



AGENDA

Finance and Administration Committee Meeting

Members of the public may address the Board of Directors regarding any item two ways:

Real Time Comment

To provide a real time public comment during the meeting, please access the Zoom at:

<https://us02web.zoom.us/j/82173189650>

Dial In: (669) 900-6833
Webinar ID: 821 7318 9650

Speakers will be recognized by the Chairman at the time the agenda item is to be considered. A speaker's comments shall be limited to three minutes. Anyone causing disruption can be removed from the meeting at the discretion of the Chair.

Written Comment

Written public comments may also be submitted by emailing them to ClerkOffice@octa.net, and must be sent **90 minutes prior to the start time of 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

Roll Call

Pledge of Allegiance

Director Harper

1. Public Comments

Special Calendar

There are no Special Calendar matters.



Consent Calendar (Items 2 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.

2. Approval of Minutes

Approval of the minutes of the Finance and Administration Committee meeting of November 10, 2021.

3. Orange County Transportation Authority Investment and Debt Programs Report - October 2021

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 October 31, 2021.

Recommendation

Receive and file as an information item.

4. Environmental Mitigation Program Endowment Fund Investment Report for September 30, 2021

Robert Davis/Andrew Oftelie

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan, acquired conservation properties, and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway programs. The California Community Foundation manages the non-wasting endowment required to fund the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and its performance.

Recommendation

Receive and file as an information item.



Regular Calendar

- 5. Fiscal Year 2020-21 Audited Financial Statements and Independent Auditor's Reports on Internal Control over Financial Reporting**
Benjamin Torres/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 2020-21. 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 LLP, has issued an auditor's report on internal controls over financial reporting with two findings included as significant deficiencies.

Recommendations

- A. Receive and file the fiscal year 2020-21 audited financial statements and independent auditor's reports on internal control over financial reporting as information items.
- B. Direct staff to implement auditor recommendations related to findings over internal controls.

- 6. State Route 241/91 Express Lanes Connector Update**
Kirk Avila

Overview

On October 28, 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, staff 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, traffic analysis continues to be performed, and a major milestone was achieved with the design submittal package being provided to various agencies for review.



Recommendation

Receive and file as an information item.

Discussion Items

7. Chief Executive Officer's Report

8. Committee Members' Reports

9. Closed Session

There are no Closed Session items scheduled.

10. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, January 12, 2022**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.



Committee Members Present
Via Teleconference:

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Katrina Foley
Brian Goodell
Patrick Harper
Gene Hernandez

Committee Members Absent

Joe Muller

Staff Present

Jennifer L. Bergener, Deputy Chief Executive Officer
Sahara Meisenheimer, Clerk of the Board Specialist
Allison Cheshire, Clerk of the Board Specialist, Senior

Via Teleconference:

Darrell E. Johnson, Chief Executive Officer
Cassie Trapesonian, Assistant General Counsel
OCTA Staff Members

Call to Order

The November 10, 2021, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:33 a.m.

Roll Call

Sahara Meisenheimer, Clerk of the Board Specialist, conducted an attendance roll call and announced a quorum of the F&A Committee.

Pledge of Allegiance

Director Goodell led in the Pledge of Allegiance.

1. Public Comments

There were no public comments received.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 6)

2. Approval of Minutes

A motion was made by Director Hernandez, seconded by Director Foley, and following a roll call vote, declared passed 6-0, to approve the minutes of the Finance and Administration Committee meeting of October 27, 2021.



3. Fiscal Year 2021-22 First Quarter Grant Reimbursement Status Report

A motion was made by Director Hernandez, seconded by Director Foley, and following a roll call vote, declared passed 6-0, to receive and file as an information item.

4. Update on the Loan Agreements with the Cities of Anaheim, Buena Park, Placentia, and the West Orange County Water Board

Committee Chairman Hennessey thanked staff for presenting regular updates to the Committee on this item.

A motion was made by Director Hernandez, seconded by Director Foley, and following a roll call vote, declared passed 6-0, to receive and file as an information item.

5. Orange County Employees Retirement System Early Payment for Fiscal Year 2022-23

A motion was made by Director Hernandez, seconded by Director Foley, and following a roll call vote, declared passed 6-0, to authorize the early payment of approximately \$28.9 million by January 14, 2022, to the Orange County Employees Retirement System, for member contributions for fiscal year 2022-23.

6. Excess Liability Insurance Pricing Update

A motion was made by Director Hernandez, seconded by Director Foley, and following a roll call vote, declared passed 6-0, to authorize the Chief Executive Officer to continue to fully self-insure for liability claims until such time the insurance market pricing is more favorable.

Regular Calendar

7. Amendment to the 91 Express Lanes Three-Party Operating Agreement

Kirk Avila, General Manager of the 91 Express Lanes, provided an overview of this item and a discussion ensued regarding:

- A summary of previous extensions and the request to add another amendment to the contract.
- After December 31st, OCTA will not be able to contract for operations if this extension is not provided. This is a precautionary measure, if OCTA is not able to transfer to the new contract.
- The differences between the current system and new system and if there are any risks to losing transactions.

- The current software system is approaching the end of its useful life and is still functioning as it was intended. There have not been any risks to processing transactions incorrectly.

A motion was made by Director Harper, seconded by Director Hernandez, and following a roll call vote, declared passed 5-0, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-3-1529 among the Orange County Transportation Authority, Riverside County Transportation Commission, and Cofiroute USA, LLC, for three one-month optional extension periods from January 1, 2022 through March 31, 2022, for continued operating services on the 91 Express Lanes.

Due to the Levine Act, Director Foley did not participate or vote on this item.

8. 91 Express Lanes Update for the Period Ending - September 30, 2021

Kirk Avila, General Manager of the 91 Express Lanes, provided a PowerPoint presentation on this item and a discussion ensued regarding:

- An increase in traffic volumes and a shift in traffic patterns.
- The Freeway Service Patrol contract now covers the 91 Express Lanes; as well as, during peak period hours.
- The new back-office system project will most likely be completed in March and the amount of money the contractor received during the implementation process is a fixed amount and enough financial incentive for them to move forward.
- There could be additional extensions if the contingency amount is exceeded but there are enough financial contingencies in place to cover the next three months.

No action was taken on this receive and file information item.

Discussion Items

9. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer, reported on the following:

- Today, the Orange County Transportation Authority (OCTA) will be hosting the Third District Mayors' Forum to provide the mayors, council members, and city staff with an update on OCTA's projects and programs and to get input from the cities.



MINUTES

Finance and Administration Committee Meeting

- OCTA already hosted these for the Second, Fourth, and Fifth Districts which were well attended, and a lot of good feedback was received.
- Tomorrow is Veteran's Day and OCTA will be hosting the annual Veterans Appreciation event at 2:00 p.m. at the Garden Grove base. The event will honor OCTA employees who have served in the U.S. Armed Forces; as well as employees who have a child or grandchild in the military.

10. Committee Members' Reports

There were no Committee Members' reports.

11. Closed Session

There were no Closed Session items scheduled.

12. Adjournment

The meeting adjourned at 11:15 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, December 8, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Michael Hennessey
Committee Chairman

Sahara Meisenheimer
Clerk of the Board Specialist



December 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority Investment and Debt Programs Report – October 2021

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 October 31, 2021.

Recommendation

Receive and file as an information item.

Discussion

As of October 31, 2021, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2.4 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 0.9 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 was \$71,097,797, with an average monthly effective yield of 0.2 percent. OCTA's month-end balance in the Orange County Investment Pool (OCIP) was \$18,833,045. For the month of September, the monthly gross yield for the OCIP was 0.6 percent. Yields for the month of October will be received in November.

During the month of October, there were zero securities held within OCTA's investment portfolios that were downgraded or placed on Negative Credit Watch. As of October 31, 2021, the securities held within OCTA's investment portfolios continue to meet the minimum ratings requirements set forth by OCTA's Investment Policy.

OCTA's debt program is separate from its investment program and is comprised of M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, 2021 Transportation Infrastructure Finance and Innovation Act Loan, and the 2021 Bond Anticipation Notes (BANs). The debt program currently has an outstanding principal balance of \$1.4 billion as of October 31, 2021. Approximately 45 percent of the outstanding balance is comprised of M2 debt, six percent is associated with the 91 Express Lanes Program, and 49 percent for the BANs.

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 October 31, 2021.

Attachments

- A. Orange County Transportation Authority Investment and Debt Programs
– For the Period Ending October 31, 2021
- B. Orange County Transportation Authority Portfolio Listing as of
October 31, 2021

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
October 31, 2021**

OCTA Investment Dashboard

10/31/2021

Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of October 2021:

Not applicable.

Securities currently held within OCTA's portfolio that fell below OCTA's minimum credit quality requirements during prior reporting periods:

Not applicable.

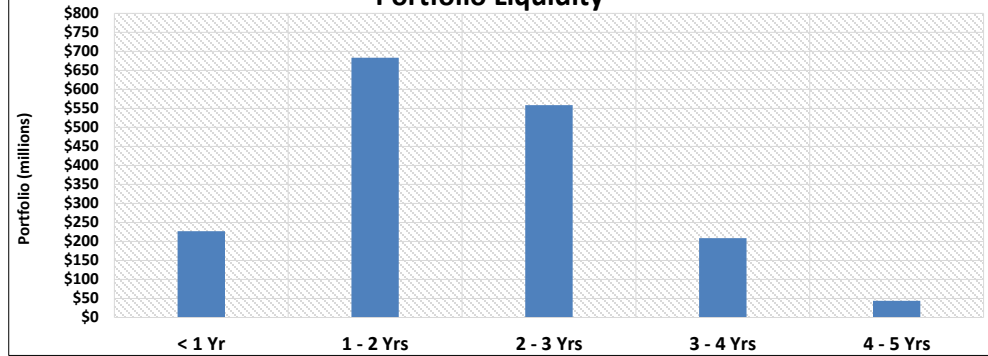
Securities downgraded or placed on Negative Credit Watch during the month of October 2021, but remain in compliance with OCTA's Investment Policy:

There were zero securities held within OCTA's investment portfolio that were downgraded during the month.

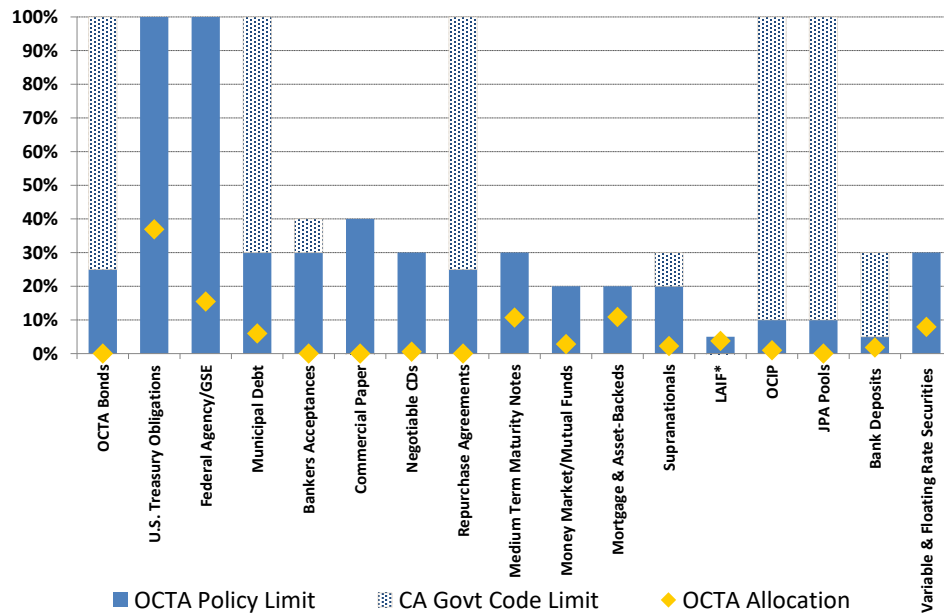
The total number of securities on the Negative Credit Watch list remained at zero securities for the month.

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

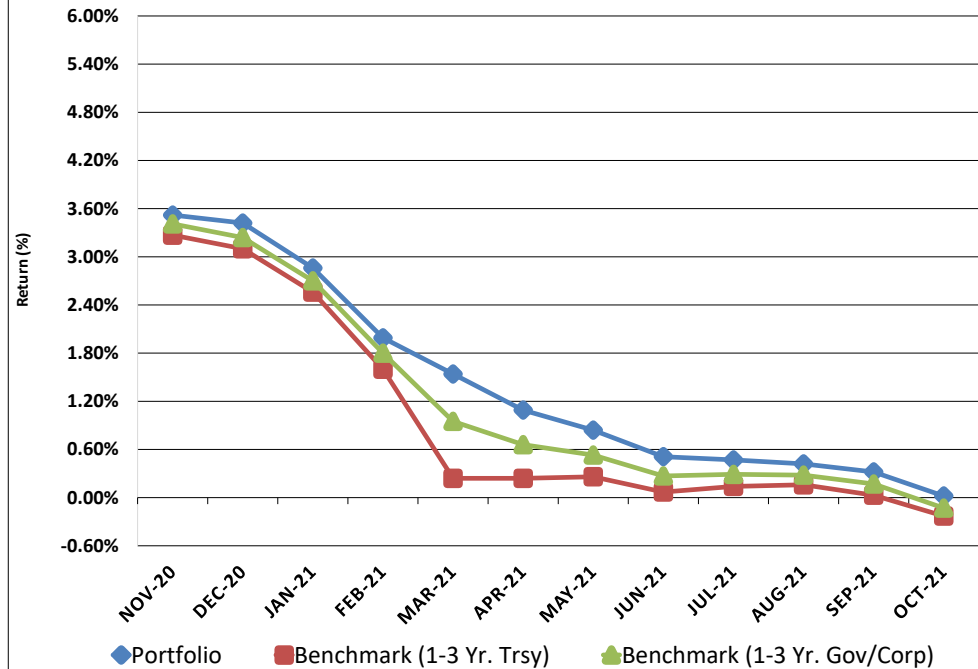
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



*Per CA Government Code LAIF limit is \$75 million

Investment Compliance

10/31/2021

Portfolio Subject to Investment Policy			
Short-Term/Liquid Portfolio ¹	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Maximum Percentages
U.S. Treasury Obligations	\$ 695,921,627	36.9%	100%
Federal Agency/GSE	291,599,365	15.5%	100%
Municipal Debt	112,756,420	6.0%	30%
Commercial Paper	-	0.0%	40%
Negotiable Certificates of Deposit	10,850,000	0.6%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	201,500,824	10.7%	30%
Money Market/Mutual Funds	53,092,229	2.8%	20%
Mortgage & Asset-Backed	204,995,116	10.9%	20%
Supranationals	41,880,934	2.2%	20%
Local Agency Investment Fund	71,097,797	3.8%	\$ 75 Million
Orange County Investment Pool	18,833,045	1.0%	10%
Joint Powers Authority Pools	-	0.0%	10%
Bank Deposits	34,060,816	1.8%	5%
Variable & Floating Rate Securities	149,233,929	7.9%	30%
Total Short-Term/Liquid Portfolio	\$ 1,885,822,103	100.0%	

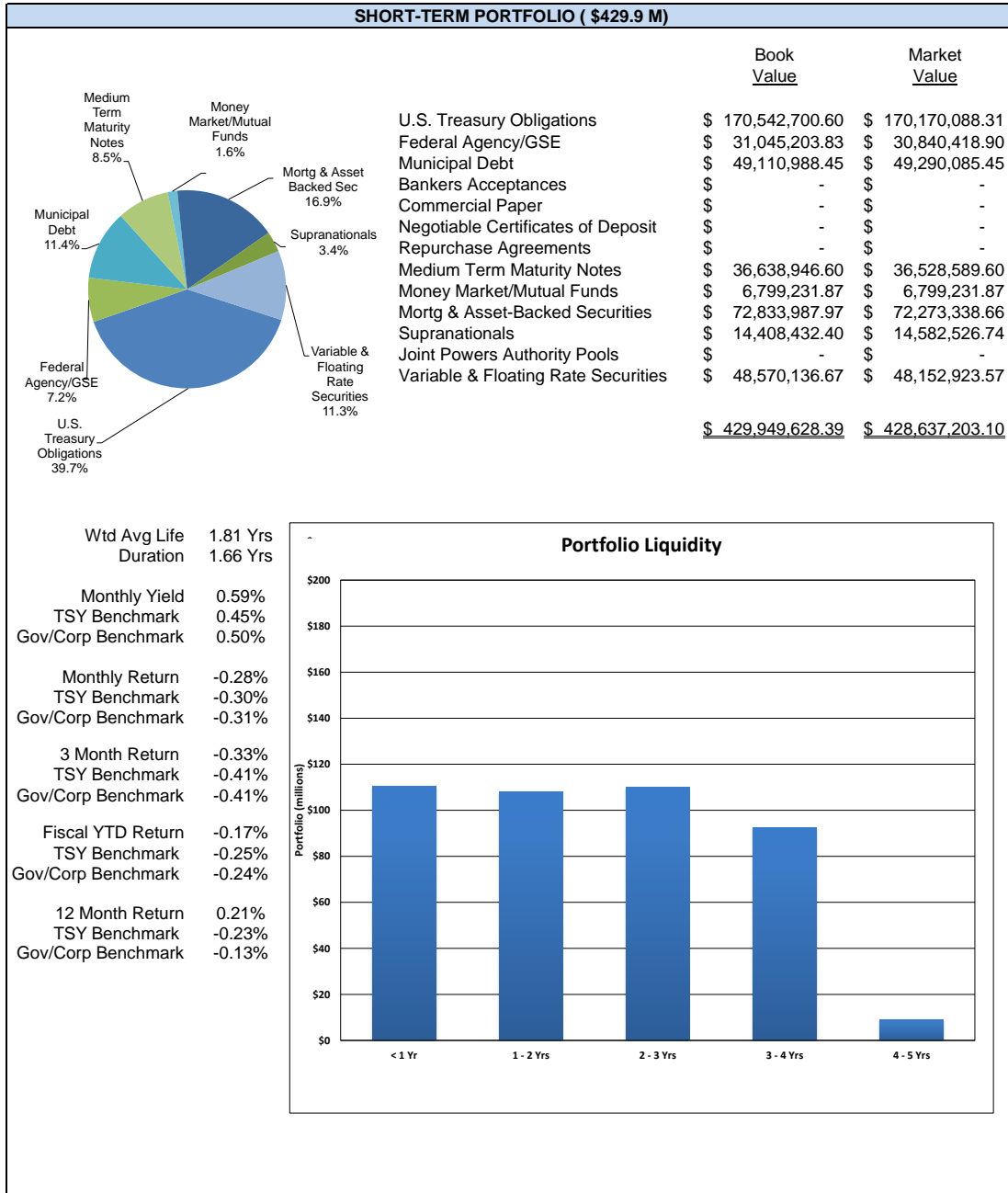
1. Excludes portion of Liquid Portfolio subject to Indenture

