons who meet the ADA criteria and are certified as ADA eligible may receive this service. ACCESS trips must be scheduled one to seven days in advance.

#### Paratransit ADA Personal Care Attendant (PCA)

An ADA eligible person must be approved eligible for a PCA and inform the reservation operator at the time when the reservation is made for a PCA to ride for free.

#### Paratransit Companion of ADA Eligible Rider

Paratransit Companions are required to pay the full fare per trip OC Access fare.

#### Paratransit Eligible Local Bus Fare

Paratransit eligible riders on the fixed route service are eligible for a reduced fare when presenting any Paratransit Eligible Reduced Fare Identification Card. Any paratransit client who has restricted, trip-by-trip, or temporary eligibility and can utilize fixed route service for some of their trips, may ride OCTA's fixed route service at a reduced fare.

Additionally, the base fare for a personal care attendant (PCA) who aids an ADA eligible person when accompanying a paratransit eligible rider is also reduced.

### OC Flex

OC Flex is an on-demand, curb-to-curb shuttle service offered by the Orange County Transportation Authority that operates in parts of Aliso Viejo, Laguna Niguel and Mission Viejo. Within this zone, unlimited rides are only \$4.50 per day, seven days a week. OC Flex does not run on a fixed route like regular bus service. OC Flex is a shared-ride service. Other customers may be picked up and dropped off while you're onboard.

The regular day pass and regular 30-day pass are valid fares for use on the OC Flex service provided the pass is not expired. Metrolink and Amtrak transfers are also valid fares for use on the OC Flex service provided the pass is not expired.

OC Flex service is most convenient when using our mobile application. If you do not have a smartphone or would feel more comfortable talking to our customer service staff, call at 714-560-FLEX to book your ride.

#### Day Pass

Unlimited local rides all day are only \$4.50 when paid on the OC Flex Mobile App or \$5 cash onboard.

# **ORANGE COUNTY TRANSPORTATION AUTHORITY**

## **Schedule of Tariffs**

### **Free Rides**

#### **California Peace Officer, Firefighter, Military Courtesy Fare**

Any California peace officer, firefighter, or United States military personnel may ride, without payment of fare, on any regularly scheduled local fixed-route bus.

A California peace officer is any sworn officer of the law, including city police officers, county sheriff and marshal deputies, district attorney investigators, college/university police officers, police reserve officers, and State Highway Patrol officers, with an identification card or badge issued by the employing agency which clearly states that the person is a sworn California peace officer. Firefighting personnel include all local, municipal, county, state, and federal firefighters with an identification card and badge issued by the employing agency which clearly states that the person is a sworn firefighter. Military personnel include active participants in the United States armed forces while in uniform or with a valid military identification card.

#### **Children**

Children ages 5 and under must be accompanied on a bus by a fare-paying passenger. Up to three children may ride free with a fare-paying passenger.

#### **Youth**

Youth ages 6 through 18 are free with valid fare media. Effective February 14, 2022.

#### **Mobility Trainer**

A qualified mobility trainer may ride, without payment of fare, on any regularly scheduled local fixed-route bus while working with disabled individuals and by presenting a valid mobility trainer identification card. A mobility trainer is an individual who serves as an attendant from a social service agency located within Orange County and trains persons with disabilities or service animals to utilize fixed route service, and who possesses an OCTA issued mobility trainer identification card. The free fare is exclusively restricted to travel training trips when accompanying clients.

#### **Metrolink Transfer**

Passengers on Metrolink may transfer to an OCTA local fixed route line that directly connects with Metrolink trains at rail stations by showing their validated Metrolink ticket or pass for that day.

#### **Interagency Transfer**

Interagency transfers are issued by bus transit agencies connecting with OCTA. The interagency transfer to OCTA service is valid on the first ride only of the OCTA connecting route and is valued at the base fare price.

Some agencies may issue a Day Pass in lieu of an interagency transfer. This Day Pass is accepted by OCTA as an interagency transfer for the connecting ride only. OCTA's Day Pass is accepted as an interagency transfer for the connecting ride only by bus transit agencies connecting with OCTA.

### **Tariff Policies**

# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule of Tariffs

### **Bus Pass Vendor Program**

~~Any agency, school, retailer, city, employer, or other entity may apply and must meet specified criteria to be approved by OCTA to participate in the OCTA Bus Pass Vendor program. If approved, select OCTA passes may be purchased from OCTA and resold or otherwise distributed. OCTA discounts the total order cost according to the chart on the following page.~~

Order Amount	Discount
<del>\$1000—\$2000</del>	<del>2%</del>
<del>\$2001—\$3000</del>	<del>3%</del>
<del>\$3001—\$4000</del>	<del>4%</del>
<del>\$4001 or more</del>	<del>5%</del>

### **Construction Mitigation**

The Chief Executive Officer is authorized to make changes to OCTA's adopted passenger fare schedule for the purposes of mitigating construction inconveniences.

### **Customer Complaints**

The Chief Executive Officer is authorized to permit the Customer Relations Department to issue a prepaid day pass in response to a customer complaint. In each case, the Customer Relations Department Manager, Section Manager or Supervisor must authorize the transaction. An individual customer may receive no more than one prepaid day pass in a three-month period.

### **Promotional Fare**

~~The Chief Executive Officer is authorized to make changes in OCTA's adopted passenger fare schedule for promotional purposes to encourage ridership on new and/or restructured routes or service and in specific target areas or markets.~~

### **Promotional Fare Products ~~epaid Day Passes and 30-Day Passes~~**

~~The Chief Executive Officer is authorized to make changes in OCTA's adopted passenger fare schedule for promotional purposes. Promotion may be identified to a specific route, area, or rider group (for examplesuch as, students, home-to-work commuters, senior citizens, etc.). Prepaid day passes, 30-day passes may be used as promotional fare media. A promotional product with a predefined period or value may be paired with wave fare media. These fare media may be distributed through ~~visits to~~ schools, senior centers, etc. or through direct mail or newspaper advertising as a mail-in request for a ~~prepaid day pass, a discount for a 30-day pass or a drawing for a full value 30-day pass.~~ 30-day passes may also be discounted to encourage the use of prepaid faresperiod-based product, such as a day or monthly pass, a discount equal to a monthly cap, or the full value of a monthly cap. The daily or monthly cap may also be discounted to encourage use of wave fare media.~~

### **Cash Fare Reductions**

Reduced or free fares may be used, for example, to encourage ridership on a new route, routes not meeting performance goals or on special services. Reduced or free fare promotions may not exceed two weeks in duration.

### **Peak Period**

The peak period is weekdays from 6:00 a.m. to 9:00 a.m. and from 3:00 p.m. to 6:00 p.m.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule of Tariffs**

**Off-Peak Period**

The off-peak is all times other than the peak period (weekdays from 6:00 a.m. to 9:00 a.m. and from 3:00 p.m. to 6 p.m.). This includes all other weekday times and all weekend times (Saturdays, Sundays, and holidays).

**System-Wide Promotional Fares**

In addition to promotional fares targeted to individual routes, services or markets, system-wide reduced fares may be proposed, on a periodic basis, as a part of the overall marketing program. All such system-wide promotions shall require the Board of Directors' approval.

**Introductory Fare Discounts**

To promote new and improved services on certain routes, the Board of Directors may approve lower fares on these routes for a specified period.

**Risk Management**

The Chief Executive Officer is authorized to permit the Risk Management Department to issue a prepaid day pass or passes to a customer as a settlement for a claim.

# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule of Tariffs

### Glossary

#### **Disabled Person**

A person with a disability is any individual with illness, injury, age, congenital malfunction, other permanent or temporary incapacity. A disabled person can be an individual confined to a wheelchair who is unable, without special facilities, special planning or design, to utilize public transportation facilities and services as effectively as a person who is not so affected.

#### **Mobility Trainer**

A mobility trainer is an individual who serves as an attendant for a social service agency and trains persons with disabilities to utilize fixed route service. The trainer possesses an OCTA issued mobility trainer identification card.

#### **Paratransit ADA Personal Care Attendant (PCA)**

A personal care attendant (PCA) is an individual who aids an ADA eligible person for that person to be able to complete the paratransit trip. An ADA eligible person must be approved eligible for a PCA.

#### **Senior**

A senior citizen is any individual 60 years of age or over who presents any legally accepted proof of age, such as a valid driver's license, red, white and blue Medicare card, Department of Motor Vehicles (DMV) Identification Card, OCTA Senior Citizen Identification Card, or other government issued identification showing age to be 60 years or older.

#### **Youth**

A youth is defined as an individual ages 6-18 years old.

#### **Wave**

Wave is the official brand for OCTA's Rider Validation System, an account-based system with physical and virtual smartcards that facilitate fare collection and boardings based on rider classification or eligibility for reduced fare programs.



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# Orange County Transportation Authority

# Schedule of Tariffs

Effective July 9, 2025



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule of Tariffs**

***Table of Contents***

Fares .....	1
Local Bus – Regular / Reduced Fares .....	3
University Pass Program .....	3
Employer Perk Pass .....	4
College Programs .....	4
Paratransit Fares .....	4
OC Flex .....	5
Free Rides .....	5
Tariff Policies .....	6
Glossary .....	7

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule of Tariffs**

**Fares**

**Local Bus (1-499, 529, 543, 560, 862)**

	Regular	Reduced (Senior/Disabled)	Youth
One-way <sup>1,2,5,13</sup>	\$ 2.00	\$ 0.75	\$ 0.00
Open Payment Day Cap <sup>1</sup>	\$ 5.00		
Wave Day Cap <sup>1,3</sup>	\$ 4.50	\$ 1.35	
Wave Monthly Cap <sup>1,4</sup>	\$ 69.00	\$ 22.25	

**University Pass Program**

	Student	Faculty/Staff
One-way <sup>10</sup>	\$ 1.25	\$ 1.25
Monthly cap <sup>10</sup>	\$ 45.00	\$ 69.00

**Employer Pass Program - Perk**

	Employee
One-way <sup>11</sup>	\$ 1.25
Monthly cap <sup>11</sup>	\$ 69.00

**College Pass Program**

	Student <sup>9</sup>	Student <sup>6</sup>
One-way <sup>7,8,9</sup>	\$ 0.00	\$ 2.00
30-Day College Cap (Magnetic and Mobile) <sup>6</sup>		\$ 46.00

**Paratransit (ACCESS)**

	All Ages
Base Fare <sup>12</sup>	\$ 3.60
Companion of ADA Eligible Rider	\$ 3.60
ADA Personal Care Attendant	\$ 0.00
ACCESS Eligible Local Bus Fare	\$ 0.25



# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule of Tariffs

### OC Flex

	All Ages
OC Flex Fare	\$ 5.00
OC Flex Media Pre-Paid	\$ 4.50

**Notes:**

<sup>1</sup>Measure M2 subsidizes a portion of Senior/Disabled fares.

<sup>2</sup>M2 subsidizes \$1.25 of Base Fare during peak hours, and \$0.25 of base fare during non-peak hours on single ride fares.

<sup>3</sup>M2 subsidizes \$1.00 of reduced-price fares of \$2.50 for day passes and \$2.35 prepaid day passes.

<sup>4</sup>M2 subsidizes \$12.75 of reduced-price fare of \$35.00 for 30-day passes.

<sup>5</sup>Youth Fares are subsidized through grants provided by Low Carbon Transit Operations Program (LCTOP), effective 2/14/2022.

<sup>6</sup>College 30-Pass – Available for students enrolled full-time or part-time in colleges not participating in the College Pass Program

<sup>7</sup>College Pass Program - Fees are negotiated for each particular contract. Students receive fare media upon registration and based on their student status.

<sup>8</sup>Cost paid by district, calc. actual revenue cost of the semester boarding/ total eligible students.

<sup>9</sup>Not eligible for any college that is not a part of the College Pass Program.

<sup>10</sup>The university agrees to pay the base fare of \$1.25, to a monthly maximum (cap) of the Regular 30-Day Pass price of \$45.00 for students and a monthly maximum (cap) of the Regular 30-Day Pass price of \$69.00 for faculty and staff members.

<sup>11</sup>The employer agrees to pay the base fare of \$1.25, to a monthly maximum (cap) of the Regular 30-Day Pass price of \$69.00 per employee eligible for any college that is not a part of the College Pass Program.

<sup>12</sup>M2 subsidizes 10% of Base Fare = \$0.40.

<sup>13</sup>For each paid one-way fare the rider will be granted a free 2-hour transfer from the time fare is validated.

# **ORANGE COUNTY TRANSPORTATION AUTHORITY**

## **Schedule of Tariffs**

### ***Local Bus – Regular / Reduced Fares***

Regular fares apply to passengers ages 19-59, except where otherwise noted.

Reduced fares apply to passengers 60 and older or people with disabilities. For information on qualifying for a reduced fare, contact the Reduced Fare ID department at 714-560-5596 or visit <http://www.octa.net/>.

#### **One-way**

The one-way fare cash payment is good on all local bus routes. One-way fares will earn credit towards just a day cap if the same open loop payment source is used.

One-way fares on Wave media earn credit toward daily and monthly caps and include a free 2-hour transfer upon fare validation. Cash fares do not count toward fare capping.

#### **Open Payment Day Cap**

A daily fare cap will be applied for an open loop payment source that reaches the set limit. Once the limit is reached all subsequent payments using the same payment source will not incur additional charges. Once reached the cap will be good for unlimited rides that day on all local bus routes and valid until end of the transit day (2:59am).

#### **Wave Day Cap**

A daily fare cap will be applied for an account-based fare media that reaches the set limit. Once the limit is reached all subsequent payments using the same payment media will not incur additional charges. Once reached the cap will be good for unlimited rides that day on all local bus routes and valid until end of the transit day (2:59am).

#### **WAVE Monthly Cap**

Customers utilizing an account-based fare option such as the smart card or mobile application will earn credit towards a monthly fare cap, until that cap is reached. Any rides after the cap is reached will not be charged. Credit earned towards the cap is valid only during the calendar month.

### ***University Pass Program***

#### **University Pass**

The University Pass is a discounted pass, which identifies the university and the associated student, faculty, or staff member. The pass is valid for payment of the full cash fare on all OCTA local routes.

For each card read by OCTA's bus farebox, the university agrees to pay the college/university reduced price one-way fare, to a monthly maximum (cap) of the price for students.

*Participating Universities: CSU Fullerton, Chapman University, UC Irvine*

# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule of Tariffs

### **Employer Perk Pass**

#### **Employer Pass**

The Employer Pass is a discounted pass which identifies the contracting employer. The pass is valid for one calendar year. For each card read by OCTA's bus fare box, the employer agrees to pay the one-way fare, to a monthly cap price per employee.