Portfolio Subject to Indenture					
	Dollar Amount Invested	Credit Quality	OCTA Term	Indenture Requirements Credit Quality	Term
Liquid Portfolio*					
Money Market Funds	74,671,189	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Total Liquid Portfolio	\$ 74,671,189				
Bond Proceeds Portfolio					
<u>2019 M2 Sales Tax Bonds</u>					
Money Market Funds	\$ 13,296	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
<u>2021 Bond Anticipation Notes (BANs)</u>					
US Treasuries Obligations	239,021,736	AAA/Aaa	N/A	Min. A2/A	N/A
Commercial Paper	199,939,033	A-1/P-1	11-270 days	Min. A-1/P-1	Max. 270 days
Total Bond Proceeds Portfolio	438,974,064				
Reserve Funds Portfolio					
Commercial Paper	\$ 25,088,168	P-1/F-1	60-150 days	Min. A-1/P-1	Max. 180 days
Bank Deposits	225,192				
US Treasuries Obligations	375	AAA/Aaa	30 days	Min. A2/A	Max. 5 years
Total Reserve Funds Portfolio	25,313,735				
Total Portfolio Subject to Indenture	464,287,799				
Portfolio Total	\$ 2,424,781,091				

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

Investment Manager Diversification and Maturity Schedules

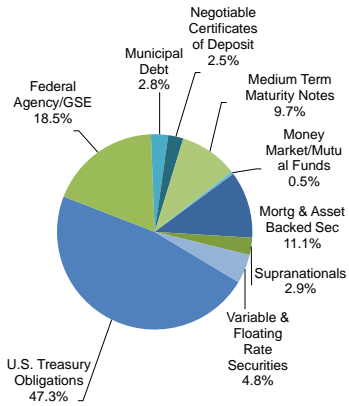
MetLife Investment Management
10/31/2021



Investment Manager Diversification and Maturity Schedules

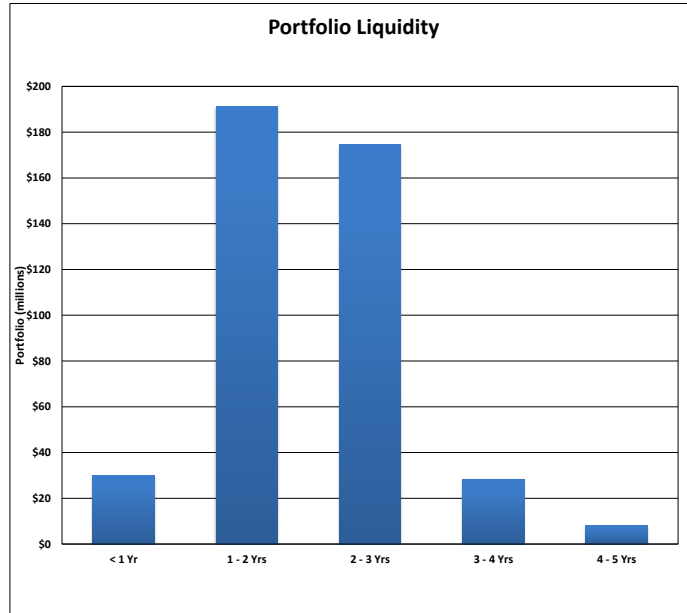
PFM
10/31/2021

SHORT-TERM PORTFOLIO (\$432.1 M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 204,276,408.25	\$ 204,058,914.05
Federal Agency/GSE	\$ 79,915,438.37	\$ 79,797,827.49
Municipal Debt	\$ 12,286,343.25	\$ 12,264,746.85
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ 10,850,000.00	\$ 10,968,350.25
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 41,761,589.30	\$ 41,626,173.10
Money Market/Mutual Funds	\$ 2,018,589.07	\$ 2,018,589.07
Mortg & Asset-Backed Securities	\$ 47,868,588.08	\$ 47,994,740.38
Supranationals	\$ 12,314,368.85	\$ 12,261,645.40
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ 20,773,530.74	\$ 20,731,330.45
	<u>\$ 432,064,855.91</u>	<u>\$ 431,722,317.04</u>

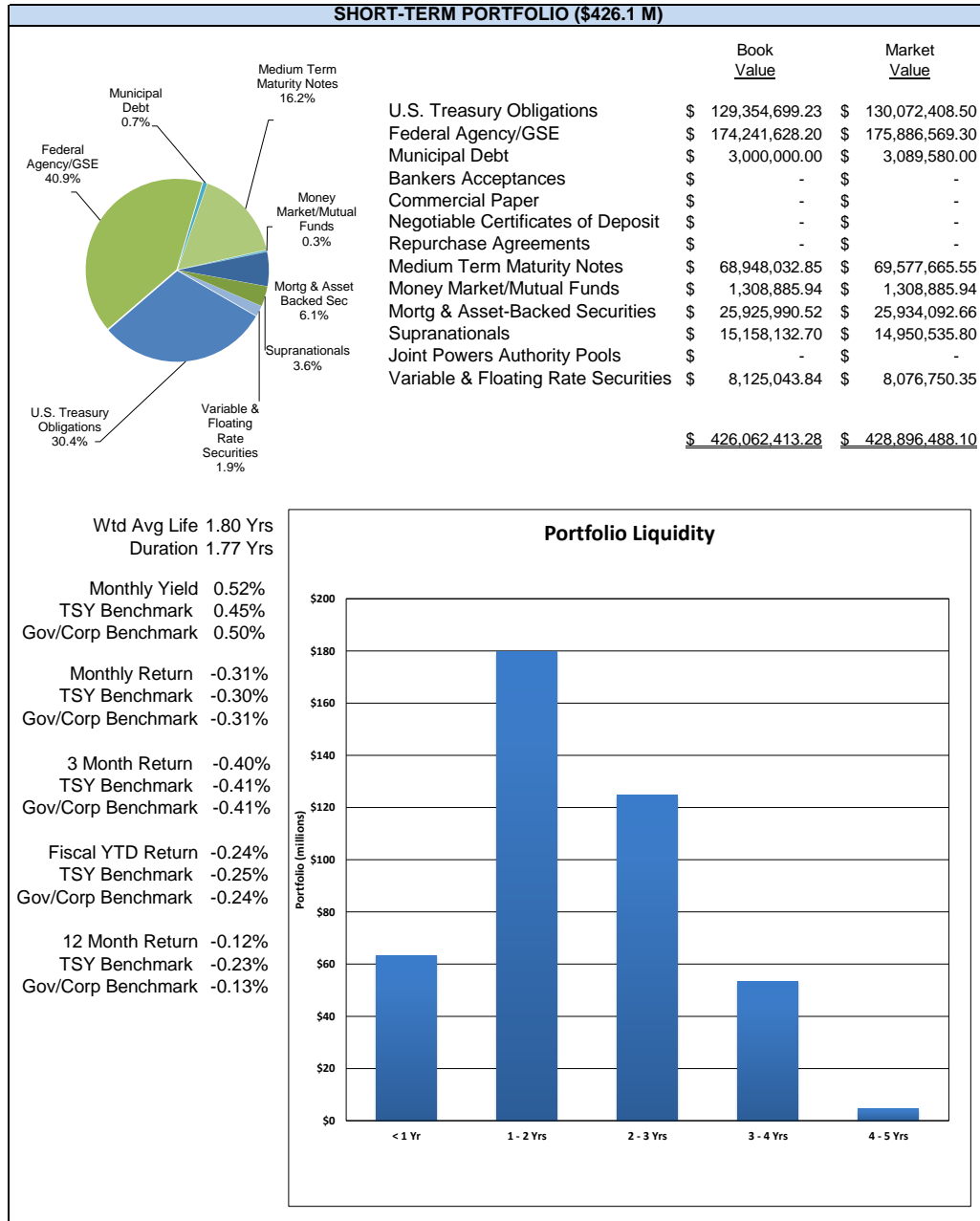
Wtd Avg Life	1.88 Yrs
Duration	1.83 Yrs
Monthly Yield	0.54%
TSY Benchmark	0.45%
Gov/Corp Benchmark	0.50%
Monthly Return	-0.32%
TSY Benchmark	-0.30%
Gov/Corp Benchmark	-0.31%
3 Month Return	-0.39%
TSY Benchmark	-0.41%
Gov/Corp Benchmark	-0.41%
Fiscal YTD Return	-0.24%
TSY Benchmark	-0.25%
Gov/Corp Benchmark	-0.24%
12 Month Return	-0.04%
TSY Benchmark	-0.23%
Gov/Corp Benchmark	-0.13%



Investment Manager Diversification and Maturity Schedules

Chandler Asset Management

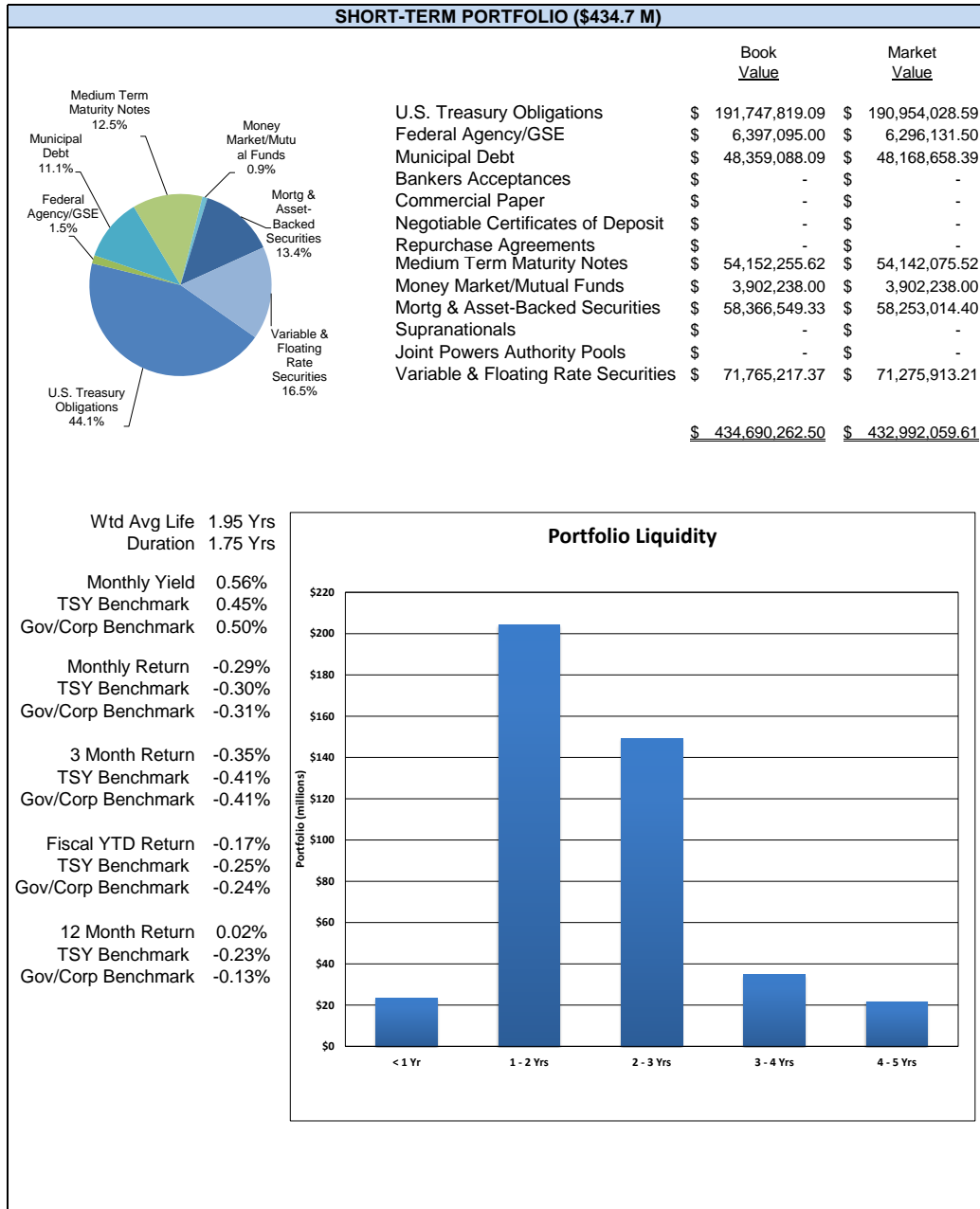
10/31/2021



Investment Manager Diversification and Maturity Schedules

Payden & Rygel

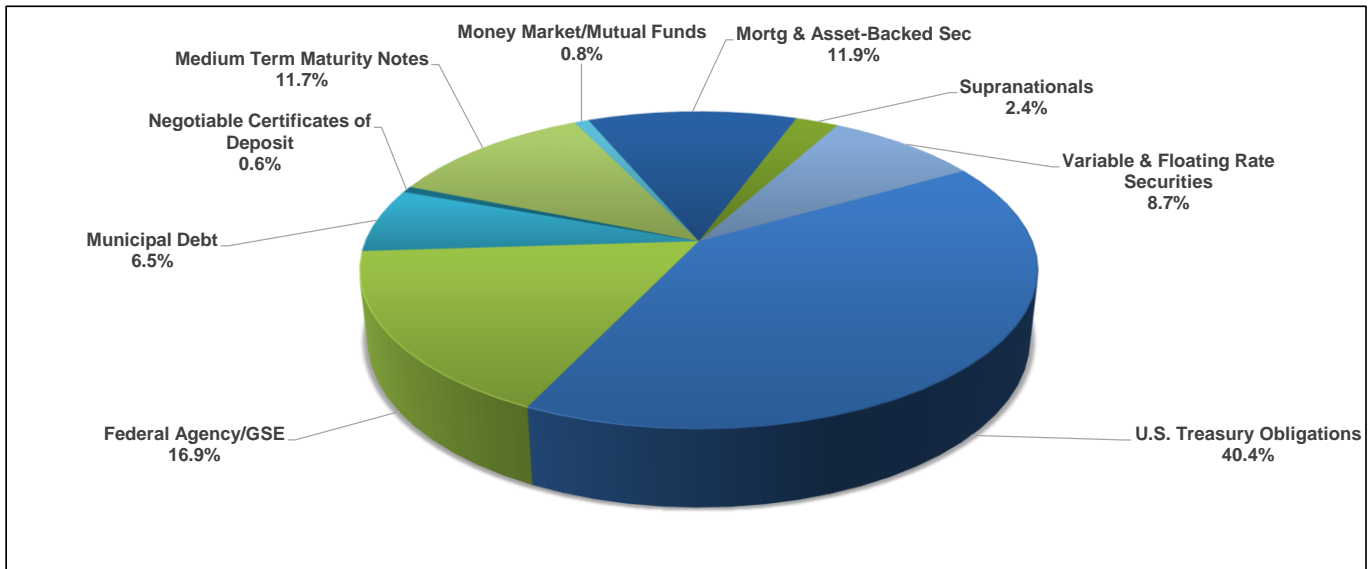
10/31/2021



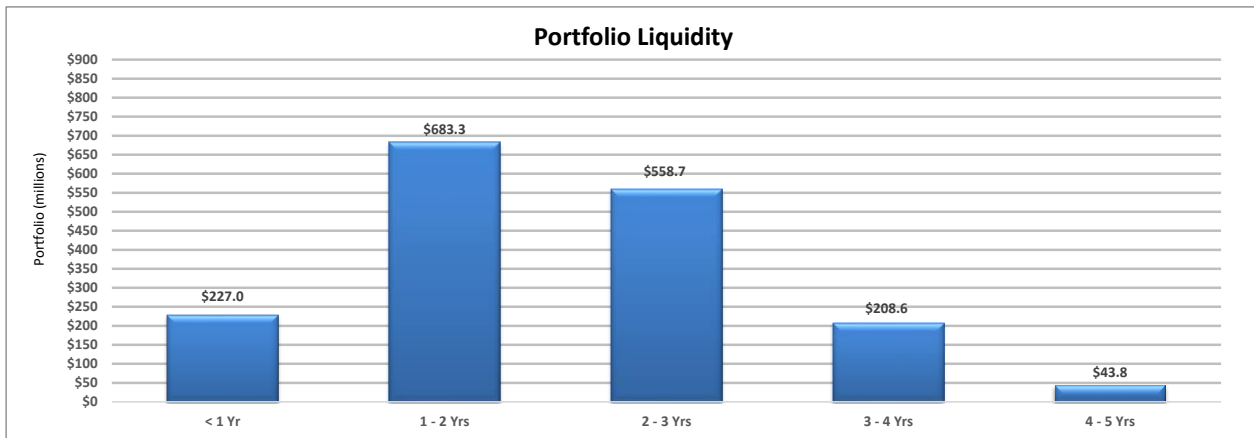
Short-Term Portfolio

10/31/2021

Portfolio Composition



Portfolio Liquidity



Rating Downgrades & Negative Credit Watch

10/31/2021

Investment Manager / Security

Par Amount

Maturity

S&P

Moody's

Fitch Ratings

Rating Downgrades:

N/A

Negative Credit Watch:

N/A

DEBT PROGRAM

(M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, 2021 TIFIA Loan (I-405), 2021 Bond Anticipation Notes (BANs))

Outstanding Debt¹

As of 10/31/21

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 2022:		17,270,000
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ Moody's/ S&P):	AA+/Aa2/AA+	
Final Maturity:		2041

2019 M2 Sales Tax Bond

Issued:	\$	376,690,000
Outstanding:		368,625,000
Debt Service FY 2022:		26,556,400
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):	AA+/AA+	
Final Maturity:		2041

91 Express Lanes

2013 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	124,415,000
Outstanding:		78,515,000
Debt Service FY 2022:		10,795,825
Pledged Revenue Source:	91 Toll Road Revenues	
Ratings (Fitch/ Moody's/ S&P):	A+/A1/AA-	
Final Maturity:		2030

405 Express Lanes

2021 Bond Anticipation Notes

Issued:	\$	662,820,000
Outstanding:		662,820,000
Debt Service FY 2022:		17,498,989
Pledged Revenue Source:	Collateral ²	
Ratings (Moody's/ S&P):	Aa3/AA	
Final Maturity:		2024

2021 TIFIA Loan

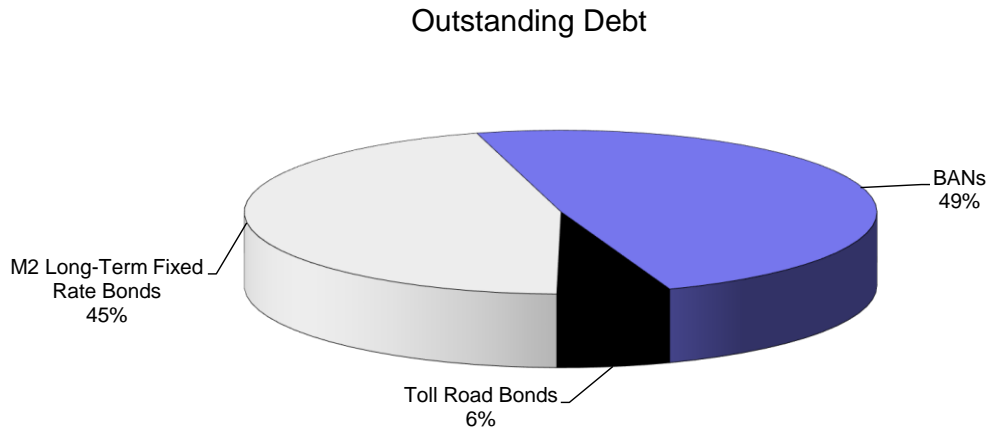
Amount Available	\$	628,930,000
Outstanding:		-
Accrued Interest:		-
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's/Kroll):	Baa2/BBB-	
Final Maturity:		2058

1. Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, 2021 TIFIA Loan (I-405), and 2021 BANs) currently outstanding and irrespective of OCTA's investment program.

2. Comprised of (a) proceeds from draws under the TIFIA Loan Agreement; (b) any legally available funds of OCTA except (i) LTF Revenue, (ii) federal grant funds, (iii) any revenues and assets with respect to the SR 91 Express Lanes, and (iv) any revenues received from operation of the freeway callbox system in Orange County and the freeway service patrol; (c) proceeds from the purchase and sale of OCTA bonds by OCTLA under and pursuant to the Standby Bond Purchase Agreement; and (d) all amounts held by the Trustee in the funds and accounts established under the indenture, including investment earnings thereon, excluding amounts deposited to the Rebate Fund

Total Outstanding Debt*

As of 10/31/21



TOTAL OUTSTANDING DEBT: \$1,359,960,000

*Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, 2021 TIFIA Loan (I-405), and 2021 BANs) currently outstanding and irrespective of OCTA's investment program.

**Orange County Transportation Authority
Portfolio Listing
As of October 31, 2021**

ATTACHMENT B

LIQUID PORTFOLIO				
DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
<u>CASH EQUIVALENTS</u>				
BANK DEPOSITS	10/31/2021	34,060,816.00	34,060,816.00	
MONEY MARKET DEMAND ACCOUNT	N/A	39,063,284.46	39,063,284.46	0.10%
FIDELITY TREASURY OBLIGATIONS FUND	N/A	59,486,377.21	59,486,377.21	0.01%
FEDERATED TREASURY OBLIGATIONS FUND	N/A	15,184,811.97	15,184,811.97	0.03%
SUB-TOTAL		147,795,289.64	147,795,289.64	
<u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u>				
	N/A	71,097,797.35	71,097,797.35	0.20%
<u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u>				
	N/A	18,833,045.31	18,833,045.31	0.56%
LIQUID PORTFOLIO - TOTAL		\$ 237,726,132.30	\$ 237,726,132.30	
SHORT-TERM PORTFOLIO				
DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
<u>Money Market Funds</u>				
FIRST AMER-GVT OBLG Z	10/31/2021	6,799,231.87	6,799,231.87	0.02
FIRST AMER-GVT OBLG Z	10/31/2021	2,018,589.07	2,018,589.07	0.02
FIRST AMER-GVT OBLG Z	10/31/2021	3,902,238.00	3,902,238.00	0.02
FIRST AMER-GVT OBLG Z	10/31/2021	1,308,885.94	1,308,885.94	0.02
SUB-TOTAL		14,028,944.88	14,028,944.88	
<u>NEGOTIABLE CERTIFICATES OF DEPOSIT</u>				
Credit Suisse AG, New York Branch	3/17/2023	940,000.00	938,768.60	0.68
Credit Suisse AG, New York Branch	3/17/2023	2,160,000.00	2,157,170.40	0.68
DNB Bank ASA, New York Branch	12/2/2022	1,175,000.00	1,195,104.25	0.49
DNB Bank ASA, New York Branch	12/2/2022	2,700,000.00	2,746,197.00	0.49
Skandinaviska Enskilda Banken AB (publ)	8/26/2022	1,175,000.00	1,192,014.00	0.12
Skandinaviska Enskilda Banken AB (publ)	8/26/2022	2,700,000.00	2,739,096.00	0.12
SUB-TOTAL		10,850,000.00	10,968,350.25	
<u>U.S. TREASURY OBLIGATIONS</u>				
UNITED STATES TREASURY	9/30/2022	2,561,303.91	2,582,284.25	0.16
UNITED STATES TREASURY	9/30/2022	10,407,680.66	10,476,261.25	0.16
UNITED STATES TREASURY	9/30/2022	4,212,140.63	4,261,530.00	0.16
UNITED STATES TREASURY	9/30/2022	9,332,563.95	9,279,317.19	0.15
UNITED STATES TREASURY	9/30/2022	2,988,410.86	3,150,604.69	0.15
UNITED STATES TREASURY	10/15/2022	6,859,031.25	6,979,781.25	0.17
UNITED STATES TREASURY	10/15/2022	3,944,908.20	3,995,671.88	0.17
UNITED STATES TREASURY	12/31/2024	4,074,494.92	4,024,875.80	0.81
UNITED STATES TREASURY	12/31/2024	6,095,705.27	6,037,313.70	0.81
UNITED STATES TREASURY	12/31/2024	6,738,417.97	6,690,970.00	0.81
UNITED STATES TREASURY	12/31/2024	5,909,964.84	5,867,466.00	0.81
UNITED STATES TREASURY	12/31/2024	2,896,906.25	2,882,264.00	0.81
UNITED STATES TREASURY	12/31/2024	1,252,882.23	1,240,773.44	0.80
UNITED STATES TREASURY	12/31/2024	1,244,203.13	1,235,625.00	0.80
UNITED STATES TREASURY	3/15/2023	4,087,313.28	4,065,771.09	0.31
UNITED STATES TREASURY	3/15/2023	5,110,995.70	5,083,467.19	0.31
UNITED STATES TREASURY	3/15/2023	3,678,658.20	3,659,695.31	0.31
UNITED STATES TREASURY	3/15/2023	4,132,031.25	4,110,890.63	0.31
UNITED STATES TREASURY	3/15/2023	2,821,000.00	2,807,437.50	0.31
UNITED STATES TREASURY	3/15/2023	614,622.66	611,620.31	0.31
UNITED STATES TREASURY	5/15/2023	4,098,078.13	4,085,265.63	0.36
UNITED STATES TREASURY	5/15/2023	5,623,022.46	5,604,785.16	0.36
UNITED STATES TREASURY	10/15/2023	4,564,634.77	4,542,654.75	0.49
UNITED STATES TREASURY	10/15/2023	5,685,972.66	5,659,701.00	0.49
UNITED STATES TREASURY	10/15/2023	4,989,843.75	4,964,843.75	0.49
UNITED STATES TREASURY	10/15/2023	4,096,476.56	4,071,171.88	0.49
UNITED STATES TREASURY	10/15/2023	6,972,656.25	6,950,781.25	0.49
UNITED STATES TREASURY	10/15/2023	4,099,725.00	4,081,101.56	0.49
UNITED STATES TREASURY	10/15/2023	3,142,863.28	3,127,851.56	0.49
UNITED STATES TREASURY	10/15/2023	3,142,248.05	3,127,851.56	0.49
UNITED STATES TREASURY	12/15/2023	7,277,187.50	7,234,446.00	0.55
UNITED STATES TREASURY	6/15/2024	7,485,058.59	7,413,000.00	0.70
UNITED STATES TREASURY	6/15/2024	11,647,898.44	11,564,280.00	0.70
UNITED STATES TREASURY	6/15/2024	4,572,867.19	4,546,640.00	0.70
UNITED STATES TREASURY	6/15/2024	4,181,132.81	4,152,093.75	0.69
UNITED STATES TREASURY	7/31/2022	1,976,310.16	1,996,004.00	0.13
UNITED STATES TREASURY	9/30/2022	5,247,312.92	5,347,660.50	0.17
UNITED STATES TREASURY	10/31/2022	3,734,611.51	3,824,092.00	0.17
UNITED STATES TREASURY	2/28/2023	1,679,409.38	1,731,710.40	0.32
UNITED STATES TREASURY	2/28/2023	3,858,642.98	3,978,810.80	0.32
UNITED STATES TREASURY	12/31/2022	3,302,362.50	3,392,741.20	0.25
UNITED STATES TREASURY	12/31/2022	1,024,528.13	1,052,567.30	0.25
UNITED STATES TREASURY	12/31/2022	6,439,408.22	6,734,386.90	0.25
UNITED STATES TREASURY	1/31/2023	1,253,320.31	1,273,050.00	0.28
UNITED STATES TREASURY	1/31/2023	10,041.02	10,184.40	0.28
UNITED STATES TREASURY	1/31/2023	2,901,853.51	2,943,291.60	0.28
UNITED STATES TREASURY	3/31/2023	4,643,866.01	4,624,847.50	0.34
UNITED STATES TREASURY	3/31/2023	3,546,636.13	3,532,163.75	0.34
UNITED STATES TREASURY	3/31/2023	7,118,586.91	7,089,738.75	0.34
UNITED STATES TREASURY	6/30/2023	1,239,399.22	1,229,807.70	0.39
UNITED STATES TREASURY	6/30/2023	2,857,788.28	2,835,672.30	0.39
UNITED STATES TREASURY	11/15/2022	424,568.36	431,443.00	0.17
UNITED STATES TREASURY	11/15/2022	2,787,166.41	2,832,296.40	0.17
UNITED STATES TREASURY	4/30/2024	1,352,433.98	1,333,086.00	0.65
UNITED STATES TREASURY	4/30/2024	3,103,259.38	3,058,864.00	0.65
UNITED STATES TREASURY	10/15/2022	521,718.75	531,153.00	0.15
UNITED STATES TREASURY	10/31/2024	1,570,096.29	1,547,845.20	0.77
UNITED STATES TREASURY	10/31/2024	3,611,739.65	3,560,554.80	0.77
UNITED STATES TREASURY	11/30/2024	2,577,022.66	2,538,303.25	0.80
UNITED STATES TREASURY	11/30/2024	1,519,250.78	1,496,424.25	0.80
UNITED STATES TREASURY	11/30/2024	4,402,568.36	4,341,162.50	0.80
UNITED STATES TREASURY	1/15/2023	2,039,991.40	2,060,531.20	0.26
UNITED STATES TREASURY	1/15/2023	673,297.66	680,076.80	0.26
UNITED STATES TREASURY	1/15/2023	4,101,875.00	4,060,160.00	0.26
UNITED STATES TREASURY	5/15/2023	662,610.16	662,559.45	0.36
UNITED STATES TREASURY	5/15/2023	1,529,483.59	1,529,366.55	0.36
UNITED STATES TREASURY	6/15/2023	1,531,255.08	1,526,588.10	0.39
UNITED STATES TREASURY	6/15/2023	2,472,026.17	2,464,491.90	0.39
UNITED STATES TREASURY	6/15/2023	1,051,927.73	1,047,658.50	0.39
UNITED STATES TREASURY	10/15/2023	3,029,190.82	3,013,542.55	0.49
UNITED STATES TREASURY	10/15/2023	6,951,668.56	6,915,757.45	0.49
UNITED STATES TREASURY	11/15/2023	1,250,927.73	1,243,162.50	0.52
UNITED STATES TREASURY	11/15/2023	2,872,130.08	2,854,301.10	0.52
UNITED STATES TREASURY	11/30/2022	264,751.56	264,864.85	0.17
UNITED STATES TREASURY	11/30/2022	609,428.13	609,688.90	0.17
UNITED STATES TREASURY	12/15/2023	1,336,964.06	1,327,966.80	0.55
UNITED STATES TREASURY	12/15/2023	658,504.69	654,073.20	0.55
UNITED STATES TREASURY	12/15/2023	2,418,842.77	2,403,223.50	0.55
UNITED STATES TREASURY	12/31/2022	584,954.30	584,245.35	0.24
UNITED STATES TREASURY	12/31/2022	1,339,895.31	1,338,271.40	0.24

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DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
UNITED STATES TREASURY	1/31/2023	2,125,498.05	2,121,260.00	0.27
UNITED STATES TREASURY	1/31/2023	4,876,142.57	4,866,420.00	0.27
UNITED STATES TREASURY	2/15/2024	1,553,235.94	1,543,729.20	0.58
UNITED STATES TREASURY	2/15/2024	3,574,433.98	3,552,556.30	0.58
UNITED STATES TREASURY	3/15/2024	2,547,714.26	2,532,541.55	0.62
UNITED STATES TREASURY	3/15/2024	3,111,103.12	3,092,575.20	0.62
UNITED STATES TREASURY	3/15/2024	2,744,306.64	2,725,827.50	0.62
UNITED STATES TREASURY	3/31/2023	604,645.51	603,275.75	0.33
UNITED STATES TREASURY	3/31/2023	1,394,182.62	1,391,024.25	0.33
UNITED STATES TREASURY	4/15/2024	910,675.39	903,775.60	0.66
UNITED STATES TREASURY	4/15/2024	2,091,551.17	2,075,704.40	0.66
UNITED STATES TREASURY	6/15/2024	852,728.91	845,082.00	0.70
UNITED STATES TREASURY	6/15/2024	1,987,031.25	1,976,800.00	0.70
UNITED STATES TREASURY	6/15/2024	1,991,250.00	1,976,800.00	0.70
UNITED STATES TREASURY	6/15/2024	1,939,833.59	1,922,438.00	0.70
UNITED STATES TREASURY	6/15/2024	4,470,820.31	4,447,800.00	0.70
UNITED STATES TREASURY	6/15/2024	5,973,750.00	5,930,400.00	0.70
UNITED STATES TREASURY	7/15/2024	1,197,750.00	1,189,272.00	0.71
UNITED STATES TREASURY	7/15/2024	2,402,625.00	2,378,544.00	0.71
UNITED STATES TREASURY	7/15/2024	674,920.90	668,965.50	0.71
UNITED STATES TREASURY	7/15/2024	748,823.05	743,295.00	0.71
UNITED STATES TREASURY	7/15/2024	2,844,656.25	2,824,521.00	0.71
UNITED STATES TREASURY	7/15/2024	5,506,015.63	5,450,830.00	0.71
UNITED STATES TREASURY	7/15/2024	1,544,818.95	1,531,187.70	0.71
UNITED STATES TREASURY	7/15/2024	9,996,875.00	9,910,600.00	0.71
UNITED STATES TREASURY	7/15/2024	1,597,062.50	1,585,696.00	0.71
UNITED STATES TREASURY	8/15/2024	998,164.06	990,630.00	0.71
UNITED STATES TREASURY	8/15/2024	2,497,265.63	2,476,575.00	0.71
UNITED STATES TREASURY	8/15/2024	3,095,035.16	3,070,953.00	0.71
UNITED STATES TREASURY	8/15/2024	1,497,246.09	1,485,945.00	0.71
UNITED STATES TREASURY	8/15/2024	6,143,273.44	6,092,374.50	0.71
UNITED STATES TREASURY	9/15/2024	1,245,068.36	1,237,300.00	0.73
UNITED STATES TREASURY	9/15/2024	745,927.73	742,380.00	0.73
UNITED STATES TREASURY	9/15/2024	2,988,164.06	2,969,520.00	0.73
UNITED STATES TREASURY	9/30/2023	1,874,047.85	1,867,387.50	0.46
UNITED STATES TREASURY	9/30/2023	4,597,664.06	4,581,324.00	0.46
UNITED STATES TREASURY	10/15/2024	1,248,974.61	1,245,212.50	0.76
UNITED STATES TREASURY	12/31/2022	2,374,000.00	2,370,937.54	0.24
UNITED STATES TREASURY	12/31/2022	7,332,134.77	7,325,537.85	0.24
UNITED STATES TREASURY	12/31/2022	9,932,144.52	9,927,746.47	0.24
UNITED STATES TREASURY	12/31/2022	5,799,668.82	5,792,518.00	0.24
UNITED STATES TREASURY	12/31/2022	3,935,153.71	3,929,923.85	0.24
UNITED STATES TREASURY	1/31/2023	45,000.00	44,920.80	0.27
UNITED STATES TREASURY	1/31/2023	8,817,010.26	8,799,086.30	0.27
UNITED STATES TREASURY	1/31/2023	2,756,099.63	2,750,550.50	0.27
UNITED STATES TREASURY	1/31/2023	6,060,738.49	6,048,535.81	0.27
UNITED STATES TREASURY	1/31/2023	4,417,707.64	4,408,726.96	0.27
UNITED STATES TREASURY	1/31/2023	759,507.62	757,963.63	0.27
UNITED STATES TREASURY	1/31/2023	3,980,777.34	3,972,995.20	0.27
UNITED STATES TREASURY	1/31/2023	910,213.28	908,398.40	0.27
UNITED STATES TREASURY	1/31/2023	2,320,725.00	2,315,916.80	0.27
UNITED STATES TREASURY	1/31/2023	4,351,359.38	4,342,344.00	0.27
UNITED STATES TREASURY	1/31/2023	3,110,242.97	3,104,526.40	0.27
UNITED STATES TREASURY	1/31/2023	1,034,959.57	1,033,178.40	0.27
UNITED STATES TREASURY	3/31/2023	1,604,247.66	1,600,425.75	0.33
UNITED STATES TREASURY	3/31/2023	1,709,064.84	1,705,126.50	0.33
UNITED STATES TREASURY	4/30/2023	5,008,450.41	4,992,014.10	0.36
UNITED STATES TREASURY	4/30/2023	11,616,405.93	11,578,284.20	0.36
UNITED STATES TREASURY	5/15/2024	14,710,632.73	14,580,135.15	0.67
UNITED STATES TREASURY	5/15/2024	27,629,233.85	27,384,135.75	0.67
UNITED STATES TREASURY	5/15/2024	2,361,089.00	2,340,143.85	0.67
UNITED STATES TREASURY	5/15/2024	4,144,488.28	4,106,383.50	0.67
UNITED STATES TREASURY	7/15/2024	1,454,545.31	1,441,992.30	0.71
UNITED STATES TREASURY	7/15/2024	3,104,029.69	3,077,241.30	0.71
UNITED STATES TREASURY	7/31/2023	334,424.22	333,247.95	0.42
UNITED STATES TREASURY	8/31/2023	1,622,333.98	1,615,672.50	0.44
UNITED STATES TREASURY	8/31/2023	5,607,706.25	5,587,741.20	0.44
UNITED STATES TREASURY	8/31/2023	4,358,904.30	4,344,916.20	0.44
UNITED STATES TREASURY	9/15/2024	935,557.03	930,449.60	0.73
UNITED STATES TREASURY	9/30/2023	3,122,192.38	3,112,312.50	0.46
UNITED STATES TREASURY	9/30/2023	28,184,725.00	28,105,426.80	0.46
UNITED STATES TREASURY	9/30/2023	5,472,151.25	5,456,755.26	0.46
UNITED STATES TREASURY	10/15/2024	658,536.64	656,476.03	0.76
UNITED STATES TREASURY	10/15/2024	171,657.34	171,341.24	0.76
UNITED STATES TREASURY	8/31/2022	3,989,673.83	4,210,299.50	0.76
UNITED STATES TREASURY	8/31/2022	2,874,960.94	3,043,590.00	0.76
UNITED STATES TREASURY	11/30/2022	7,718,648.44	7,953,894.00	0.76
UNITED STATES TREASURY	4/30/2023	5,234,208.98	5,349,855.00	0.76
UNITED STATES TREASURY	5/31/2023	7,787,187.50	8,158,160.00	0.76
UNITED STATES TREASURY	10/31/2023	8,007,187.50	8,177,200.00	0.76
UNITED STATES TREASURY	8/15/2022	6,983,046.88	7,076,300.00	0.76
UNITED STATES TREASURY	10/15/2022	7,957,187.50	8,093,760.00	0.76
UNITED STATES TREASURY	10/31/2024	7,758,691.41	7,662,600.00	0.76
UNITED STATES TREASURY	1/31/2025	8,313,750.00	8,138,480.00	0.76
UNITED STATES TREASURY	3/31/2025	1,989,687.50	1,973,820.00	0.76
UNITED STATES TREASURY	4/30/2025	7,440,527.34	7,358,175.00	0.76
UNITED STATES TREASURY	5/31/2025	7,357,324.22	7,315,725.00	0.76
UNITED STATES TREASURY	12/15/2023	7,978,437.50	7,828,160.00	0.76
UNITED STATES TREASURY	4/15/2024	8,013,437.50	7,945,280.00	0.76
UNITED STATES TREASURY	5/15/2024	3,988,281.25	3,957,960.00	0.76
UNITED STATES TREASURY	6/15/2024	10,975,937.50	10,872,400.00	0.76
UNITED STATES TREASURY	7/15/2024	7,502,050.78	7,432,950.00	0.76
UNITED STATES TREASURY	9/15/2024	7,484,472.66	7,423,800.00	0.76
	SUB-TOTAL	695,921,627.16	695,255,439.45	
FEDERAL AGENCY/GSE				
FEDERAL HOME LOAN MORTGAGE CORP	8/12/2025	4,095,490.00	4,038,159.70	1.01
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	3,857,469.00	3,863,059.20	0.15
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	5,677,685.00	5,669,164.80	0.15
FEDERAL NATIONAL MORTGAGE ASSOCIATION	10/27/2023	6,098,475.00	6,070,640.70	0.54
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	5,652,771.25	5,599,697.25	0.22
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	5,663,313.58	5,599,697.25	0.22
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	2,472,535.20	2,473,998.40	0.35
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	5,687,927.95	5,691,193.50	0.35
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	2,354,926.00	2,352,471.60	0.32
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	5,403,357.75	5,397,726.15	0.32
FEDERAL HOME LOAN MORTGAGE CORP	4/20/2023	2,284,275.00	2,291,534.30	0.46
FEDERAL HOME LOAN MORTGAGE CORP	4/20/2023	5,241,862.50	5,258,520.85	0.46
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	2,169,088.60	2,170,455.70	0.39
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	4,977,908.40	4,981,045.80	0.39
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	2,238,444.60	2,239,320.15	0.35
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	5,144,932.80	5,146,945.20	0.35
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	2,787,154.20	2,778,923.70	0.28
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	6,403,461.80	6,384,552.30	0.28
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	2,725,497.61	2,713,854.75	0.24
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	2,550,465.66	2,539,570.50	0.24
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	6,997,690.00	6,971,370.00	0.26
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,539,237.15	1,534,988.40	0.25
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,549,199.85	1,544,923.60	0.25