### **College Programs**

Eligible riders include students enrolled in a public or private community college, trade and/or technical school that participates in the college pass program. To be eligible, students must be enrolled in 9 or more units per term. Mobile passes are to be distributed based on the approved list provided to OCTA by the participating colleges.

#### **College Monthly Cap**

Students utilizing an account-based fare option such as the smart card or mobile application will earn credit towards a monthly fare cap, until that cap is reached. Any rides after the cap is reached will not be charged. Credit earned towards the cap is valid only during the calendar month.

#### **College Pass Program**

Some college student identification cards are valid for participating colleges. The college student identification cards are only valid for those not using mobile pass ticketing. Colleges activate student identification cards at registration for the students and are valid for the school semester. This pass is valid for payment of the full cash fare on all OCTA local routes.

Students may only use one form of college pass media either mobile or physical Wave card type in one semester.

*Participating Colleges: Coastline College, Cypress College, Fullerton College, Golden West College, Irvine Valley College, Rancho Santiago College, Rancho Santiago Continuing Education, Saddleback College, Santa Ana College, Santa Ana and Rancho Santiago Continuing Education*

### **Paratransit Fares**

*For information on qualifying for a paratransit fare, contact OC Access Eligibility at 714-560-5956, OC Access Customer Relations at 800-636-7433, or visit <http://www.octa.net/>.*

#### **ACCESS Base Fare**

OCTA ACCESS is a shared  $\frac{3}{4}$  mile ride, curb-to-curb paratransit service for persons who are unable to use the regular public bus service because of their disability. Persons who meet the ADA criteria and are certified as ADA eligible may receive this service. ACCESS trips must be scheduled one to seven days in advance.

#### **Paratransit ADA Personal Care Attendant (PCA)**

An ADA eligible person must be approved eligible for a PCA and inform the reservation operator at the time when the reservation is made for a PCA to ride for free.

# **ORANGE COUNTY TRANSPORTATION AUTHORITY**

## **Schedule of Tariffs**

### **Paratransit Companion of ADA Eligible Rider**

Paratransit Companions are required to pay the full fare per trip OC Access fare.

### **Paratransit Eligible Local Bus Fare**

Paratransit eligible riders on the fixed route service are eligible for a reduced fare when presenting any Paratransit Eligible Reduced Fare Identification Card. Any paratransit client who has restricted, trip-by-trip, or temporary eligibility and can utilize fixed route service for some of their trips, may ride OCTA's fixed route service at a reduced fare.

Additionally, the base fare for a personal care attendant (PCA) who aids an ADA eligible person when accompanying a paratransit eligible rider is also reduced.

## **OC Flex**

OC Flex is an on-demand, curb-to-curb shuttle service offered by the Orange County Transportation Authority that operates in parts of Aliso Viejo, Laguna Niguel and Mission Viejo. Within this zone, unlimited rides are only \$4.50 per day, seven days a week. OC Flex does not run on a fixed route like regular bus service. OC Flex is a shared-ride service. Other customers may be picked up and dropped off while you're onboard.

The regular day pass and regular 30-day pass are valid fares for use on the OC Flex service provided the pass is not expired. Metrolink and Amtrak transfers are also valid fares for use on the OC Flex service provided the pass is not expired.

OC Flex service is most convenient when using our mobile application. If you do not have a smartphone or would feel more comfortable talking to our customer service staff, call at 714-560-FLEX to book your ride.

### **Day Pass**

Unlimited local rides all day are only \$4.50 when paid on the OC Flex Mobile App or \$5 cash onboard.

## **Free Rides**

### **California Peace Officer, Firefighter, Military Courtesy Fare**

Any California peace officer, firefighter, or United States military personnel may ride, without payment of fare, on any regularly scheduled local fixed-route bus.

A California peace officer is any sworn officer of the law, including city police officers, county sheriff and marshal deputies, district attorney investigators, college/university police officers, police reserve officers, and State Highway Patrol officers, with an identification card or badge issued by the employing agency which clearly states that the person is a sworn California peace officer. Firefighting personnel include all local, municipal, county, state, and federal firefighters with an identification card and badge issued by the employing agency which clearly states that the person is a sworn firefighter. Military personnel include active participants in the United States armed forces while in uniform or with a valid military identification card.

# **ORANGE COUNTY TRANSPORTATION AUTHORITY**

## **Schedule of Tariffs**

### **Children**

Children ages 5 and under must be accompanied on a bus by a fare-paying passenger. Up to three children may ride free with a fare-paying passenger.

### **Youth**

Youth ages 6 through 18 are free with valid fare media. Effective February 14, 2022.

### **Mobility Trainer**

A qualified mobility trainer may ride, without payment of fare, on any regularly scheduled local fixed-route bus while working with disabled individuals and by presenting a valid mobility trainer identification card. A mobility trainer is an individual who serves as an attendant from a social service agency located within Orange County and trains persons with disabilities or service animals to utilize fixed route service, and who possesses an OCTA issued mobility trainer identification card. The free fare is exclusively restricted to travel training trips when accompanying clients.

### **Metrolink Transfer**

Passengers on Metrolink may transfer to an OCTA local fixed route line that directly connects with Metrolink trains at rail stations by showing their validated Metrolink ticket or pass for that day.

### **Interagency Transfer**

Interagency transfers are issued by bus transit agencies connecting with OCTA. The interagency transfer to OCTA service is valid on the first ride only of the OCTA connecting route and is valued at the base fare price.

Some agencies may issue a Day Pass in lieu of an interagency transfer. This Day Pass is accepted by OCTA as an interagency transfer for the connecting ride only. OCTA's Day Pass is accepted as an interagency transfer for the connecting ride only by bus transit agencies connecting with OCTA.

## ***Tariff Policies***

### **Construction Mitigation**

The Chief Executive Officer is authorized to make changes to OCTA's adopted passenger fare schedule for the purposes of mitigating construction inconveniences.

### **Customer Complaints**

The Chief Executive Officer is authorized to permit the Customer Relations Department to issue a prepaid day pass in response to a customer complaint. In each case, the Customer Relations Department Manager, Section Manager or Supervisor must authorize the transaction. An individual customer may receive no more than one prepaid day pass in a three-month period.

### **Promotional Fare Products**

The Chief Executive Officer is authorized to make changes in OCTA's adopted passenger fare schedule for promotional purposes. Promotion may be identified to a specific route, area, or rider group (such as students, home-to-work commuters, senior citizens, etc.). A promotional product with a predefined period or value may be paired with wave fare media. These fare media may be distributed through schools, senior centers, etc. or through direct mail or newspaper advertising

# **ORANGE COUNTY TRANSPORTATION AUTHORITY**

## **Schedule of Tariffs**

as a mail-in request for a period-based product, such as a day or monthly pass, a discount equal to a monthly cap, or the full value of a monthly cap. The daily or monthly cap may also be discounted to encourage use of wave fare media.

### **Fare Reductions**

Reduced or free fares may be used, for example, to encourage ridership on a new route, routes not meeting performance goals or on special services. Reduced or free fare promotions may not exceed two weeks in duration.

### **Peak Period**

The peak period is weekdays from 6:00 a.m. to 9:00 a.m. and from 3:00 p.m. to 6:00 p.m.

### **Off-Peak Period**

The off-peak is all times other than the peak period (weekdays from 6:00 a.m. to 9:00 a.m. and from 3:00 p.m. to 6 p.m.). This includes all other weekday times and all weekend times (Saturdays, Sundays, and holidays).

### **System-Wide Promotional Fares**

In addition to promotional fares targeted to individual routes, services or markets, system-wide reduced fares may be proposed, on a periodic basis, as a part of the overall marketing program. All such system-wide promotions shall require the Board of Directors' approval.