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FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,991,720.00	1,987,040.00	0.26
FEDERAL HOME LOAN MORTGAGE CORP	11/16/2023	2,482,763.50	2,471,779.80	0.28
FEDERAL HOME LOAN MORTGAGE CORP	11/16/2023	5,709,856.50	5,684,596.20	0.28
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	2,097,921.00	2,089,080.00	0.28
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	4,820,223.25	4,799,910.00	0.28
FHMS K-727 A1	10/25/2023	285,089.05	294,026.19	3.36
FEDERAL HOME LOAN BANKS	2/12/2026	1,249,125.00	1,226,887.50	1.04
FEDERAL HOME LOAN BANKS	2/12/2026	2,897,970.00	2,846,379.00	1.04
FEDERAL HOME LOAN MORTGAGE CORP	11/25/2024	680,000.00	671,799.20	0.85
FEDERAL HOME LOAN MORTGAGE CORP	11/25/2024	1,570,000.00	1,551,065.80	0.85
FEDERAL HOME LOAN BANKS	9/8/2023	4,135,800.00	4,143,280.00	0.44
FEDERAL HOME LOAN BANKS	9/8/2023	4,104,600.00	4,143,280.00	0.44
FEDERAL HOME LOAN BANKS	3/8/2024	5,201,750.00	5,145,400.00	0.63
FEDERAL HOME LOAN BANKS	3/10/2023	5,053,550.00	5,166,050.00	0.31
FEDERAL HOME LOAN BANKS	6/10/2022	4,988,900.00	5,080,200.00	0.14
FEDERAL HOME LOAN BANKS	12/9/2022	7,058,660.00	7,215,810.00	0.22
FEDERAL HOME LOAN BANKS	6/9/2023	3,977,720.00	4,107,960.00	0.44
FEDERAL HOME LOAN BANKS	6/9/2023	4,029,880.00	4,107,960.00	0.44
FEDERAL HOME LOAN BANKS	9/9/2022	6,828,560.00	6,973,876.00	0.15
FEDERAL FARM CREDIT BANKS FUNDING CORP	12/17/2021	6,022,920.00	6,020,640.00	0.22
FEDERAL FARM CREDIT BANKS FUNDING CORP	11/15/2021	7,034,830.00	7,008,260.00	0.39
FEDERAL FARM CREDIT BANKS FUNDING CORP	7/17/2023	5,060,200.00	5,209,450.00	0.42
FEDERAL FARM CREDIT BANKS FUNDING CORP	6/26/2023	6,967,450.00	7,154,980.00	0.43
FEDERAL FARM CREDIT BANKS FUNDING CORP	2/1/2023	4,996,450.00	5,098,300.00	0.28
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	4,993,550.00	5,099,850.00	0.48
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	7,983,280.00	7,960,640.00	0.48
FEDERAL FARM CREDIT BANKS FUNDING CORP	2/21/2023	5,000,600.00	5,075,250.00	0.30
FEDERAL FARM CREDIT BANKS FUNDING CORP	5/6/2022	5,627,843.55	5,639,677.05	0.09
FEDERAL FARM CREDIT BANKS FUNDING CORP	10/2/2023	4,994,600.00	4,968,700.00	0.53
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	6,111,548.70	6,115,165.40	0.41
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	3,203,098.50	3,199,760.10	0.44
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	5,000,300.00	4,984,050.00	0.44
FEDERAL NATIONAL MORTGAGE ASSOCIATION	11/27/2023	1,797,948.00	1,790,514.00	0.51
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	6,815,760.00	7,023,450.00	0.17
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/19/2023	4,411,710.00	4,616,100.00	0.26
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/19/2023	2,233,875.00	2,359,340.00	0.26
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	7,463,143.80	7,466,062.95	0.40
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	8,001,840.00	7,969,240.00	0.47
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	5,098,317.00	5,079,141.00	0.47
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	3,001,860.00	2,987,730.00	0.47
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	6,376,128.00	6,358,528.00	0.46
FEDERAL HOME LOAN MORTGAGE CORP	11/6/2023	4,705,761.00	4,684,942.80	0.52
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	5,959,094.65	5,933,982.00	0.50
SUB-TOTAL		291,599,365.40	292,820,947.19	

MEDIUM TERM NOTES

ASSOCIATION OF AMERICAN MEDICAL COLLEGES	10/1/2022	2,990,000.00	3,002,857.00	1.45
BAYCARE HEALTH SYSTEM INC	11/15/2022	1,456,344.00	1,469,880.00	0.61
COMCAST CORP	10/15/2025	4,042,256.85	3,972,162.00	1.27
CREDIT SUISSE AG (NEW YORK BRANCH)	2/2/2024	2,655,000.00	2,633,308.65	0.86
F&G GLOBAL FUNDING	9/20/2024	2,479,479.20	2,456,390.40	1.24
HORMEL FOODS CORP	6/3/2024	3,344,397.90	3,334,195.65	0.78
JPMORGAN CHASE & CO	7/15/2025	3,225,737.10	3,210,991.65	1.33
NATIONAL SECURITIES CLEARING CORP	4/23/2023	3,162,024.90	3,197,821.05	0.50
PACIFIC LIFE GLOBAL FUNDING II	9/23/2023	2,022,468.75	2,020,180.50	0.63
PROTECTIVE LIFE GLOBAL FUNDING	6/9/2023	3,500,000.00	3,524,430.00	0.65
SECURITY BENEFIT GLOBAL FUNDING	5/17/2024	3,128,810.60	3,131,471.10	1.23
TOYOTA MOTOR CREDIT CORP	1/11/2024	2,544,847.30	2,525,861.60	0.80
VIRGINIA ELECTRIC AND POWER CO	3/15/2023	2,087,580.00	2,049,040.00	0.57
ADOBE INC	2/1/2023	134,815.05	137,123.55	0.44
ADOBE INC	2/1/2023	314,568.45	319,954.95	0.44
AMAZON.COM INC	6/3/2023	614,139.00	614,784.75	0.42
AMAZON.COM INC	6/3/2023	1,408,026.00	1,409,506.50	0.42
AMAZON.COM INC	5/12/2024	888,700.60	883,316.10	0.75
AMAZON.COM INC	5/12/2024	2,047,007.00	2,034,604.50	0.75
AMERICAN HONDA FINANCE CORP	8/9/2024	404,732.70	402,432.30	0.98
AMERICAN HONDA FINANCE CORP	8/9/2024	994,343.30	988,691.70	0.98
APPLE INC	5/11/2023	448,776.00	451,728.00	0.50
APPLE INC	5/11/2023	1,027,198.40	1,033,955.20	0.50
ASTRAZENECA FINANCE LLC	5/28/2024	584,947.35	584,321.40	0.75
ASTRAZENECA FINANCE LLC	5/28/2024	1,339,879.40	1,338,445.60	0.75
BMW US CAPITAL LLC	8/12/2024	254,977.05	253,776.00	0.92
BMW US CAPITAL LLC	8/12/2024	619,944.20	617,024.00	0.92
BANK OF NEW YORK MELLON CORP	1/27/2023	334,765.50	340,517.45	0.44
BANK OF NEW YORK MELLON CORP	1/27/2023	764,464.50	777,599.55	0.44
BANK OF NEW YORK MELLON CORP	4/24/2025	389,006.00	385,491.00	1.17
BANK OF NEW YORK MELLON CORP	4/24/2025	890,619.00	882,571.50	1.17
BANK OF NEW YORK MELLON CORP	10/25/2024	599,610.00	598,620.00	0.94
BANK OF NEW YORK MELLON CORP	10/25/2024	1,334,132.25	1,331,929.50	0.94
BRISTOL-MYERS SQUIBB CO	11/13/2023	575,000.00	574,436.50	0.59
BRISTOL-MYERS SQUIBB CO	11/13/2023	1,325,000.00	1,323,701.50	0.59
BURLINGTON NORTHERN SANTA FE LLC	4/1/2025	226,092.30	222,541.20	1.08
BURLINGTON NORTHERN SANTA FE LLC	4/1/2025	527,548.70	519,262.80	1.08
CATERPILLAR FINANCIAL SERVICES CORP	7/7/2023	339,809.60	340,751.40	0.52
CATERPILLAR FINANCIAL SERVICES CORP	7/7/2023	784,560.40	786,734.85	0.52
CATERPILLAR FINANCIAL SERVICES CORP	9/13/2024	474,354.00	472,088.25	0.82
CATERPILLAR FINANCIAL SERVICES CORP	9/13/2024	1,168,408.80	1,162,827.90	0.82
CHEVRON CORP	5/11/2023	265,000.00	267,506.90	0.52
CHEVRON CORP	5/11/2023	610,000.00	615,770.60	0.52
JOHN DEERE CAPITAL CORP	7/5/2023	119,901.60	120,372.00	0.51
JOHN DEERE CAPITAL CORP	7/5/2023	279,770.40	280,868.00	0.51
JOHN DEERE CAPITAL CORP	1/17/2024	239,829.60	238,716.00	0.69
JOHN DEERE CAPITAL CORP	1/17/2024	554,605.95	552,030.75	0.69
JOHN DEERE CAPITAL CORP	9/10/2024	129,915.50	129,283.70	0.82
JOHN DEERE CAPITAL CORP	9/10/2024	404,736.75	402,768.45	0.82
GOLDMAN SACHS GROUP INC	3/3/2024	132,256.80	128,125.20	1.07
GOLDMAN SACHS GROUP INC	3/3/2024	308,599.20	298,958.80	1.07
GOLDMAN SACHS GROUP INC	1/27/2023	300,000.00	299,184.00	0.70
GOLDMAN SACHS GROUP INC	1/27/2023	700,000.00	698,096.00	0.70
INTERNATIONAL BUSINESS MACHINES CORP	2/12/2024	307,804.00	297,276.00	0.89
INTERNATIONAL BUSINESS MACHINES CORP	2/12/2024	720,041.50	695,413.50	0.89
JPMORGAN CHASE & CO	4/1/2023	305,000.00	308,361.10	0.59
JPMORGAN CHASE & CO	4/1/2023	695,000.00	702,658.90	0.59
MORGAN STANLEY	5/19/2022	149,005.50	151,950.00	0.40
MORGAN STANLEY	5/19/2022	347,679.50	354,550.00	0.40
MORGAN STANLEY	2/25/2023	324,300.40	317,364.70	0.66
MORGAN STANLEY	2/25/2023	738,979.60	723,175.30	0.66
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/8/2024	244,830.95	242,020.80	0.89
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/8/2024	564,610.15	558,129.60	0.89
NESTLE HOLDINGS INC	9/14/2024	910,000.00	905,877.70	0.77
NESTLE HOLDINGS INC	9/14/2024	2,210,000.00	2,199,988.70	0.77
PNC BANK NA	2/24/2023	240,000.00	240,979.20	0.45
PNC BANK NA	2/24/2023	560,000.00	562,284.80	0.45
PACCAR FINANCIAL CORP	8/11/2023	134,823.15	134,396.55	0.60
PACCAR FINANCIAL CORP	8/11/2023	314,587.35	313,591.95	0.60
PACCAR FINANCIAL CORP	8/9/2024	344,813.70	341,398.20	0.88
PACCAR FINANCIAL CORP	8/9/2024	764,586.90	757,013.40	0.88
PEPSICO INC	5/1/2023	279,445.60	281,341.20	0.43
PEPSICO INC	5/1/2023	643,722.90	648,089.55	0.43

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CHARLES SCHWAB CORP	3/18/2024	389,805.00	389,418.90	0.81
CHARLES SCHWAB CORP	3/18/2024	889,555.00	888,673.90	0.81
TOYOTA MOTOR CREDIT CORP	1/11/2024	649,961.00	645,112.00	0.80
TOYOTA MOTOR CREDIT CORP	1/11/2024	1,499,910.00	1,488,720.00	0.80
TOYOTA MOTOR CREDIT CORP	4/6/2023	174,858.25	174,763.75	0.49
TOYOTA MOTOR CREDIT CORP	4/6/2023	409,667.90	409,446.50	0.49
UNILEVER CAPITAL CORP	8/12/2024	220,000.00	218,009.00	0.96
UNILEVER CAPITAL CORP	8/12/2024	485,000.00	480,610.75	0.96
UNITEDHEALTH GROUP INC	5/15/2024	419,563.20	417,009.60	0.83
UNITEDHEALTH GROUP INC	5/15/2024	963,996.40	958,129.20	0.83
ADOBE INC	2/1/2023	768,945.10	782,112.10	0.44
AMAZON.COM INC	5/12/2024	619,094.80	615,343.80	0.75
AMAZON.COM INC	5/12/2024	1,427,912.20	1,419,260.70	0.75
AMERICAN EXPRESS CO	5/20/2022	469,436.00	475,235.80	0.39
AMERICAN EXPRESS CO	5/20/2022	1,088,692.00	1,102,142.60	0.39
APPLE INC	5/11/2023	433,816.80	436,670.40	0.50
TRUIST FINANCIAL CORP	3/16/2023	244,818.70	250,326.30	0.51
TRUIST FINANCIAL CORP	3/16/2023	519,615.20	531,304.80	0.51
BANK OF NEW YORK MELLON CORP	4/28/2023	404,968.45	406,123.78	0.54
BANK OF NEW YORK MELLON CORP	4/28/2023	947,355.50	950,058.20	0.54
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	624,162.50	619,987.50	0.77
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	1,448,057.00	1,438,371.00	0.77
CHEVRON CORP	5/11/2023	135,000.00	136,277.10	0.52
CHEVRON CORP	5/11/2023	320,000.00	323,027.20	0.52
CITIGROUP GLOBAL MARKETS HOLDINGS INC	6/7/2024	600,000.00	592,926.00	1.21
CITIGROUP GLOBAL MARKETS HOLDINGS INC	6/7/2024	1,400,000.00	1,383,494.00	1.21
COMERICA INC	7/31/2023	636,006.00	629,166.00	0.76
COMERICA INC	7/31/2023	1,484,014.00	1,468,054.00	0.76
CONSUMERS ENERGY CO	6/1/2023	169,942.20	169,348.90	0.59
CONSUMERS ENERGY CO	6/1/2023	409,860.60	408,429.70	0.59
JOHN DEERE CAPITAL CORP	4/6/2023	159,961.60	161,801.60	0.41
JOHN DEERE CAPITAL CORP	4/6/2023	359,913.60	364,053.60	0.41
DUKE ENERGY CAROLINAS LLC	3/15/2023	753,142.85	762,686.30	0.53
DUKE ENERGY CAROLINAS LLC	3/15/2023	995,766.05	1,008,383.90	0.53
DUKE ENERGY CAROLINAS LLC	3/15/2023	753,142.85	762,686.30	0.53
ERP OPERATING LP	4/15/2023	578,770.40	566,753.09	0.63
ERP OPERATING LP	4/15/2023	1,355,016.00	1,326,881.10	0.63
ENTERGY LOUISIANA LLC	11/17/2023	449,919.00	448,902.00	0.71
ENTERGY LOUISIANA LLC	11/17/2023	759,863.20	758,647.20	0.71
ENTERGY LOUISIANA LLC	11/17/2023	290,436.20	289,780.80	0.71
ENTERGY LOUISIANA LLC	10/1/2024	344,482.50	343,406.10	1.11
ENTERGY LOUISIANA LLC	10/1/2024	858,710.00	856,026.80	1.11
EQUITABLE FINANCIAL LIFE GLOBAL FUNDING	8/12/2024	719,935.20	715,240.80	1.04
EQUITABLE FINANCIAL LIFE GLOBAL FUNDING	8/12/2024	1,784,839.35	1,773,201.15	1.04
F&G GLOBAL FUNDING	9/20/2024	324,931.75	321,906.00	1.24
F&G GLOBAL FUNDING	9/20/2024	804,830.95	797,336.40	1.24
FIFTH THIRD BANK NA (OHIO)	1/30/2023	444,626.20	451,483.65	0.55
FIFTH THIRD BANK NA (OHIO)	1/30/2023	1,029,134.80	1,045,007.10	0.55
GA GLOBAL FUNDING TRUST	9/13/2024	444,016.55	440,153.95	1.19
GA GLOBAL FUNDING TRUST	9/13/2024	1,107,546.90	1,097,912.10	1.19
HORMEL FOODS CORP	6/3/2024	104,981.10	104,660.85	0.78
HORMEL FOODS CORP	6/3/2024	259,953.20	259,160.20	0.78
HUNTINGTON NATIONAL BANK	2/3/2023	469,805.20	476,974.80	0.53
HUNTINGTON NATIONAL BANK	2/3/2023	1,099,076.00	1,116,324.00	0.53
KEYBANK NA	3/7/2023	592,902.60	592,002.00	0.51
KEYBANK NA	3/7/2023	101,937.64	101,782.80	0.51
KEYBANK NA	3/7/2023	311,595.00	311,580.00	0.51
KEYBANK NA	3/7/2023	150,524.50	150,597.00	0.51
KEYBANK NA	3/7/2023	821,620.13	817,378.20	0.51
MASSMUTUAL GLOBAL FUNDING II	10/21/2024	1,260,000.00	1,263,477.60	-0.09
MASSMUTUAL GLOBAL FUNDING II	10/21/2024	3,130,000.00	3,138,638.80	-0.09
METROPOLITAN LIFE GLOBAL FUNDING I	9/27/2024	439,947.20	437,162.00	0.93
METROPOLITAN LIFE GLOBAL FUNDING I	9/27/2024	1,089,869.20	1,082,969.50	0.93
NEW YORK LIFE GLOBAL FUNDING	8/27/2024	624,131.25	618,618.75	0.97
NEW YORK LIFE GLOBAL FUNDING	8/27/2024	1,547,845.50	1,534,174.50	0.97
NEW YORK LIFE GLOBAL FUNDING	10/29/2024	619,194.00	619,113.40	0.95
NEW YORK LIFE GLOBAL FUNDING	10/29/2024	1,542,991.50	1,542,790.65	0.95
NIKE INC	3/27/2025	44,938.80	46,868.40	1.13
NIKE INC	3/27/2025	89,877.60	93,736.80	1.13
OKLAHOMA GAS AND ELECTRIC CO	5/26/2023	190,000.00	189,416.70	0.75
OKLAHOMA GAS AND ELECTRIC CO	5/26/2023	430,000.00	428,679.90	0.75
PNC BANK NA	2/24/2023	95,000.00	95,387.60	0.45
PNC BANK NA	2/24/2023	220,000.00	220,897.60	0.45
PACCAR FINANCIAL CORP	2/7/2023	599,970.00	610,476.00	0.52
PACCAR FINANCIAL CORP	2/7/2023	1,399,930.00	1,424,444.00	0.52
PACCAR FINANCIAL CORP	8/9/2024	274,851.50	272,129.00	0.88
PACCAR FINANCIAL CORP	8/9/2024	684,630.10	677,848.60	0.88
PRECISION CASTPARTS CORP	1/15/2023	594,543.00	600,891.40	0.57
PRECISION CASTPARTS CORP	1/15/2023	1,370,472.00	1,385,105.60	0.57
PRINCIPAL LIFE GLOBAL FUNDING II	8/23/2024	324,798.50	322,283.00	1.05
PRINCIPAL LIFE GLOBAL FUNDING II	8/23/2024	799,504.00	793,312.00	1.05
ROCKWELL AUTOMATION INC	8/15/2023	124,940.00	124,711.25	0.48
ROCKWELL AUTOMATION INC	8/15/2023	314,848.80	314,272.35	0.48
SALESFORCE.COM INC	7/15/2024	149,923.50	149,716.50	0.70
SALESFORCE.COM INC	7/15/2024	349,821.50	349,338.50	0.70
CHARLES SCHWAB CORP	3/18/2024	524,737.50	524,217.75	0.81
CHARLES SCHWAB CORP	3/18/2024	1,229,385.00	1,228,167.30	0.81
UNITEDHEALTH GROUP INC	5/15/2024	514,464.40	511,333.20	0.83
UNITEDHEALTH GROUP INC	5/15/2024	1,188,762.40	1,181,527.20	0.83
AMAZON.COM INC	5/12/2024	3,265,225.80	3,245,442.30	0.75
AMERICAN HONDA FINANCE CORP	11/16/2022	2,021,300.00	2,044,760.00	0.46
AMERICAN HONDA FINANCE CORP	1/12/2024	1,585,215.00	1,585,875.00	0.92
APPLE INC	5/3/2023	1,977,040.00	2,056,100.00	0.53
APPLE INC	2/23/2023	2,949,060.00	3,082,530.00	0.45
BANK OF AMERICA CORP	1/11/2023	3,034,740.00	3,099,900.00	0.51
BANK OF NEW YORK MELLON CORP	1/29/2023	2,944,320.00	3,085,410.00	0.50
BERKSHIRE HATHAWAY INC	3/15/2023	2,924,460.00	3,084,840.00	0.41
BERKSHIRE HATHAWAY INC	3/15/2023	2,014,300.00	2,056,560.00	0.41
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	5,193,032.00	5,158,296.00	0.77
DEERE & CO	6/8/2022	1,466,700.00	1,512,420.00	0.29
JOHN DEERE CAPITAL CORP	1/17/2024	3,512,504.35	3,496,194.75	0.69
METROPOLITAN LIFE GLOBAL FUNDING I	9/27/2024	1,629,804.40	1,619,486.50	0.93
PACCAR FINANCIAL CORP	9/26/2022	1,488,170.00	1,522,020.00	0.38
PACCAR FINANCIAL CORP	2/7/2023	2,274,886.25	2,314,721.50	0.52
PACCAR FINANCIAL CORP	2/2/2024	1,618,120.80	1,604,772.00	0.77
ROYAL BANK OF CANADA	11/1/2024	4,205,160.00	4,146,480.00	1.01
SALESFORCE.COM INC	7/15/2024	564,711.85	563,932.15	0.70
CHARLES SCHWAB CORP	3/18/2024	2,333,832.50	2,331,520.85	0.81
CHARLES SCHWAB CORP	3/18/2024	2,006,720.00	1,997,020.00	0.81
TORONTO-DOMINION BANK	6/12/2024	3,171,900.00	3,132,330.00	0.94
TOYOTA MOTOR CREDIT CORP	4/6/2023	1,798,542.00	1,797,570.00	0.49
TOYOTA MOTOR CREDIT CORP	6/18/2024	3,086,322.90	3,056,164.50	0.92
US BANCORP	2/5/2024	2,107,940.00	2,110,320.00	0.82
US BANCORP	7/30/2024	2,662,075.00	2,598,200.00	0.90
VISA INC	12/14/2022	1,962,480.00	2,047,600.00	0.31
WALMART INC	6/26/2023	3,083,010.00	3,136,320.00	0.50
WALMART INC	6/26/2023	2,056,460.00	2,090,880.00	0.50
SUB-TOTAL		201,500,824.37	201,874,503.77	

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<u>MORTGAGE AND ASSET-BACK SECURITIES</u>				
CNH 2020-A A2	7/17/2023	85,555.31	85,589.90	0.29
CARMX 2020-3 B	3/16/2026	737,328.52	732,044.00	1.00
CARMX 2020-3 B	3/16/2026	121,012.50	120,336.00	1.00
CARMX 2019-3 A4	4/15/2025	470,640.63	467,062.05	0.99
CARMX 2020-2 A4	5/15/2025	1,492,593.75	1,481,871.00	1.05
CARMX 2019-4 B	7/15/2025	1,758,871.25	1,740,418.24	1.36
CARMX 2020-1 A3	12/16/2024	1,024,798.90	1,037,125.75	0.74
CARMX 2020-1 A3	12/16/2024	243,525.00	242,839.20	0.74
CARMX 2020-1 A4	6/16/2025	4,262,480.39	4,195,737.70	1.04
FH G12952	12/1/2022	34,046.53	33,352.66	1.68
FNA 2012-M9 A2	4/25/2022	92,306.34	92,281.62	0.47
FNA 2012-M9 A2	4/25/2022	19,019.96	19,015.61	0.47
FNA 2012-M17 A2	11/25/2022	265,908.10	279,402.07	0.40
FHR 3806 L	2/15/2026	277,734.22	274,666.86	0.64
FHMS K-020 A2	5/25/2022	0.03	0.03	0.29
FHMS K-023 A1	4/25/2022	15,222.44	15,705.08	0.22
FHMS K-023 A1	4/25/2022	74,442.99	75,776.99	0.22
FHMS K-025 A1	4/25/2022	3,860.35	3,899.19	0.19
FHMS K-025 A1	10/25/2022	500,603.91	496,991.50	0.41
FHMS K-025 A2	10/25/2022	3,611,499.61	3,599,867.25	0.41
FHMS K-S01 A2	1/25/2023	198,222.01	206,095.21	0.42
FHMS K-027 A2	1/25/2023	2,101,558.59	2,145,780.00	0.46
FHMS K-027 A2	1/25/2023	1,875,366.21	1,915,875.00	0.46
FHR 4285 BA	12/15/2023	375,026.59	372,958.57	0.67
FHMS K-041 A1	8/25/2024	1,671,522.71	1,643,319.68	0.71
FHMS K-046 A1	1/25/2025	559,940.89	553,896.64	0.59
FHMS K-PLB A	5/25/2025	2,156,328.13	2,112,620.00	1.11
FHMS K-PLB A	5/25/2025	2,640,039.06	2,640,775.00	1.11
FHMS K-047 A1	12/25/2024	0.02	0.02	0.33
FHMS K-050 A1	1/25/2025	2,451,583.19	2,414,820.73	0.56
FHMS K-051 A2	9/25/2025	4,348,857.42	4,250,516.00	1.19
FHMS K-051 A2	9/25/2025	330,046.88	322,824.00	1.19
FHMS K-051 A2	9/25/2025	1,337,686.53	1,307,437.20	1.19
FHMS K-052 A2	11/25/2025	985,992.19	964,584.00	1.21
FN AM0359	8/1/2022	2,628,657.33	2,621,913.58	1.13
FN AM8730	7/1/2025	1,786,081.53	1,750,251.28	1.36
FN AN0429	1/1/2025	979,255.94	951,692.62	1.18
FNR 0338C MP	5/25/2023	110,512.46	109,105.53	0.20
FNR 0338C MP	5/25/2023	121,643.83	119,806.89	0.20
FNR 0333J LB	5/25/2023	68,006.37	67,156.03	0.62
FNR 0364L HQ	7/25/2023	78,541.85	78,132.94	0.28
FHR 2666 OD	8/15/2023	73,411.53	72,773.98	0.66
FHR 2666 OD	8/15/2023	76,379.63	75,591.04	0.66
FHR 2756 KA	2/15/2024	299,147.31	293,870.58	0.71
FN BM6007	5/1/2023	430,941.80	419,374.37	1.22
FORDF 2017-3 A	9/15/2022	776,132.81	763,905.00	0.36
FORDF 2019-2 B	4/15/2024	1,831,369.92	1,801,365.30	1.05
FORDF 2019-3 A1	9/15/2024	4,105,937.50	4,065,760.00	0.35
FORDF 2020-1 A1	9/15/2025	1,007,617.19	999,310.00	0.74
FORDF 2020-1 A1	9/15/2025	180,935.16	179,875.80	0.74
FORDF 2020-1 A1	9/15/2025	1,005,625.00	999,310.00	0.74
FORDO 2021-A A3	8/15/2025	1,139,287.50	1,134,904.20	0.55
GMALT 2021-1 A3	2/20/2024	224,482.42	224,658.00	0.42
HAROT 2021-3 A3	11/18/2025	5,399,921.16	5,356,854.00	0.76
HART 2019-B C	6/15/2026	1,557,011.72	1,542,645.00	1.19
MBALT 2020-B A3	11/15/2023	3,171,923.44	3,166,392.60	0.35
MMAF 20B A3	8/14/2025	3,469,950.38	3,447,618.50	0.89
MMAF 20A A2	4/9/2024	1,248,951.54	1,250,978.78	0.46
PFSFC 2019-A A2	4/15/2024	517,893.52	508,900.19	0.31
PFSFC 20B A	6/17/2024	1,564,789.51	1,573,200.60	0.37
PFSFC 20B A	6/17/2024	150,984.38	150,786.00	0.37
PFSFC 20E A	10/15/2025	302,156.25	300,150.00	0.98
PFSFC 20E A	10/15/2025	1,007,421.87	1,000,500.00	0.98
SCART 20A A	10/15/2024	953,550.67	957,672.25	0.68
TAOT 2020-D A3	1/15/2025	442,345.31	441,398.88	0.46
ALLYA 2019-1 A3	9/15/2023	141,540.01	142,651.35	1.05
ALLYA 2019-1 A3	9/15/2023	275,630.55	277,794.73	1.05
BMWLT 2021-1 A3	1/25/2024	234,992.55	234,710.95	0.41
BMWLT 2021-1 A3	1/25/2024	534,983.04	534,341.95	0.41
COPAR 2019-1 A3	11/15/2023	126,044.79	127,188.58	0.81
COPAR 2019-1 A3	11/15/2023	252,089.58	254,377.15	0.81
COPAR 2021-1 A3	9/15/2026	359,993.20	358,930.80	0.87
COPAR 2021-1 A3	9/15/2026	879,983.37	877,386.40	0.87
CARMX 2021-2 A3	2/17/2026	399,913.80	399,416.00	0.59
CARMX 2021-2 A3	2/17/2026	914,802.82	913,664.10	0.59
CARMX 2020-4 A3	8/15/2025	144,968.08	144,856.45	0.56
CARMX 2020-4 A3	8/15/2025	329,927.37	329,673.30	0.56
CARMX 2021-1 A3	12/15/2025	194,961.47	194,329.20	0.52
CARMX 2021-1 A3	12/15/2025	454,910.09	453,434.80	0.52
CARMX 2021-3 A3	6/15/2026	764,874.16	760,738.95	0.77
CARMX 2021-3 A3	6/15/2026	1,759,710.48	1,750,196.80	0.77
DCENT 2019-3 A	10/15/2024	304,934.49	309,538.40	0.35
DCENT 2019-3 A	10/15/2024	694,850.71	705,341.60	0.35
DCENT 2021-1 A	9/16/2024	389,916.50	385,756.80	0.97
DCENT 2021-1 A	9/16/2024	944,797.68	934,718.40	0.97
FNA 2012-M5 A2	2/25/2022	42,201.38	42,470.98	1.51
FNA 2012-M5 A2	2/25/2022	98,469.88	99,098.95	1.51
FNA 2013-M1 A2	8/25/2022	193,429.01	193,727.44	0.24
FNA 2013-M1 A2	8/25/2022	451,334.36	452,030.68	0.24
FNA 2013-M7 A2	12/25/2022	150,926.84	151,351.27	0.18
FNA 2013-M7 A2	12/25/2022	367,884.18	368,918.73	0.18
FHMS K-018 A2	1/25/2022	617,696.86	621,291.23	0.65
FHMS K-018 A2	1/25/2022	1,418,193.34	1,426,445.78	0.65
FHMS K-019 A2	3/25/2022	663,190.24	674,577.10	0.35
FHMS K-019 A2	3/25/2022	1,492,261.46	1,517,883.32	0.35
FHMS K-022 A2	7/25/2022	361,041.75	363,861.28	0.35
FHMS K-022 A2	7/25/2022	822,811.24	829,236.94	0.35
FHMS K-023 A1	4/25/2022	152,866.71	157,050.76	0.22
FHMS K-023 A2	8/25/2022	537,825.78	536,874.10	0.35
FHMS K-023 A2	8/25/2022	1,238,014.06	1,235,823.40	0.35
FHMS K-026 A2	11/25/2022	1,201,756.25	1,201,806.40	0.41
FHMS K-026 A2	11/25/2022	2,260,931.25	2,261,025.60	0.41
FHMS K-026 A2	11/25/2022	510,800.78	509,240.00	0.41
FHMS K-034 A1	2/25/2023	124,880.08	126,869.26	0.27
FHMS K-034 A1	2/25/2023	273,006.72	277,355.36	0.27
FHMS K-035 A1	3/25/2023	144,356.04	146,986.63	0.19
FHMS K-035 A1	3/25/2023	171,475.43	174,600.22	0.19
FHMS K-720 A2	6/25/2022	927,022.23	936,307.76	0.35
FHMS K-720 A2	6/25/2022	1,175,502.42	1,187,276.85	0.35
FHMS K-720 A2	6/25/2022	962,386.65	965,265.73	0.35
FHMS K-P05 A	7/25/2023	48,184.25	49,348.52	1.63
FHMS K-J27 A1	7/25/2024	353,775.67	359,826.80	0.60
FITAT 2019-1 A3	12/15/2023	229,864.23	231,772.47	0.96
FORDO 2021-A A3	8/15/2025	259,978.08	258,837.80	0.55
FORDO 2021-A A3	8/15/2025	599,949.42	597,318.00	0.55
GMCAR 2021-4 A3	9/16/2026	299,992.35	298,599.00	0.85
GMCAR 2021-4 A3	9/16/2026	719,981.64	716,637.60	0.85
GMCAR 2019-1 A3	11/16/2023	563,682.04	567,527.18	1.14