### **Introductory Fare Discounts**

To promote new and improved services on certain routes, the Board of Directors may approve lower fares on these routes for a specified period.

### **Risk Management**

The Chief Executive Officer is authorized to permit the Risk Management Department to issue a prepaid day pass or passes to a customer as a settlement for a claim.

## ***Glossary***

### **Disabled Person**

A person with a disability is any individual with illness, injury, age, congenital malfunction, other permanent or temporary incapacity. A disabled person can be an individual confined to a wheelchair who is unable, without special facilities, special planning or design, to utilize public transportation facilities and services as effectively as a person who is not so affected.

### **Mobility Trainer**

A mobility trainer is an individual who serves as an attendant for a social service agency and trains persons with disabilities to utilize fixed route service. The trainer possesses an OCTA issued mobility trainer identification card.

### **Paratransit ADA Personal Care Attendant (PCA)**

A personal care attendant (PCA) is an individual who aids an ADA eligible person for that person to be able to complete the paratransit trip. An ADA eligible person must be approved eligible for a PCA.

# **ORANGE COUNTY TRANSPORTATION AUTHORITY**

## ***Schedule of Tariffs***

### **Senior**

A senior citizen is any individual 60 years of age or over who presents any legally accepted proof of age, such as a valid driver's license, red, white and blue Medicare card, Department of Motor Vehicles (DMV) Identification Card, OCTA Senior Citizen Identification Card, or other government issued identification showing age to be 60 years or older.

### **Youth**

A youth is defined as an individual ages 6-18 years old.

### **Wave**

Wave is the official brand for OCTA's Rider Validation System, an account-based system with physical and virtual smartcards that facilitate fare collection and boardings based on rider classification or eligibility for reduced fare programs.



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# Amendment to Fare Policy



# Background

- The Board of Directors approved the implementation of a new Rider Validation System (RVS) on October 23, 2023, to replace OCTA's current fare collection system
- The new RVS is scheduled to be implemented in summer 2025

## Benefits to Riders

- Convenience
- Fare equity
- Payment flexibility

## Benefits to OCTA

- Ability to improve existing fare policy
- Ridership and data collection
- Faster passenger boarding time

# Current Fare Collection System

- Genfare Fareboxes

- Accepts cash/coin
- Magnetic-stripped passes (non-reusable)
- Over 24 years old



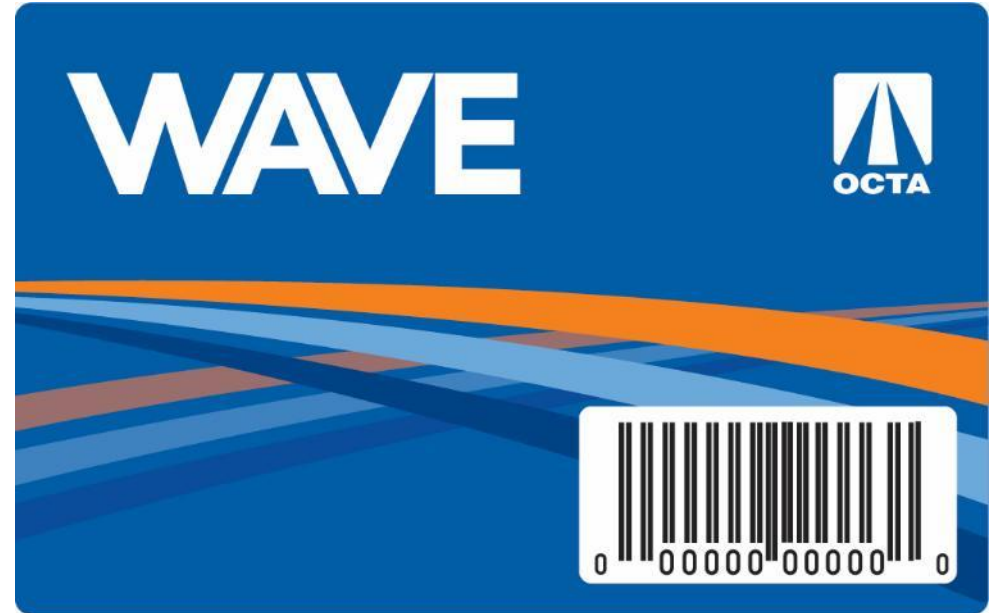
- Mobile Ticketing

- Originally launched 2015
- Onboard validators installed in 2018
- Validators scan mobile ticketing barcodes



# New RVS - Key Features

- Contactless smartcard
- Stored value/account based
- Improved retail network
- Mobile ticketing
- Public and institutional websites
- Open payments
- Accepts cash/coin
- Fare policy flexibility



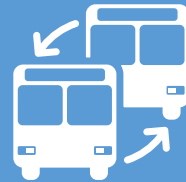
# Fare Policy Flexibility

While the RVS can incorporate OCTA's existing fare policy it also provides the flexibility to offer improvements such as:



## Fare Capping

Passengers pay per trip until they reach a daily or monthly cap, guaranteeing they always pay the lowest fare.



## Transfer Pricing

For example, free transfers for two hours after initial boarding.



## Promotions

Integrate promotional and period passes.

# Potential Fare Policy Changes – OC Bus

- Implement daily and monthly fare caps at the current cost of passes
- Implement free two-hour transfer period

Fare Type	Regular	Reduced (Senior /Disabled)	Youth	College
Single Fare - One Way	\$ 2.00	\$ 0.75	\$ 0.00	\$ 2.00
Open Payment - Day Cap	\$ 5.00	N/A	N/A	N/A
Daily Cap	\$ 4.50	\$ 1.35	N/A	N/A
Monthly Cap	\$ 69.00	\$ 22.25	N/A	\$ 46.00

# Benefits of Potential Changes to Riders



## Equity, Flexibility, and Savings with Fare Capping

- **No up-front cost for monthly passes:** Passengers pay per ride instead of paying for a monthly pass in advance.
- **Daily and monthly fare caps:** After reaching the daily or monthly cap, passengers ride free for the rest of the day or month.



## Simplicity

- **No need to choose a pass:** Passengers automatically pay the lowest fare without deciding which pass to buy.



## Free Transfers

- **Free two-hour transfers:** Passengers can transfer buses for free within a two-hour window.

# Financial Impact Of Potential Changes

- The annual financial impact to fare revenue is estimated to be a reduction of \$2 million (-8.7 percent) dollars annually.
- Anticipated reduction in revenue is associated with the 30-day pass as well as implementation of the two-hour transfer, which is anticipated to impact day pass sales.

# Recommendations

- Approve the implementation of daily and monthly fare caps at the current cost of passes, which is \$5 for a day pass and \$69 for a monthly pass
- Approve the implementation of a free two-hour transfer period
- Approve OCTA's Schedule of Tariffs dated November 25, 2024



# Next Steps

- If approved, the updated amended Fare Policy would be implemented in coordination with the rollout of the RVS system in summer 2025
- A comprehensive marketing and customer communications campaign would begin in April 2025



**November 13, 2024**

**To:** Finance and Administration Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Microsoft Enterprise Agreement Renewal

**Overview**

As part of the Orange County Transportation Authority's Fiscal Year 2024-25 Budget, a renewal of its existing Microsoft Enterprise Agreement is planned. Responsive quotes were received by four Microsoft Licensing Solutions Providers that are approved vendors of the Microsoft Enterprise Agreement on the County of Riverside's Master Agreement. Board of Directors' approval is requested for the renewal of Orange County Transportation Authority's Microsoft Enterprise Agreement.