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<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
GMCAR 2020-3 A3	4/16/2025	269,938.22	269,967.60	0.46
GMCAR 2020-3 A3	4/16/2025	629,855.86	629,924.40	0.46
GMCAR 2020-4 A3	8/18/2025	129,872.22	129,798.50	0.48
GMCAR 2020-4 A3	8/18/2025	294,836.96	294,542.75	0.48
GMALT 2021-1 A3	2/20/2024	329,966.21	329,498.40	0.42
GMALT 2021-1 A3	2/20/2024	754,922.69	753,852.40	0.42
HDMOT 2020-A A3	10/15/2024	194,173.51	195,746.29	0.79
HDMOT 2020-A A3	10/15/2024	446,965.43	450,585.80	0.79
HAROT 2018-4 A3	1/15/2023	188,120.51	189,160.88	0.78
HAROT 2018-3 A3	8/22/2022	24,861.13	24,906.56	0.18
HALST 2021-A A3	1/16/2024	149,981.28	149,871.00	0.42
HALST 2021-A A3	1/16/2024	344,956.94	344,703.30	0.42
HART 2019-A A3	6/15/2023	144,109.79	145,043.97	0.79
HART 2021-A A3	9/15/2025	264,972.12	263,815.45	0.61
HART 2021-A A3	9/15/2025	604,936.36	602,295.65	0.61
HALST 21C A3	8/15/2024	499,954.75	497,410.00	0.68
HALST 21C A3	8/15/2024	1,209,890.49	1,203,732.20	0.68
KCOT 211 A3	8/15/2025	274,943.73	273,520.50	0.89
KCOT 211 A3	8/15/2025	639,869.06	636,556.80	0.89
MBALT 2020-B A3	11/15/2023	79,995.94	80,035.20	0.35
MBALT 2020-B A3	11/15/2023	179,890.88	180,079.20	0.35
MBART 2020-1 A3	2/18/2025	189,985.16	190,459.80	0.33
MBART 2020-1 A3	2/18/2025	434,966.03	436,052.70	0.33
MBART 2018-1 A3	1/15/2023	65,842.23	65,930.36	1.17
NAROT 2018-C A3	6/15/2023	81,844.85	82,472.04	1.07
NAROT 2018-C A3	6/15/2023	163,689.71	164,944.07	1.07
NAROT 2020-B A3	7/15/2024	349,990.41	350,455.00	0.40
NAROT 2020-B A3	7/15/2024	799,978.08	801,040.00	0.40
NAROT 2018-B A3	3/15/2023	237,775.25	238,795.91	1.11
NAROT 2019-C A3	7/15/2024	207,245.85	209,074.44	0.81
NAROT 2019-C A3	7/15/2024	483,573.65	487,840.35	0.81
NAROT 2019-A A3	10/16/2023	297,850.60	300,681.06	0.98
NAROT 2019-A A3	10/16/2023	605,009.04	610,758.40	0.98
TAOT 2018-D A3	3/15/2023	89,876.12	90,539.22	0.20
TAOT 2018-D A3	3/15/2023	134,814.18	135,808.82	0.20
TAOT 2019-C A3	9/15/2023	205,764.93	207,153.49	0.60
TAOT 2019-C A3	9/15/2023	440,924.85	443,900.33	0.60
TLOT 21B A3	10/21/2024	239,996.76	238,840.80	0.70
TLOT 21B A3	10/21/2024	559,992.44	557,295.20	0.70
VZOT 2020-B A	2/20/2025	239,949.60	239,968.80	0.48
VZOT 2020-B A	2/20/2025	559,882.40	559,927.20	0.48
VZOT 2019-C A1A	4/22/2024	429,966.85	433,508.80	0.48
VZOT 2019-C A1A	4/22/2024	994,923.28	1,003,119.20	0.48
VZOT 2020-A A1A	7/22/2024	299,964.87	303,246.00	0.43
VZOT 2020-A A1A	7/22/2024	699,918.03	707,574.00	0.43
VWALT 2019-A A3	11/21/2022	145,710.69	146,349.76	-0.34
VWALT 2019-A A3	11/21/2022	331,160.65	332,613.08	-0.34
VALET 2018-2 A3	4/20/2023	119,610.51	120,265.05	0.44
VALET 2018-2 A3	4/20/2023	261,648.00	263,079.80	0.44
WOART 2020-B A3	5/15/2025	299,976.48	300,513.00	0.49
WOART 2020-B A3	5/15/2025	699,945.12	701,197.00	0.49
BMWLT 2021-1 A4	7/25/2024	409,983.72	408,483.00	0.61
BMWLT 2021-1 A4	7/25/2024	939,962.69	936,522.00	0.61
COPAR 2020-1 A3	11/15/2024	613,002.33	618,601.83	0.66
COPAR 2020-1 A3	11/15/2024	1,427,146.06	1,440,182.39	0.66
COPAR 2021-1 A3	9/15/2026	1,249,976.38	1,246,287.50	0.87
COPAR 2021-1 A3	9/15/2026	1,999,962.20	1,994,060.00	0.87
CARMX 2021-2 A3	2/17/2026	1,009,782.35	1,008,525.40	0.59
CARMX 2021-2 A3	2/17/2026	2,339,495.73	2,336,583.60	0.59
CARMX 2021-3 A3	6/15/2026	1,249,794.38	1,243,037.50	0.77
CARMX 2021-3 A3	6/15/2026	2,899,522.95	2,883,847.00	0.77
DRIVE 2020-2 A3	5/15/2024	83,174.48	83,220.91	0.51
DRIVE 2020-2 A3	5/15/2024	192,614.58	192,722.10	0.51
DRIVE 2021-2 A3	3/17/2025	1,649,879.88	1,647,756.00	0.45
DRIVE 2021-1 A3	11/15/2024	389,977.07	390,218.40	0.37
DRIVE 2021-1 A3	11/15/2024	909,946.49	910,509.60	0.37
EART 2021-2 A3	10/15/2024	509,955.99	509,745.00	0.36
EART 2021-2 A3	10/15/2024	1,189,897.30	1,189,405.00	0.36
EART 2021-3 A3	2/18/2025	1,549,906.23	1,547,318.50	0.50
FHMS K-SMC A2	1/25/2023	1,175,160.15	1,210,396.80	0.39
FHMS K-SMC A2	1/25/2023	308,728.52	317,985.60	0.39
FHMS K-SMC A2	1/25/2023	2,030,198.44	2,092,550.40	0.39
FHMS K-SMC A2	1/25/2023	410,500.00	410,304.00	0.39
FHMS K-724 A1	3/25/2023	152,610.03	153,755.72	0.32
FHMS K-724 A1	3/25/2023	215,013.33	215,997.63	0.32
FHMS K-J33 A1	12/25/2025	420,899.39	415,268.89	0.93
FHMS K-J33 A1	12/25/2025	962,985.62	950,101.91	0.93
FHMS K-727 A2	7/25/2024	1,357,699.22	1,310,148.00	1.30
FHMS K-727 A2	7/25/2024	3,135,638.67	3,025,818.00	1.30
FHMS K-J23 A2	12/25/2022	238,967.64	239,305.09	0.57
FHMS K-J23 A2	12/25/2022	489,646.60	490,365.33	0.57
FHMS K-J30 A1	1/25/2025	471,730.97	466,882.69	0.94
FHMS K-J30 A1	1/25/2025	1,083,731.23	1,072,592.51	0.94
GMALT 2021-3 A3	10/21/2024	1,899,974.16	1,890,633.00	0.69
GMCAR 212 A3	4/16/2026	199,982.42	199,244.00	0.68
GMCAR 212 A3	4/16/2026	449,960.45	448,299.00	0.68
GALC 212 A3	7/15/2025	899,884.71	893,826.00	0.00
GALC 212 A3	7/15/2025	2,299,705.37	2,284,222.00	0.00
HDMOT 2019-A A3	2/15/2024	455,146.31	457,853.46	0.88
HDMOT 2019-A A3	2/15/2024	1,062,008.06	1,068,324.74	0.88
HAROT 2019-3 A3	8/15/2023	356,141.97	358,602.32	0.56
HAROT 2019-3 A3	8/15/2023	815,888.87	821,525.32	0.56
JDOT 2019 A3	7/17/2023	173,182.90	174,541.32	0.47
JDOT 2019 A3	7/17/2023	400,579.58	403,721.67	0.47
JDOT 2020 A3	8/15/2024	839,948.68	844,242.00	0.54
JDOT 2020 A3	8/15/2024	1,959,880.24	1,969,898.00	0.54
MBALT 2020-A A3	12/15/2022	202,202.68	203,070.60	0.07
MBALT 2020-A A3	12/15/2022	469,632.02	471,647.85	0.07
SDART 2021-4 A3	8/15/2025	749,931.07	748,957.50	0.60
SDART 2021-4 B	6/15/2026	249,972.17	249,307.50	1.01
SDART 2020-3	7/15/2024	551,071.10	551,129.30	0.52
SDART 2020-3	7/15/2024	1,288,314.87	1,288,450.93	0.52
SDART 2021-1 A3	9/16/2024	889,962.44	890,195.80	0.29
SDART 2021-1 A3	9/16/2024	2,059,915.07	2,060,453.20	0.29
SDART 2021-3 A3	3/17/2025	1,049,887.23	1,048,509.00	0.45
SDART 2021-3 B	12/15/2025	1,449,739.00	1,446,491.00	0.73
TAOT 2019-C A3	9/15/2023	323,344.89	325,526.91	0.60
TAOT 2019-C A3	9/15/2023	752,511.75	757,589.89	0.60
VWALT 2019-A A3	11/21/2022	137,762.83	138,367.04	-0.34
VWALT 2019-A A3	11/21/2022	312,615.66	313,986.75	-0.34
WOLS 2021-A A3	8/15/2024	900,163.26	895,770.00	0.69
WOLS 2021-A A3	8/15/2024	2,099,750.94	2,090,130.00	0.69
BMWLT 2021-2 A3	12/26/2024	1,299,865.84	1,293,981.00	0.64
GMCAR 2021-4 A3	9/16/2026	1,074,972.59	1,069,979.75	0.85
HAROT 2020-1 A3	4/22/2024	2,939,423.76	2,965,842.60	0.56
HAROT 2019-3 A3	8/15/2023	1,790,422.80	1,802,791.68	0.56
HART 2021-A A3	9/15/2025	1,759,814.85	1,752,132.80	0.61
SDART 2021-B A3	1/15/2026	3,614,202.17	3,583,838.70	0.98
JDOT 2019-B A3	12/15/2023	755,683.41	762,366.81	0.50

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DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
JDOT 2020 A3	8/15/2024	2,124,870.16	2,135,731.25	0.54
MBALT 2021-B A3	11/15/2024	1,989,849.76	1,980,607.20	0.69
MBALT 2020-A A3	12/15/2022	919,696.04	923,643.71	0.07
NAROT 2019-C A3	7/15/2024	2,268,190.71	2,288,203.56	0.81
TAOT 2020-D A3	1/15/2025	1,689,685.15	1,687,701.60	0.46
TAOT 2021-A A3	5/15/2025	3,699,313.28	3,687,272.00	0.48
SUB-TOTAL		204,995,115.89	204,455,186.09	
Municipal Debt				
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	2,865,000.00	2,887,604.85	0.26
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	1,105,500.00	1,108,679.00	0.26
CALIFORNIA ST	4/1/2024	3,239,373.40	3,256,310.05	0.68
CHAFFEY CMNTY COLLEGE DIST CALIF	6/1/2022	715,000.00	721,206.20	0.13
COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/12/2024	4,332,008.85	4,292,256.90	0.83
EL CAJON CALIF	4/1/2023	610,000.00	609,512.00	0.71
EL CAJON CALIF	4/1/2024	540,000.00	537,953.40	1.09
EL DORADO CALIF IRR DIST REV	3/1/2023	720,000.00	723,960.00	0.46
EL DORADO CALIF IRR DIST REV	3/1/2024	720,000.00	724,104.00	0.83
HAWAII ST ARPTS SYS CUSTOMER FAC CHARGE REV	7/1/2022	715,000.00	720,677.10	0.63
HAWAII ST ARPTS SYS CUSTOMER FAC CHARGE REV	7/1/2024	715,000.00	727,390.95	1.35
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	1,620,000.00	1,619,919.00	0.32
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	900,000.00	901,710.00	0.33
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2023	720,000.00	719,582.40	0.68
LOS ANGELES CNTY CALIF PUB WKS FING AUTH LEASE REV	12/1/2021	1,537,050.00	1,503,510.00	0.54
MASSACHUSETTS ST WTR RES AUTH IAM COML PAPER NTS 3	8/1/2023	2,365,000.00	2,418,496.30	0.48
NEW YORK STATE DORMITORY AUTHORITY	3/15/2025	2,690,000.00	2,668,775.90	1.13
OHLONE CALIF CMNTY COLLEGE DIST	8/1/2022	800,000.00	808,800.00	0.24
PASADENA CALIF PUB FING AUTH LEASE REV	12/1/2021	400,000.00	400,960.00	0.53
PENNSYLVANIA ST TPK COMMN TPK REV	12/1/2021	876,767.50	876,443.75	0.41
RANCHO SANTIAGO CALIF CMNTY COLLEGE DIST	9/1/2023	865,000.00	864,273.40	0.46
RHODE IS ST TPK & BRDG AUTH TOLL REV	12/1/2021	480,000.00	480,710.40	0.45
RHODE IS ST TPK & BRDG AUTH TOLL REV	12/1/2022	400,000.00	407,640.00	0.40
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2022	2,420,000.00	2,434,229.60	0.27
SAN DIEGO CALIF CMNTY COLLEGE DIST	8/1/2022	1,500,000.00	1,519,755.00	0.19
SAN DIEGO CNTY CALIF WTR AUTH WTR REV	5/1/2024	1,440,000.00	1,433,390.40	0.78
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2022	2,138,837.50	2,169,632.45	0.44
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2023	1,635,140.00	1,687,057.35	0.57
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2022	430,000.00	431,754.40	0.21
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2023	430,000.00	429,686.10	0.54
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2023	2,590,000.00	2,598,547.00	0.49
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2024	2,625,000.00	2,626,548.75	0.81
UTAH HSG CORP SINGLE FAMILY MTG REV	1/1/2022	875,000.00	877,091.25	0.71
UTAH HSG CORP SINGLE FAMILY MTG REV	7/1/2022	365,000.00	368,354.35	0.78
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2022	560,000.00	562,525.60	0.40
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	720,000.00	723,679.20	0.79
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	722,793.60	723,679.20	0.79
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	728,517.60	723,679.20	0.79
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2022	250,000.00	251,637.50	0.35
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2022	565,000.00	568,700.75	0.35
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2022	190,000.00	190,271.70	0.22
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2022	435,000.00	435,622.05	0.22
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2023	70,000.00	69,736.10	0.60
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2023	160,000.00	159,396.80	0.60
CALIFORNIA ST UNIV REV	11/1/2023	300,000.00	299,379.00	0.58
CALIFORNIA ST UNIV REV	11/1/2023	700,000.00	698,551.00	0.58
CONNECTICUT ST	7/1/2023	70,417.90	71,680.00	0.56
CONNECTICUT ST	7/1/2023	155,925.35	158,720.00	0.56
FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	310,000.00	310,046.50	1.25
FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	715,000.00	715,107.25	1.25
LOS ANGELES CALIF CMNTY COLLEGE DIST	8/1/2023	230,000.00	230,094.30	0.42
LOS ANGELES CALIF CMNTY COLLEGE DIST	8/1/2023	530,000.00	530,217.30	0.42
MARYLAND ST	8/1/2023	545,000.00	544,144.35	0.50
MARYLAND ST	8/1/2023	1,580,000.00	1,577,519.40	0.50
MISSISSIPPI ST	11/1/2023	280,000.00	278,849.20	0.63
MISSISSIPPI ST	11/1/2023	645,000.00	642,349.05	0.63
NEW JERSEY ST TPK AUTH TPK REV	1/1/2025	255,000.00	253,566.90	1.08
NEW JERSEY ST TPK AUTH TPK REV	1/1/2025	595,000.00	591,656.10	1.08
NEW YORK ST URBAN DEV CORP REV	3/15/2023	275,000.00	274,923.00	0.50
NEW YORK ST URBAN DEV CORP REV	3/15/2023	640,000.00	639,820.80	0.50
NEW YORK ST URBAN DEV CORP REV	3/15/2024	845,000.00	839,777.90	0.88
NEW YORK ST URBAN DEV CORP REV	3/15/2024	1,945,000.00	1,932,979.90	0.88
ALAMEDA CNTY CALIF JT PWRS AUTH LEASE REV	6/1/2022	387,657.00	386,091.40	0.27
ALAMEDA CNTY CALIF JT PWRS AUTH LEASE REV	6/1/2022	887,530.50	883,946.10	0.27
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	1,110,000.00	1,138,271.70	0.39
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	2,590,000.00	2,655,967.30	0.39
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	460,345.50	453,550.50	0.26
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	1,074,139.50	1,058,284.50	0.26
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	240,000.00	245,971.20	0.48
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	550,000.00	563,684.00	0.48
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2023	105,000.00	106,383.90	0.68
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2023	260,000.00	263,426.80	0.68
CALIFORNIA ST	3/1/2022	267,579.20	125,130.08	0.31
CALIFORNIA ST	3/1/2022	633,452.80	592,452.60	0.31
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	284,204.69	267,458.58	0.59
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	312,863.98	294,429.19	0.59
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	333,842.71	325,894.85	0.59
CALIFORNIA ST UNIV REV	11/1/2023	330,000.00	329,316.90	0.58
CALIFORNIA ST UNIV REV	11/1/2023	760,000.00	758,426.80	0.58
CALIFORNIA STATEWIDE CMNTYS DEV AUTH REV	2/1/2023	265,000.00	264,753.55	0.42
CALIFORNIA STATEWIDE CMNTYS DEV AUTH REV	2/1/2023	610,000.00	609,432.70	0.42
CORONA CALIF PENSION OBLIG	5/1/2024	430,000.00	427,996.20	0.90
CORONA CALIF PENSION OBLIG	5/1/2024	1,080,000.00	1,074,967.20	0.90
EL SEGUNDO CALIF PENSION OBLIG	7/1/2023	415,000.00	413,576.55	0.58
EL SEGUNDO CALIF PENSION OBLIG	7/1/2023	970,000.00	966,672.90	0.58
GOLDEN ST TOB SECURITIZATION CORP CALIF TOB SETTLE	6/1/2025	610,000.00	609,042.30	1.45
GOLDEN ST TOB SECURITIZATION CORP CALIF TOB SETTLE	6/1/2025	1,510,000.00	1,507,629.30	1.45
LOS ALTOS CALIF SCH DIST	10/1/2024	1,065,466.50	1,053,108.00	0.90
LOS ALTOS CALIF SCH DIST	10/1/2024	2,486,088.50	2,457,252.00	0.90
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2025	480,000.00	474,379.20	1.25
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2025	1,120,000.00	1,106,884.80	1.25
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	305,868.00	307,947.00	0.35
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	713,692.00	718,543.00	0.35
MASSACHUSETTS (COMMONWEALTH OF)	5/1/2022	354,008.00	344,199.00	0.19
MASSACHUSETTS (COMMONWEALTH OF)	5/1/2022	832,960.00	809,880.00	0.19
OAKLAND-ALAMEDA CNTY CALIF COLISEUM AUTH LEASE REV	2/1/2023	317,532.00	310,020.00	0.67
OAKLAND-ALAMEDA CNTY CALIF COLISEUM AUTH LEASE REV	2/1/2023	740,908.00	723,380.00	0.67
PALM DESERT CALIF REDEV AGY SUCCESSOR AGY TAX ALLO	10/1/2022	330,661.50	331,409.00	0.60
PALM DESERT CALIF REDEV AGY SUCCESSOR AGY TAX ALLO	10/1/2022	783,413.40	785,184.40	0.60
REDONDO BEACH CALIF CMNTY FING AUTH LEASE REV	5/1/2026	450,000.00	449,793.00	1.33
REDONDO BEACH CALIF CMNTY FING AUTH LEASE REV	5/1/2026	1,045,000.00	1,044,519.30	1.33
RIVERSIDE CALIF UNI SCH DIST	2/1/2022	230,000.00	230,924.60	0.23
RIVERSIDE CALIF UNI SCH DIST	2/1/2022	520,000.00	522,090.40	0.23
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2023	415,000.00	425,200.70	0.46
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2023	960,000.00	983,596.80	0.46
RIVERSIDE CNTY CALIF INFRASTRUCTURE FING AUTH LEAS	11/1/2024	520,000.00	518,549.20	0.97
RIVERSIDE CNTY CALIF INFRASTRUCTURE FING AUTH LEAS	11/1/2024	1,290,000.00	1,286,400.90	0.97

Orange County Transportation Authority
Portfolio Listing
As of October 31, 2021

DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
SACRAMENTO CNTY CALIF SANTN DIST FING AUTH REV	12/1/2023	450,000.00	449,190.00	0.85
SACRAMENTO CNTY CALIF SANTN DIST FING AUTH REV	12/1/2023	1,050,000.00	1,048,110.00	0.85
SAN BERNARDINO CALIF CMNTY COLLEGE DIST	8/1/2024	270,000.00	270,855.90	0.83
SAN BERNARDINO CALIF CMNTY COLLEGE DIST	8/1/2024	620,000.00	621,965.40	0.83
SAN FRANCISCO CALIF CITY & CNTY PUB UTILS COMMN WT	11/1/2022	190,000.00	193,167.30	0.29
SAN FRANCISCO CALIF CITY & CNTY PUB UTILS COMMN WT	11/1/2022	440,000.00	447,334.80	0.29
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2022	710,000.00	720,025.20	0.25
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2022	1,640,000.00	1,663,156.80	0.25
SANTA BARBARA CNTY CALIF SOLID WASTE SYS REV CTFS	12/1/2021	115,000.00	115,264.50	0.70
SANTA BARBARA CNTY CALIF SOLID WASTE SYS REV CTFS	12/1/2021	260,000.00	260,598.00	0.70
SEMITROPIC IMPT DIST SEMITROPIC WTR STORAGE DIST C	12/1/2022	497,505.60	489,244.80	0.39
SEMITROPIC IMPT DIST SEMITROPIC WTR STORAGE DIST C	12/1/2022	1,140,117.00	1,121,186.00	0.39
SOUTHERN CALIF PUB PWR AUTH PWR PROJ REV	7/1/2023	825,000.00	824,703.00	0.55
SOUTHERN CALIF PUB PWR AUTH PWR PROJ REV	7/1/2023	1,910,000.00	1,909,312.40	0.55
UNIV CALIF REGTS MED CTR POOLED REV	5/15/2022	478,342.50	474,027.90	0.31
UNIV CALIF REGTS MED CTR POOLED REV	5/15/2022	1,099,170.00	1,089,255.60	0.31
UNIVERSITY CALIF REVS	5/15/2022	582,035.80	589,396.00	0.30
UNIVERSITY CALIF REVS	5/15/2022	1,344,703.40	1,361,708.00	0.30
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2022	740,000.00	741,953.60	0.18
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2022	1,720,000.00	1,724,540.80	0.18
VALLEJO CALIF WTR REV	5/1/2023	250,000.00	252,275.00	0.86
VALLEJO CALIF WTR REV	5/1/2023	590,000.00	595,369.00	0.86
NEW YORK ST	2/15/2024	3,000,000.00	3,089,580.00	0.70
SUB-TOTAL		112,756,419.79	112,813,070.69	
<i>Variable & Floating Rate</i>				
BMW US CAPITAL LLC	4/1/2024	2,410,000.00	2,430,485.00	0.23
BANK OF AMERICA CORP	12/20/2023	2,879,411.20	2,811,733.20	0.70
BANK OF AMERICA CORP	10/24/2024	2,256,637.50	2,247,120.00	0.85
BANK OF AMERICA CORP	10/24/2024	802,424.00	798,976.00	0.85
CITIGROUP INC	5/1/2025	2,515,000.00	2,503,934.00	1.04
FHMS K-048 A2	6/25/2025	180,617.00	176,710.05	1.15
FHMS K-730 AM	1/25/2025	3,800,660.16	3,678,942.00	1.42
FN AL3382	3/1/2023	611,550.21	611,175.27	1.07
GOLDMAN SACHS GROUP INC	11/17/2023	1,511,963.00	1,508,263.50	0.66
GOLDMAN SACHS GROUP INC	10/21/2024	4,730,000.00	4,724,938.90	0.83
JPMORGAN CHASE & CO	12/5/2024	413,542.50	398,651.25	0.98
JPMORGAN CHASE & CO	12/5/2024	3,961,872.00	3,827,052.00	0.98
JDOT 2021 A3	9/15/2025	1,099,871.10	1,094,148.00	0.65
MORGAN STANLEY	11/10/2023	5,725,000.00	5,719,904.75	0.58
MORGAN STANLEY	11/10/2023	1,801,008.00	1,798,398.00	0.58
PNC BANK NA	2/24/2023	4,045,000.00	4,048,074.20	0.23
TRUIST FINANCIAL CORP	6/9/2025	3,685,000.00	3,687,837.45	0.42
WELLS FARGO & CO	6/2/2024	6,140,580.00	6,086,580.00	0.74
BANK OF AMERICA CORP	3/5/2024	319,278.00	311,157.00	0.77
BANK OF AMERICA CORP	3/5/2024	744,982.00	726,033.00	0.77
BANK OF AMERICA CORP	5/19/2024	430,000.00	434,730.00	0.77
BANK OF AMERICA CORP	5/19/2024	995,000.00	1,005,945.00	0.77
BANK OF AMERICA CORP	4/22/2025	255,000.00	253,893.30	1.04
BANK OF AMERICA CORP	4/22/2025	595,000.00	592,417.70	1.04
CARMX 2020-3 A3	3/17/2025	234,959.72	235,408.90	0.47
CARMX 2020-3 A3	3/17/2025	539,907.45	540,939.60	0.47
CITIGROUP INC	10/30/2024	760,000.00	758,176.00	0.93
CITIGROUP INC	10/30/2024	1,740,000.00	1,735,824.00	0.93
CITIGROUP INC	5/1/2025	85,000.00	84,626.00	1.04
CITIGROUP INC	5/1/2025	205,000.00	204,098.00	1.04
CITIGROUP INC	11/4/2022	95,000.00	95,008.55	1.65
CITIGROUP INC	11/4/2022	215,000.00	215,019.35	1.65
GMALT 2020-3 A3	8/21/2023	189,981.80	190,172.90	0.30
GMALT 2020-3 A3	8/21/2023	434,958.33	435,395.85	0.30
GMCAR 2021-1 A3	10/16/2025	369,941.10	368,742.00	0.55
GMALT 2021-2 A3	5/20/2024	479,924.64	478,737.60	0.55
GMALT 2021-2 A3	5/20/2024	1,109,825.73	1,107,080.70	0.55
GOLDMAN SACHS GROUP INC	11/17/2023	510,000.00	509,413.50	0.66
GOLDMAN SACHS GROUP INC	11/17/2023	1,165,000.00	1,163,660.25	0.66
JPMORGAN CHASE & CO	6/1/2024	475,000.00	480,890.00	1.00
JPMORGAN CHASE & CO	6/1/2024	1,100,000.00	1,113,640.00	1.00
JPMORGAN CHASE & CO	9/16/2024	90,000.00	89,763.30	0.71
JPMORGAN CHASE & CO	9/16/2024	210,000.00	209,447.70	0.71
JPMORGAN CHASE & CO	2/16/2025	245,000.00	242,501.00	0.87
JPMORGAN CHASE & CO	2/16/2025	570,000.00	564,186.00	0.87
JPMORGAN CHASE & CO	3/16/2024	305,000.00	305,064.05	0.68
JPMORGAN CHASE & CO	3/16/2024	695,000.00	695,145.95	0.68
JPMORGAN CHASE & CO	6/1/2025	240,000.00	238,132.80	1.06
JPMORGAN CHASE & CO	6/1/2025	545,000.00	540,759.90	1.06
KCOT 212 A3	11/17/2025	464,982.47	460,224.45	1.03
KCOT 212 A3	11/17/2025	1,064,959.85	1,054,062.45	1.03
MORGAN STANLEY	1/25/2024	465,000.00	464,023.50	0.61
MORGAN STANLEY	1/25/2024	1,070,000.00	1,067,753.00	0.61
MORGAN STANLEY	4/5/2024	75,000.00	74,910.75	0.75
MORGAN STANLEY	4/5/2024	175,000.00	174,791.75	0.75
NALT 2020-B A3	10/16/2023	129,886.62	130,132.60	0.27
NALT 2020-B A3	10/16/2023	294,969.65	295,300.90	0.27
TLOT-21A-A3	4/20/2024	329,961.49	329,732.70	0.45
TLOT-21A-A3	4/20/2024	754,911.89	754,388.45	0.45
ACAR 214 B	3/13/2036	449,930.07	450,000.00	0.00
ACAR 214 B	3/13/2036	1,049,836.83	1,050,000.00	0.00
ANALOG DEVICES INC	10/1/2024	125,000.00	125,127.50	0.27
ANALOG DEVICES INC	10/1/2024	310,000.00	310,316.20	0.27
BANK OF AMERICA CORP	10/22/2025	658,281.25	646,350.00	1.22
BANK OF AMERICA CORP	10/22/2025	1,527,212.50	1,499,532.00	1.22
BANK OF AMERICA CORP	10/24/2024	645,000.00	644,174.40	0.85
BANK OF AMERICA CORP	10/24/2024	1,510,000.00	1,508,067.20	0.85
BANK OF AMERICA CORP	4/22/2025	525,000.00	522,721.50	1.04
BANK OF AMERICA CORP	4/22/2025	1,220,000.00	1,214,705.20	1.04
CITIGROUP INC	10/30/2024	625,000.00	623,500.00	0.93
CITIGROUP INC	10/30/2024	1,440,000.00	1,436,544.00	0.93
CITIGROUP INC	5/1/2025	185,000.00	184,188.00	1.04
CITIGROUP INC	5/1/2025	430,000.00	428,108.00	1.04
JOHN DEERE CAPITAL CORP	10/11/2024	790,000.00	791,880.20	0.17
JOHN DEERE CAPITAL CORP	10/11/2024	1,965,000.00	1,969,676.70	0.17
FNA 2014-M8 A2	6/25/2024	597,068.96	578,574.97	0.78
FNA 2014-M8 A2	6/25/2024	1,375,597.70	1,332,989.07	0.78
FHMS K-029 A2	2/25/2023	1,072,640.81	1,057,074.37	0.52
FHMS K-029 A2	2/25/2023	541,486.98	533,668.61	0.52
FHMS K-029 A2	2/25/2023	1,166,279.64	1,149,440.09	0.52
FHMS K-029 A2	2/25/2023	816,441.53	810,765.78	0.52
FHMS K-029 A2	2/25/2023	1,788,470.27	1,734,422.99	0.52
FHMS K-031 A2	4/25/2023	1,139,967.97	1,109,172.70	0.58
FHMS K-031 A2	4/25/2023	2,631,514.84	2,560,426.70	0.58
FHMS K-032 A2	5/25/2023	1,149,819.14	1,173,584.10	0.63
FHMS K-032 A2	5/25/2023	2,655,776.95	2,710,667.70	0.63
FHMS K-033 A2	7/25/2023	1,143,989.06	1,130,068.40	0.64
FHMS K-033 A2	7/25/2023	2,665,809.38	2,633,370.40	0.64
FHMS K-105 A	7/25/2024	155,504.03	155,741.95	0.17

Orange County Transportation Authority
Portfolio Listing
As of October 31, 2021

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
FHMS K-105 A	7/25/2024	362,842.74	363,397.89	0.17
FHMS Q-015 A	8/25/2024	599,157.15	599,609.03	0.18
FHMS Q-015 A	8/25/2024	1,397,793.70	1,398,879.47	0.18
FIRST REPUBLIC BANK	2/12/2024	150,000.00	152,298.00	0.69
FIRST REPUBLIC BANK	2/12/2024	350,000.00	355,362.00	0.69
GOLDMAN SACHS GROUP INC	6/5/2023	657,292.80	648,396.80	0.71
GOLDMAN SACHS GROUP INC	6/5/2023	1,519,989.60	1,499,417.60	0.71
GOLDMAN SACHS GROUP INC	3/8/2024	635,000.00	633,361.70	0.76
GOLDMAN SACHS GROUP INC	3/8/2024	1,480,000.00	1,476,181.60	0.76
GOLDMAN SACHS GROUP INC	10/21/2024	310,000.00	309,959.70	0.54
GOLDMAN SACHS GROUP INC	10/21/2024	775,000.00	774,899.25	0.54
GOLDMAN SACHS GROUP INC	10/31/2022	474,534.50	475,000.00	0.91
GOLDMAN SACHS GROUP INC	10/31/2022	1,098,922.00	1,100,000.00	0.91
JPMORGAN CHASE & CO	9/16/2024	350,000.00	349,079.50	0.71
JPMORGAN CHASE & CO	9/16/2024	810,000.00	807,869.70	0.71
JPMORGAN CHASE & CO	2/16/2025	275,000.00	272,195.00	0.87
JPMORGAN CHASE & CO	2/16/2025	640,000.00	633,472.00	0.87
JPMORGAN CHASE & CO	3/16/2024	640,000.00	640,134.40	0.68
JPMORGAN CHASE & CO	3/16/2024	1,470,000.00	1,470,308.70	0.68
JPMORGAN CHASE & CO	6/1/2025	405,000.00	401,849.10	1.06
JPMORGAN CHASE & CO	6/1/2025	930,000.00	922,764.60	1.06
JPMORGAN CHASE & CO	8/9/2025	310,000.00	306,357.50	1.03
JPMORGAN CHASE & CO	8/9/2025	790,000.00	780,717.50	1.03
JDOT 2021 A3	9/15/2025	709,863.54	706,222.80	0.65
JDOT 2021 A3	9/15/2025	1,639,684.79	1,631,275.20	0.65
KEYBANK NA	1/3/2024	440,000.00	439,230.00	0.49
KEYBANK NA	1/3/2024	1,010,000.00	1,008,232.50	0.49
KEYBANK NA	6/14/2024	615,000.00	612,189.45	0.58
KEYBANK NA	6/14/2024	1,430,000.00	1,423,464.90	0.58
MORGAN STANLEY	10/21/2025	185,000.00	183,077.85	1.11
MORGAN STANLEY	10/21/2025	430,000.00	425,532.30	1.11
MORGAN STANLEY	11/10/2023	350,000.00	349,688.50	0.58
MORGAN STANLEY	11/10/2023	810,000.00	809,279.10	0.58
MORGAN STANLEY	1/25/2024	550,000.00	548,845.00	0.61
MORGAN STANLEY	1/25/2024	1,290,000.00	1,287,291.00	0.61
MORGAN STANLEY	1/22/2025	520,000.00	516,989.20	0.90
MORGAN STANLEY	1/22/2025	1,200,000.00	1,193,052.00	0.90
MORGAN STANLEY	4/5/2024	265,000.00	264,684.65	0.75
MORGAN STANLEY	4/5/2024	610,000.00	609,274.10	0.75
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	10/18/2024	680,000.00	680,571.20	0.35
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	10/18/2024	1,690,000.00	1,691,419.60	0.35
PNC BANK NA	12/9/2022	490,000.00	490,710.50	0.57
PNC BANK NA	12/9/2022	1,150,000.00	1,151,667.50	0.57
TRUIST BANK	8/2/2024	1,283,244.00	1,263,312.00	0.67
TRUIST BANK	8/2/2024	2,994,236.00	2,947,728.00	0.67
WELLS FARGO & CO	10/30/2025	657,237.50	645,456.25	1.21
WELLS FARGO & CO	10/30/2025	1,524,791.00	1,497,458.50	1.21
WELLS FARGO & CO	5/19/2025	135,000.00	134,374.95	0.87
WELLS FARGO & CO	5/19/2025	320,000.13	318,518.40	0.87
JPMORGAN CHASE & CO	6/1/2025	865,000.00	858,270.30	1.06
JPMORGAN CHASE & CO	6/1/2025	2,308,757.15	2,287,067.10	1.06
JPMORGAN CHASE & CO	6/1/2025	1,151,840.00	1,141,053.00	1.06
JDOT 2021 A3	9/15/2025	1,454,720.35	1,447,259.40	0.65
TLOT-21A-A3	4/20/2024	2,344,726.34	2,343,100.55	0.45
SUB-TOTAL		149,233,928.62	148,236,917.59	
<i>Supranationals</i>				
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	1,934,593.40	1,943,913.37	0.18
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	1,177,726.00	1,183,470.58	0.18
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	811,863.00	815,839.29	0.18
INTER-AMERICAN DEVELOPMENT BANK	9/14/2022	10,484,250.00	10,639,303.50	0.23
INTER-AMERICAN DEVELOPMENT BANK	5/24/2023	789,731.40	790,576.70	0.45
INTER-AMERICAN DEVELOPMENT BANK	5/24/2023	1,809,384.60	1,811,321.30	0.45
INTER-AMERICAN DEVELOPMENT BANK	9/23/2024	1,219,097.20	1,208,519.80	0.83
INTER-AMERICAN DEVELOPMENT BANK	9/23/2024	2,992,783.70	2,966,817.05	0.83
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	11/24/2023	803,269.25	799,389.15	0.59
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	11/24/2023	1,841,033.25	1,832,140.35	0.59
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	4/20/2023	868,199.10	866,319.90	0.41
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	4/20/2023	1,990,870.35	1,986,561.15	0.41
INTER-AMERICAN DEVELOPMENT BANK	9/23/2024	6,764,990.20	6,706,294.30	0.83
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3/19/2024	5,349,700.00	5,215,500.00	0.68
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	11/24/2023	3,043,442.50	3,028,741.50	0.59
SUB-TOTAL		41,880,933.95	41,794,707.94	
SHORT-TERM PORTFOLIO - TOTAL		\$ 1,722,767,160.06	\$ 1,709,528,008.91	