**Recommendations**

- A. Approve the selection of Crayon Software Experts, LLC to provide the Microsoft Enterprise renewal license for all of the Orange County Transportation Authority's Microsoft software.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C42565 between the Orange County Transportation Authority and Crayon Software Experts, LLC, in the amount of \$8,204,212, for the renewal of the Microsoft Enterprise Agreement for a three-year term.

**Discussion**

In October 2021, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved Purchase Order No. C-1-3676 between OCTA and Dell, Inc. for a Microsoft Enterprise Agreement (MEA). The term of that agreement is three years and is set to expire November 30, 2024.

The MEA has proven to be a highly cost-effective way for the OCTA to procure Microsoft software and services, addressing key organizational objectives. The current agreement for these services expires November 30, 2024. Through this

new agreement, OCTA will be able to transition from an on-premises data center to a scalable and secure cloud infrastructure by implementing an Azure landing zone, effectively replacing the traditional data center. This move ensures better scalability, security, and management of resources. The agreement also supports the maintenance of line-of-business applications using the Microsoft Windows Operating System and Structured Query Language Database Software, while standardizing on Microsoft's popular productivity software, Office Suite. With the addition of advanced products such as Microsoft 365 Copilot, Power Apps Premium, Power BI Premium, and Teams Premium, OCTA continues to leverage innovative solutions to improve productivity, data analysis, and team collaboration. Microsoft 365 Copilot brings artificial intelligence-powered assistance to everyday tasks, Power Apps Premium enables the creation of custom business applications, Power BI Premium enhances data analytics and reporting capabilities, and Teams Premium offers advanced features for effective communication and collaboration across the organization.

The MEA has provided OCTA with the best overall pricing based on various factors, which include but are not limited to, the organization's size, the benefits of Software Assurance, as well as simplified licensing management.

Software assurance, included in the MEA, is a core set of benefits that improves workforce productivity and streamlines software deployment. These benefits include access to new product demos, rights to new software versions, deployment planning days, 24/7 phone and web support, and training for both end-users and technical staff. Software assurance has allowed OCTA's Information Systems Department to maintain its strategic goal of always being on a supported release of its Microsoft software, whether on the back-end servers or on the business users' desktop workstations.

Renewal of the MEA will provide OCTA with continued flexibility. With the use of Microsoft Office 365, OCTA will be able to implement Microsoft line-of-business applications, such as Outlook, Word, and Excel, either on-site (on-premise) or in the cloud (hosted). This flexibility will allow OCTA to determine and provide for different departmental needs, to more efficiently manage its computing environment, and to optimize spending of its technology dollars.

### ***Procurement Approach***

The Board of Directors (Board)-approved procurement policies and procedures allow for two options to procure these services. OCTA can issue a competitive invitation for bids (IFB), or piggyback to purchase goods, information technology, rolling stock, or nonprofessional services from the State of California, the federal

government, or other appropriate California public agencies, when it is in the best interest of OCTA to do so.

Using the first option, OCTA would issue an IFB, whereby award is based on the lowest, responsive, responsible bid. Advantages of this procurement method include OCTA having full authority over the procurement, such as detailing the renewal requirements, selecting a Microsoft Licensing Solutions Provider (LSP) for award, and negotiating the contract terms. However, this procurement approach can take up to 90 days before the renewal is completely processed.

The second method to consider is an intergovernmental procurement or “piggybacking” and is supported by OCTA policy and procedures as it is in the best interest of OCTA to do so for agency procurements of property or services in order to obtain better pricing through larger purchases. OCTA would partner with another public agency that has an existing agreement with a Microsoft LSP for the renewal of the MEA. This procurement method can result in a shortened procurement time, as well as administrative cost savings. OCTA is agreeable to all the terms and conditions of the County of Riverside’s (County) MEA, Master Agreement No. 8084445. OCTA used a piggyback option when it renewed its previous MEA in 2009, 2012, 2015, 2018, and 2021.

Staff determined that the piggyback procurement method would be the most advantageous to OCTA. The County competitively bids the renewal of the MEA, which their procurement included terms that allow eligible agencies within the State of California to benefit from volume pricing, and a bench was created to include seven LSPs. This allows eligible agencies to receive competitive quotes based on their specific Microsoft needs. OCTA has been authorized to piggyback on the County’s agreement.

The Contracts Administration and Materials Management (CAMM) Department used a competitive procurement process to purchase Microsoft Enterprise renewal licenses by requesting quotes from the seven Microsoft LSPs on October 14, 2024. Upon receiving responsive quotes from four of the seven Microsoft LSPs by the submittal deadline, October 17, 2024, CAMM conducted a cost analysis and determined that the pricing from Crayon Software Experts, LLC (Crayon) was the lowest. Competing among the seven Microsoft LSPs with their discounted rates ensures fair and reasonable pricing. Additionally, CAMM confirmed Crayon’s quoted pricing with Microsoft to confirm it is within Level D pricing as per Crayon’s LSP Agreement for MEA, Master Agreement No. 8084445. Purchase Order No. C42565 will be issued at the budget amount of \$8,204,212 as the demand for the products will vary based on business needs.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2024-25 Budget, Finance and Administration/Information Systems Department, Account No. 1283-7669-A5352-7F3, and is funded through local funds.

**Summary**

Staff is recommending the Board of Directors authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C42565 between the Orange County Transportation Authority and Crayon Software Experts, LLC, in the amount of \$8,204,212, for the renewal of the Microsoft Enterprise Agreement for a three-year term effective December 1, 2024 through November 30, 2027.

**Attachment**

None.

**Prepared by:**



Josh Duke  
Department Manager,  
Information Systems  
714-560-5527

**Approved by:**



Andrew Oftelie  
Chief Financial Officer,  
Finance and Administration  
714-560-5649



Pia Veesapen  
Director, Contracts Administration and  
Materials Management  
714-560-5619



**November 13, 2024**

**To:** Finance and Administration Committee  
**From:** Darrell E. Johnson, Chief Executive Officer *For*  
**Subject:** Excess Liability Insurance Renewal

**Overview**

The Orange County Transportation Authority procured excess liability insurance continuously from 1991 through 2020. Beginning in December 2020, the Orange County Transportation Authority became fully self-insured and has maintained that self-insurance since then.

**Recommendations**

- A. Authorize the Chief Executive Officer to establish a \$10 million self-insured retention for excess liability claims.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A59005, in the amount not to exceed \$960,000, to Marsh Risk and Insurance Services, Inc., to purchase a \$5 million excess liability insurance policy on behalf of the Orange County Transportation Authority for the policy period of November 1, 2024 to October 31, 2025.

**Background**

The Orange County Transportation Authority (OCTA) has been primarily self-insured for general liability claims since 1977 and had historically (1991 to 2020) purchased excess liability insurance above its self-insured retention (SIR) to provide financial protection against claim losses in excess of the SIR. Excess liability insurance protects against claim losses in excess of the primary layer of insurance coverage. In OCTA's case, the primary layer is OCTA's SIR, which has varied between \$4 and \$5 million between 2001 to 2020.

In November 2017, OCTA maintained a \$4 million SIR and purchased \$60 million in excess coverage with a premium cost of \$706,000. In November 2018, OCTA maintained its \$4 million SIR with \$60 million in excess liability coverage with an increased premium cost of \$763,000. Then, in

November 2019, excess liability market conditions had worsened, and the cost of excess insurance increased. As a result, OCTA's SIR increased to \$5 million and excess coverage was reduced to \$7 million at a premium cost of \$799,000. In November 2020, OCTA received one quote for \$5 million in excess coverage above a \$7.5 million SIR for a premium cost of \$719,000.

On November 23, 2020, when OCTA's excess liability policy came up for renewal, the Board of Directors (Board) declined to renew the policy due to the excess liability market conditions significantly increasing premium costs and directed staff to continue to monitor the market. OCTA has been fully self-insured for liability since that date, and staff has continued monitoring the excess liability insurance market for opportunities to purchase excess liability insurance. Due to continued unfavorable market conditions, the Board approved OCTA maintaining its self-insured status on November 21, 2021, and again on November 14, 2022.

### ***Discussion***

Staff has continued to monitor the excess liability market. In fall 2023, OCTA staff requested its broker, Marsh Risk and Insurance Services, Inc. (Marsh), to initiate conversations with the excess liability market to gauge interest in providing OCTA excess liability insurance. The initial market response was very limited. As a result, OCTA and Marsh developed a strategic promotional effort to explain OCTA's operational model, risk profile, and loss history to distinguish OCTA from other public entity liability risks, including transit agencies. This effort lasted throughout the spring and summer 2024 with OCTA receiving coverage and pricing proposals in September 2024.

While the excess liability market has not declined, it has stabilized, and OCTA faces greater operational risk with the post-pandemic combination of expanded services and increased ridership. To more effectively manage these risks, staff is recommending a two-layer approach to OCTA's liability insurance that includes both a self-insured retention component and a purchased insurance policy.

OCTA has an admirable safety record with only one loss in excess of \$4.5 million in the past ten years. However, with significant post-pandemic increases to both services and ridership, OCTA's risk profile has increased and one loss with circumstances adverse to OCTA could easily deplete OCTA's liability reserves. Staff is recommending that OCTA establish a \$10 million SIR. Retaining this level of SIR for day-to-day exposures with an excess insurance layer enables OCTA to reasonably protect itself from a catastrophic event while not putting its

reserves at risk. Staff is also recommending OCTA purchase a \$5 million excess liability insurance policy.

The excess liability market has stabilized over recent years and while premiums have not returned to pre-2019 levels, market conditions, in combination with OCTA's high SIR and favorable loss record, make this an opportune time for OCTA to re-enter the excess liability market.

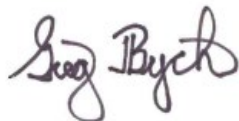
**Summary**

Staff has reassessed the excess liability market conditions, OCTA's retention, reserves, and risk profile, and recommends OCTA establish a \$10 million self-insured retention and purchase a \$5 million excess liability insurance policy layer. The annual premium for this coverage is not to exceed \$960,000.

**Attachment**

None.

**Prepared by:**



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Risk Manager  
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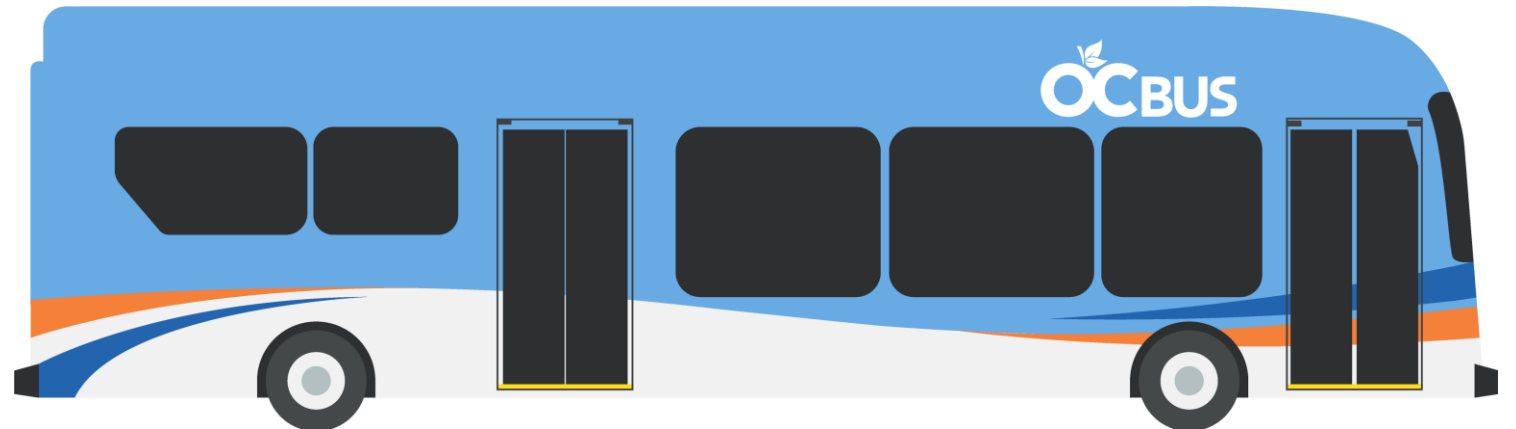


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# Orange County Transportation Authority

## Excess Liability Insurance Renewal





OCTA has historically purchased excess liability insurance above its self-insured retention (SIR) to provide financial protection against severe losses.



In December 2020, excess liability coverage was dropped due to high premium costs. Since then, OCTA has been fully self-insured for all general liability.



OCTA has a favorable loss history and has established fiscal policies to ensure funding of liability claims based on historical losses. Post-pandemic increases to services and ridership in conjunction with a litigious environment pose an increased risk to OCTA's ability to fund a catastrophic loss.

# Background: Historical Coverage

	2017 Actual 11/2017-2018	2018 Actual 11/2018-2019	2019 Actual * 11/2019-2020	2020 Quoted 12/2020-2021	2020 Adopted ** 12/2020-2021
<b>Self-Insured Retention</b>	\$4 M	\$4 M	\$5 M	\$7.5 M	Fully Self-Insured
<b>XS Coverage</b>	\$60 M	\$60 M	\$7 M	\$5 M	\$0
<b>Total coverage</b>	\$64 M	\$64 M	\$12M	\$12.5 M	
<b>Premium</b>	\$706,904	\$762,573	\$799,005	\$719,077	\$0

*\*In 2019, the policy was extended from 11/1/2019 – 12/1/2019 for \$64,370.78, then renewed for 11 months (12/1/19 – 11/1/20) for \$734,634.36, then extended again to 12/1/2020 for \$65,005.68.*

*\*\* When adopting the fully self-insured approach, the Board of Directors (Board) also directed staff to maintain a self-insured retention fund of no less than \$14 million.*

**(XS) – Excess Coverage**

# Other Transportation Agency SIR & XS

	OCTA	Agency A	Agency B *	Agency C	Agency D *	Agency E *
<b>Self-Insured Retention</b>	Unlimited	\$1 M	\$2 M	\$1.25 M	\$7.5 M	\$10 M
<b>XS Coverage</b>	None	\$50 M	\$40 M	\$23.75 M	\$75 M	\$90 M
<b>Total Coverage</b>		\$51 M	\$42 M	\$25 M	\$82.5 M	\$100 M

\* These agencies operate a light rail system.

Note: None of the other California transportation agencies surveyed are fully self-insured.

(XS) – Excess Coverage

# Proposed Excess Liability Structure



Establish a high SIR. Establishing a high SIR enables OCTA to effectively budget for and financially manage day-to-day operational exposures based on historical losses.



Procure an excess layer of liability insurance. Procuring an excess layer of insurance above the SIR reduces financial risk exposure to OCTA by protecting OCTA reserves in the event of a catastrophic event.



The excess liability insurance market has stabilized. With a high SIR and positive loss history, it's an opportune time for OCTA to re-enter the market.

# 2024 Excess Insurance Proposal and Alternative

	<b>2024 Recommended: \$5 M XS of \$10 M SIR</b>	<b>2024 Alternative \$20 M XS of \$10 M SIR</b>
<b>Self-Insured Retention</b>	\$10 M	\$10 M
<b>XS Coverage</b>	\$5 M	\$20 M
<b>Total Coverage</b>	\$15 M	\$30 M
<b>Premium</b>	\$944,094	\$2,994,094

(XS) – Excess Coverage



Move away from a fully self-insured model for coverage of general liability exposures.



Establish a \$10 million self-insured retention for general liability.



Procure a \$5 million excess liability insurance policy to protect OCTA assets / reserves in the event of a catastrophic loss.

Proposed State Route 241/91  
Express Connector  
Update

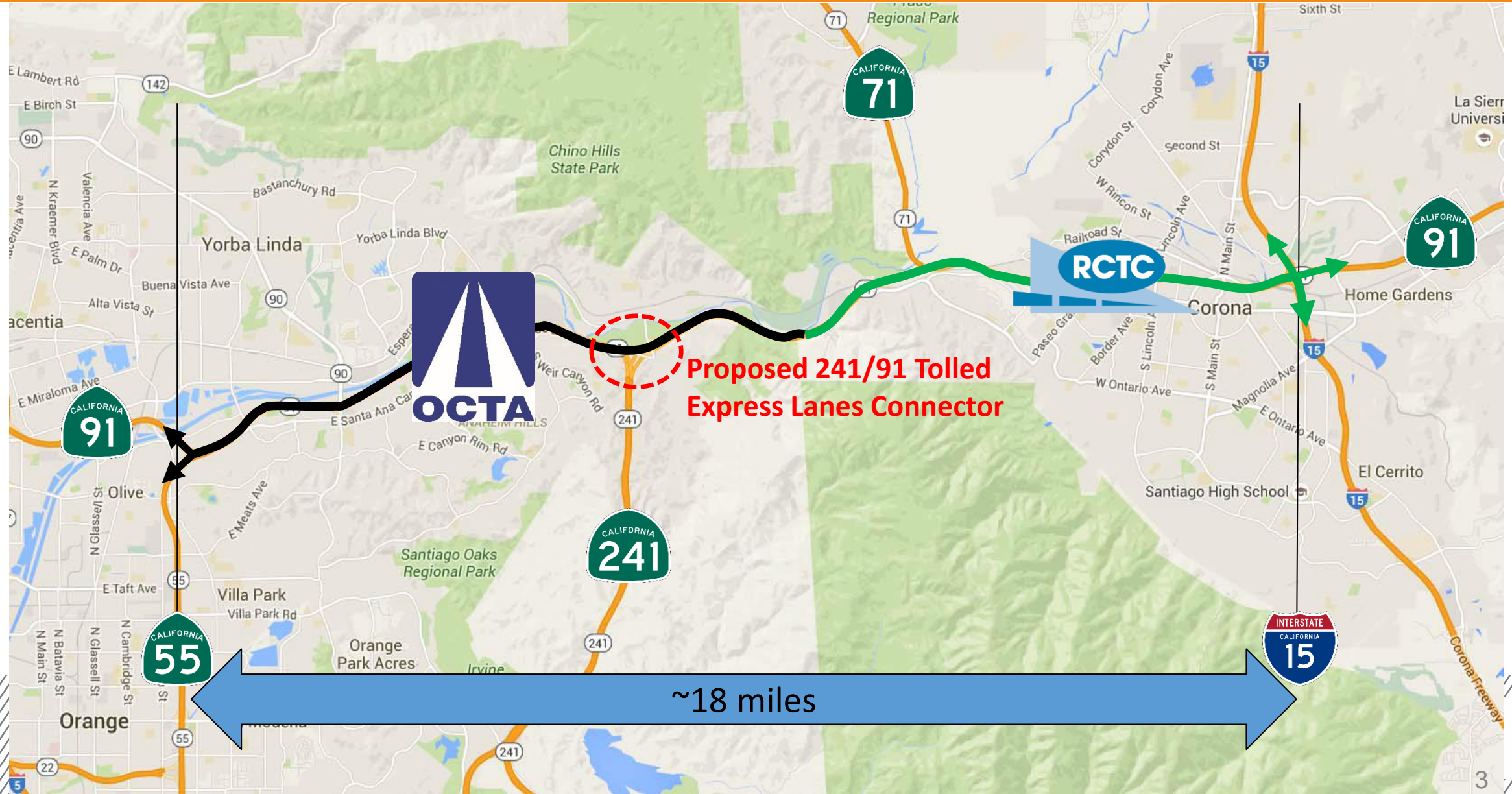
November 2024



# Background

- OCTA acquired the 91 Express Lanes in January 2003 and removed the Franchise Agreement non-compete provisions leading to improvements
- RCTC extended the 91 Express Lanes an additional eight miles into Riverside County in 2017
- Approximately \$2.2 billion invested in the State Route 91 (SR-91) corridor to-date, and more than \$1.2 billion planned
- Franchise agreement for OCTA extends to 2065 and 2067 for RCTC
- OCTA's 91 Express Lanes debt is rated in the double A category – one of the highest in the nation for a single asset toll facility

# SR-91 Corridor Map

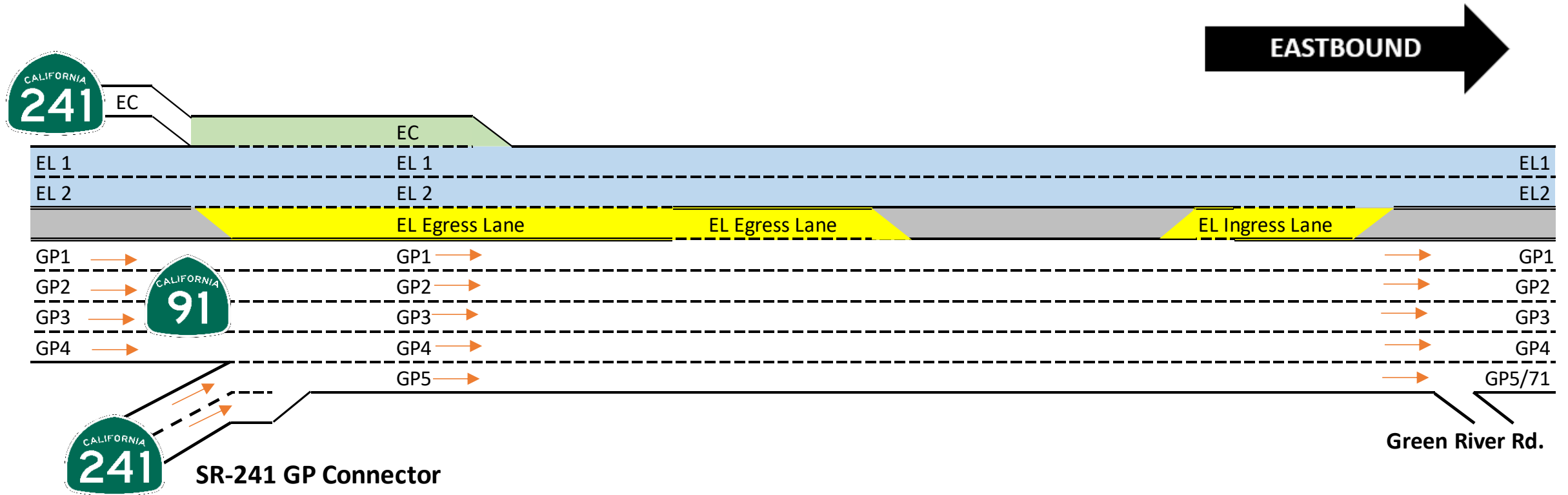


# Proposed 241/91 Express Connector Project

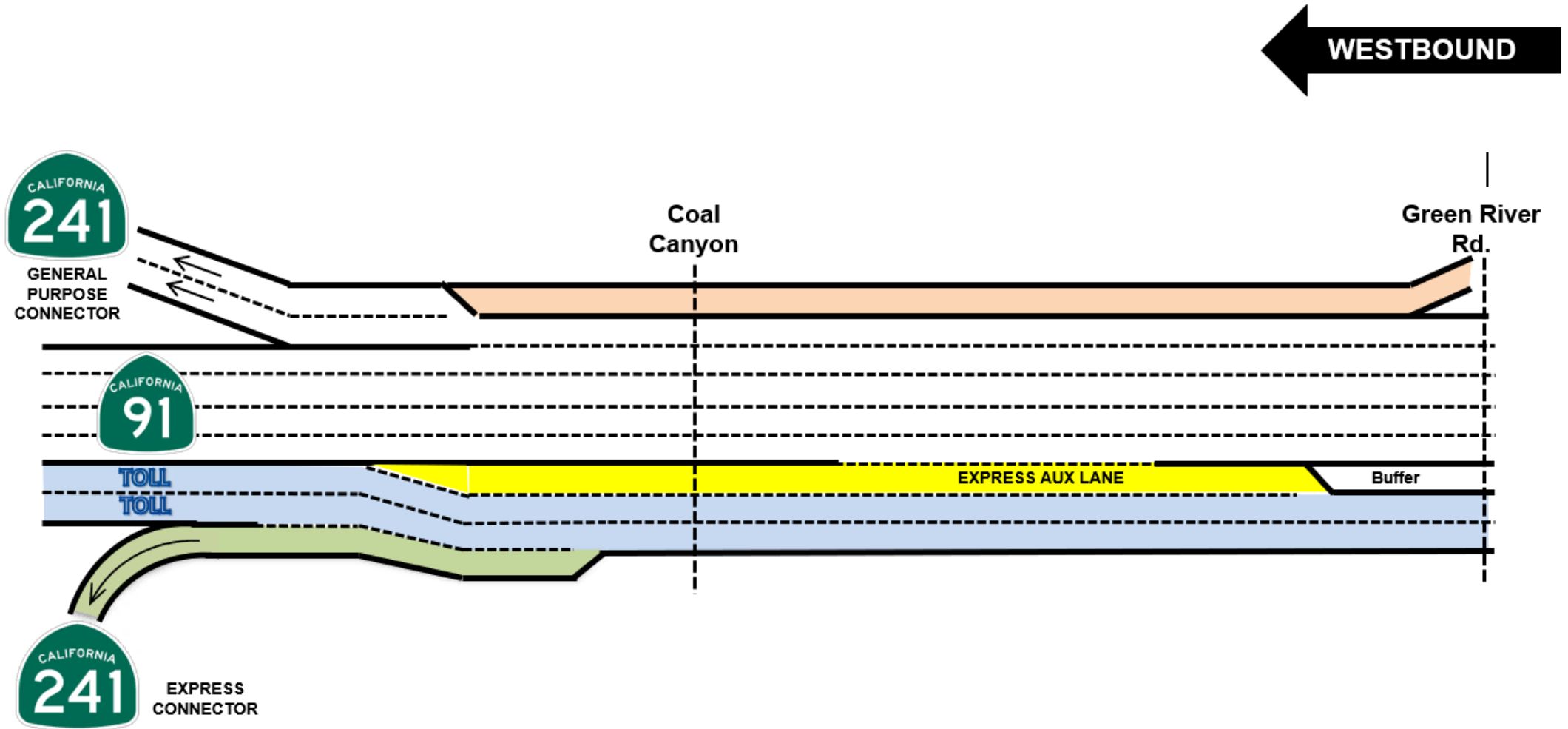
- Bidirectional single lane median-to-median connector between State Route 241 (SR-241) and the 91 Express Lanes
- Proposed 241/91 Express Connector (EC) will be a separate tolled facility in both directions in addition to the Windy Ridge toll and potentially the RCTC 91 Express Lanes
- 2019 multi-agency term sheet between OCTA, RCTC, TCA, with support from Caltrans
- 2023 estimated total cost at \$423 million



# SR-91 Eastbound Configuration with 241/91 EC



# SR-91 Westbound Configuration with 241/91 EC



# 2019 Term Sheet Summary

- Set priority for corridor projects and sequencing
- Provided guidelines to deliver and operate the 241/91 EC
- Clarified lead agencies for final design, construction, and maintenance
- Identified the principal funding agency and approved uses of revenues
- Set the stage for future master and operating agreements
- Tolling authority would be pursued under AB 194 process

AB 194 (Chapter 687, Statutes of 2015).

# Priorities for OCTA and RCTC

- Primary objective – 241/91 EC can utilize the available 91 Express Lanes capacity without negatively impacting operations beyond established capacity thresholds
- Performance metrics to meet the primary objective for the 91 Express Lanes
  - Maintain speeds greater than 60 miles per hour in the critical zones
  - 241/91 EC volumes not to exceed 1,500 vehicles per hour
  - No more than 200 connector vehicles exiting per hour on the 91 Express Lanes at the county line
  - 3,000 vehicles per hour on 91 Express Lanes – east end
  - 100 vehicle max queue on 241/91 EC

# Potential 241/91 EC Operating Controls

- Dynamic pricing
  - Effective during off-peak and normal peak periods
  - Expected to cause high toll prices during the super-peak periods (such as Thursday and Friday afternoons)
- Toll connector meter with dynamic pricing
  - Meter could be on during peak or super-peak periods
  - 241/91 EC customers would pay the posted toll rate
- HOV-only mode
  - To be scheduled during super-peak periods such as Thursday and Friday afternoons
  - 241/91 EC customers with a minimum number of vehicle occupants would pay a set price
- Transit/vanpool mode
  - Used if HOV-only mode fails to meet operating objectives, most likely during super-peak periods on Thursday and Friday afternoon



# What's Needed to Move Forward into Construction

- Agreement on policy issues for master agreement and operating agreement
- Board of Directors/Commission approval from OCTA, RCTC, and TCA
- AB 194 required letter of consent from OCTA
- State-required public hearing in the SR-91 corridor
- California Transportation Commission approval
- Amendment to the toll facilities agreement between Caltrans and TCA

# TCA Project Schedule (as of October 2024)

- By the end of 2024:
  - Commence AB 194 process to allow for tolling authority on the proposed 241/91 EC
- During 2025:
  - California Transportation Commission public hearing
  - Execute master and operating agreements
  - Complete AB 194 process
  - Construction advertisement
  - Begin construction
- By the end of 2028:
  - Open to traffic

# Looking Ahead

- Continue to have regular agency meetings (All)
- Finalize key project decisions (All)
- Complete 241/91 EC traffic and revenue study (TCA)
- Submit AB 194 application for tolling authority (TCA)
- Finalize master agreement, operating agreement, and other inter-agency operations agreements (All)