**Orange County Transportation Authority
Portfolio Listing
As of October 31, 2021**

BOND PROCEEDS PORTFOLIO				
<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>		<u>YIELD</u>
<u>2021 Bond Anticipation Notes (BANs)- US Bank</u>				
FIRST AMERICAN TREAS OBLIGATIONS	N/A	239,021,736.00	239,021,736.00	0.01%
US BANK COMMERCIAL PAPER	11/1/2021-7/1/2022	199,939,033.34	199,939,033.34	0.03%-0.13%
<u>2019 M2 Sales Tax Bond- BNY Mellon</u>				
MONEY MARKET FUND	N/A	13,295.59	13,295.59	0.06%
BOND PROCEEDS PORTFOLIO-TOTAL		\$ 438,974,064.93		
DEBT SERVICE RESERVE FUNDS				
<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>REQUIRED AMOUNT</u>	<u>YIELD</u>
<u>91 EXPRESS LANES 2013 BONDS</u>	2030		10,799,437.46	
US BANK COMMERCIAL PAPER	11/5/2021	11,492,701.00		0.06%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	375.16		0.01%
<u>91 EXPRESS LANES 2013 BONDS - OPERATING & MAINTENANCE RESERVES</u>			13,000,000.00	
BANK DEPOSITS	N/A	225,191.83		
OPERATING RESERVE	10/13/2021	3,098,966.67		0.10%
MAINTENANCE RESERVE	10/13/2021	10,496,500.00		0.10%
DEBT SERVICE RESERVE FUNDS - TOTAL		\$ 25,313,734.66		
TOTAL PORTFOLIO		Book Value \$ 2,424,781,091.95	Market Value \$ 2,211,602,907.46	



December 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report for September 30, 2021

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan, acquired conservation properties, and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway programs. The California Community Foundation manages the non-wasting endowment required to fund the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and its performance.

Recommendation

Receive and file as an information item.

Background

On September 26, 2016, the Board of Directors approved the selection of the California Community Foundation (CCF) as an endowment fund manager for the Measure M2 Freeway Environmental Mitigation Program. Annually, approximately \$2.9 million will be deposited in the endowment. These annual deposits are expected over a ten-to-twelve-year period, or until the fund totals approximately \$46.2 million. As of September 30, 2021, the Orange County Transportation Authority (OCTA) has made six deposits to the CCF Endowment Pool, each in the amount of \$2,877,000.

Discussion

Per Attachment A, as of September 30, 2021, total pool assets in the CCF Endowment Pool were \$1.39 billion. Total foundation assets were \$2.63 billion. Performance for the CCF Endowment Pool was virtually in-line with the benchmark for the quarter, while outperforming the benchmark calendar year to date. Over the longer time frame, the CCF Endowment Pool has exceeded the benchmark in the five-to-twenty-year time periods. Based on CCF's performance to date, OCTA remains on track to meet the endowment target of \$46.2 million in fiscal year 2028.

Per Attachment B, the balance as of September 30, 2021, was \$22,075,031. The balance is above the fiscal year 2021-22 target of \$20,076,431. The quarter began with strong performance in July and August but weakened in September. Higher inflation, partly driven by supply chain issues, was the primary concern during the quarter. In addition to inflation, continued fears of the coronavirus (COVID-19) delta variant led to increased market volatility; however, the economic impact was much less volatile than during the initial phase of the pandemic. Economic fundamentals remained strong as the world continued to move past COVID-19 lockdowns. In the United States, company earnings were strong, individual savings remained robust, and employment data was encouraging. Diversification, asset allocation, and appropriate sizing of underlying investments in the endowment portfolio remain the main methods being used to protect the portfolio from volatility.

Summary

The Orange County Transportation Authority is submitting a copy of the California Community Foundation Investment Report to the Board of Directors. The report is for the quarter ending September 30, 2021.

Attachments

- A. California Community Foundation Endowment Pool Investments – September 2021
- B. California Community Foundation Fund Statement – 7/1/2021 – 9/30/2021

Prepared by:

A handwritten signature in blue ink, appearing to read "Robert Davis", with a stylized flourish at the end.

Robert Davis
Department Manager,
Treasury and Public Finance
714-560-5675

Approved by:

A handwritten signature in blue ink, appearing to read "Andrew Oftelie", with a stylized flourish at the end.

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



Endowment Pool

September 2021

INVESTMENTS

The Endowment Pool returned -2.1% for the month of September 2021, 50 basis points ahead of its benchmark. For the trailing year, the pool returned 19.9%, 10 basis points behind its benchmark.

Total Pool Assets

\$1.39 billion (Endowment Pool), \$2.63 billion (total foundation assets) as of September 30, 2021.

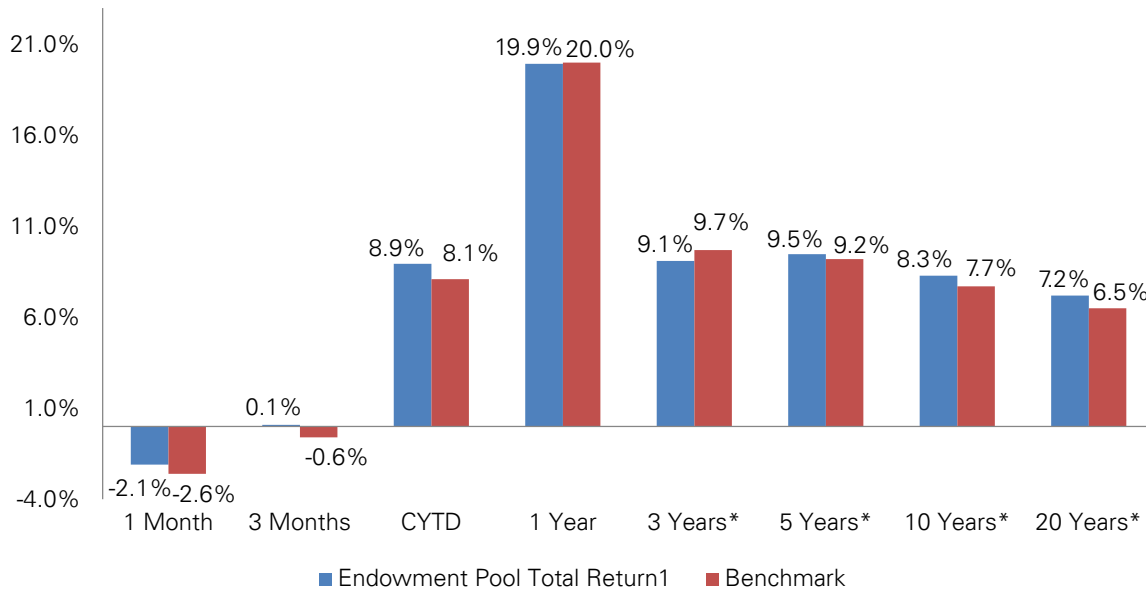
Pool Objective

Prudent investment of funds to provide real growth of the assets over time while protecting the value of the assets from undue volatility or risk of loss. Managed on a total return basis (i.e., yield plus capital appreciation) while taking into account the level of liquidity required to meet withdrawals from the pool - mainly expenses and grants to external organizations.

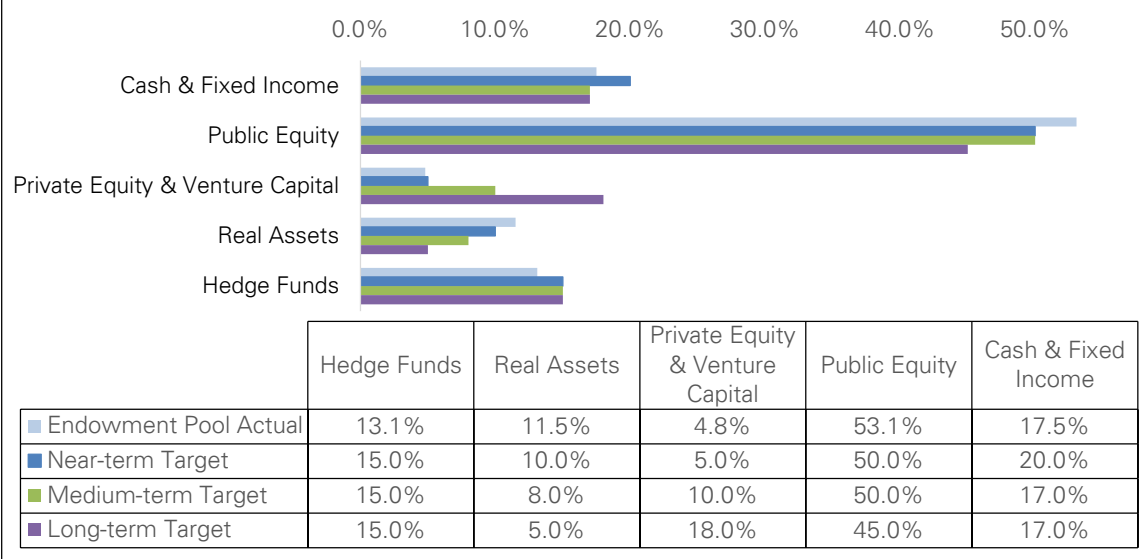
Investment Consultant

OCIO - Hall Capital Partners

Performance History



Asset Allocation



*Represents annualized returns.

1) Investment expense ratio approximates 0.95%, excluding fund manager incentive fees.

2) Investment performance is presented net of investment expenses, including fund manager incentive fees.

3) Total Fund Benchmark effective 7/1/2021 is a combination of: 65% MSCI ACWI - 35% Barc Agg.

4) Benchmark prior to 7/1/2021 please contact CCF's Staff.

5) Near-Term target allocation is over 1-3 years - Medium-Term target allocation is over 3-7 years - Long-Term target allocation is over 7-10+ years.

6) September performance are preliminary pending final results.

Updated 10/26/2021



Fund Name OCTA - Measure M2 Environmental Mitigation Program Fund
Fund Start Date 2/28/2017
Investment Pool(s) Endowment Pool

FUND STATEMENT

OCTA - Measure M2 Environmental Mitigation Program Fund (V398)

7/1/2021 - 9/30/2021

Fund Summary

	Report Period 7/1/2021 - 9/30/2021	Calendar YTD 1/1/2021 - 9/30/2021
Opening Fund Balance	\$19,181,288.64	\$17,664,005.59
Contributions (see attached detail)	2,877,000.00	2,877,000.00
Investment Activity, net	16,741.97	1,577,622.48
Administration & Grant Management Fees	0.00	(43,597.46)
Net Changes to Fund	2,893,741.97	4,411,025.02
Ending Balance	\$22,075,030.61	\$22,075,030.61

Investment Pool Performance as of 9/30/2021

	This Qtr.	1-Year	3-Years	5-Years	10-Years
Endowment Pool	0.1%	19.9%	9.1%	9.5%	8.3%
Social Impact Endowment Pool	0.4%	16.8%	12.6%	11.1%	10.2%
Conservative Balanced Pool	0.1%	9.3%	7.3%	6.5%	n/a
Short Duration Bond Pool	-0.3%	0.0%	3.5%	2.1%	n/a
Capital Preservation Pool	0.0%	0.2%	1.3%	1.2%	0.7%

Endowment Pool - invested for long-term growth and appreciation while providing a relatively predictable stream of distributions that keeps pace with inflation over time. The target asset allocation is 50% equities, 14% hedge funds, 22% fixed income and 14% real assets. Investment management fees are 66 basis points.

Social Impact Endowment Pool - invested in a diversified pool aiming for capital growth for long-term grantmaking; underlying instruments undergo rigorous environmental and social analysis, with an asset allocation of approximately 60%-75% equities and 25%-40% fixed income. Investment management fees are 68 basis points.

Conservative Balanced Pool - designed to aim for moderate growth and to offer diversified exposure to the U.S. equity market and to investment grade fixed income with maturities from one to five years and an asset allocation of 70% fixed income and 30% equities investments. Investment management fees are 9 basis points.

Short Duration Bond Pool - invested to offer diversified exposure to investment grade fixed income with maturities from one to five years for the purposes of grants over a near-term one to four year horizon. Investment management fees are 5 basis points.

Capital Preservation Pool - designed to preserve principal and provide liquidity for present grantmaking needs through investment in short-term fixed income and cash instruments. Investment management fees are 10 basis points.

Contribution Details		
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Date	Donor Name	Amount
07/12/2021	Orange County Transportation Authority	2,877,000.00
		<hr/> \$2,877,000.00 <hr/>



December 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2020-21 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 2020-21. 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 LLP, has issued an auditor's report on internal controls over financial reporting with two findings included as significant deficiencies.

Recommendations

- A. Receive and file the fiscal year 2020-21 audited financial statements and independent auditor's reports on internal control over financial reporting as information items.
- B. Direct staff to implement auditor recommendations related to findings over internal controls.

Background

Pursuant to Section 28770 of the 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-end. These financial statements are included in OCTA's Comprehensive Annual Financial Report. 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 the financial reports of OCTA, a related entity, and various stand-alone funds, and conducted additional analysis to assist management in determining compliance with certain state requirements. These financial reports include:

- Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021
- Orange County Local Transportation Authority Annual Financial and Compliance Report Year Ended June 30, 2021
- 91 Express Lanes Fund Financial Statements for the Year Ended June 30, 2021
- Orange County Transportation Authority Local Transportation Fund Financial Statements Year ended June 30, 2021
- Orange County Transportation Authority State Transit Assistance Fund Financial Statements Year ended June 30, 2021
- Orange County Transportation Authority Independent Auditor's Report on Proposition 1B Schedule of Unspent Funds and Cash Disbursements Year ended June 30, 2021
- 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*

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 fiscal year (FY) ended June 30, 2021. 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, 2021, 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), for the 91 Express Lanes (Attachment C), the Local Transportation Fund (Attachment D), and for the State Transit Assistance Fund (Attachment E) were also prepared, and an unmodified opinion on each fund's financial statements was issued.

The Comprehensive Annual Financial Report will be submitted to the Government Finance Officers Association (GFOA) for consideration of the Certificate for Excellence in Financial Reporting for FY 2020-21. 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 Comprehensive Annual Financial Report is a useful tool in business dealings with outside organizations. The 91 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 control over financial reporting identifying two significant deficiencies as defined by the American Institute of Certified Public Accountants, *Statement on Auditing Standards Number 115*. A significant deficiency is a deficiency, or a combination of deficiencies, in an internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Management has responded to these two recommendations.

Crowe reported a deficiency related to financial accounting and reporting for expense accruals. Management identified prior year errors in expense accruals related to the Local Transportation Authority (LTA) fund that were not previously corrected. Management inadvertently over accrued two invoices in the prior year for the same transaction. It was also found that management had not accrued utility construction costs that had been incurred in prior years due to invoices not being timely remitted by utility companies. As a result of the continued delays in the receipt of the utility invoices, management estimated an amount to be accrued for utility costs for work performed in prior years. The net impact of these transactions is under accruals in the prior year for the LTA fund and governmental activities in the amounts of \$14.4 million and \$22.2 million, respectively. The auditor's recommendation is to improve project managers understanding of the accrual process and importance of notifying accounting of the posting of invoices that are related to those already accrued for by management, as well as implementing additional layers of review for accrual entries. In addition, for the utility construction costs, the recommendation is that management review the utility accrual analysis for all construction projects annually. Management concurs with this recommendation. A process will be implemented to ensure expense accruals are reported in compliance with all rules and requirements.

In addition, Crowe reported a deficiency related to preparation of the Schedule of Expenditures of Federal Awards (SEFA). Their observation indicates that during their review of the SEFA reconciliation to the OCTA financial statements, management underreported expenditures on the SEFA in the amount of \$18.6 million. Management inadvertently did not include an adjustment made to the general ledger on the SEFA, which resulted in the amount underreported. The auditor's recommendation is to strengthen the review process over the SEFA to ensure that all expenditures are appropriately reflected and reconciled to the general ledger. Management concurs with this recommendation. An in-depth review of the SEFA schedule will be completed.

The auditor's report on internal control over financial reporting for FY 2020-21 is included herewith as Attachment G.

Summary

Staff has prepared OCTA's Comprehensive Annual Financial Report and various stand-alone fund financial statements for the FY ended June 30, 2021. 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 2020-21, Crowe has issued independent auditor's report on internal control over financial reporting, which identified two significant deficiencies along with recommendations for improvement to internal controls. Management has responded that these items will be addressed.

Attachments

- A. Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021
- B. Orange County Local Transportation Authority (A Component Unit of the Orange County Transportation Authority) Annual Financial and Compliance Report Year Ended June 30, 2021
- C. 91 Express Lanes Fund (An Enterprise Fund of the Orange County Transportation Authority) Financial Statements for the Year Ended June 30, 2021
- D. Orange County Transportation Authority Local Transportation Fund Financial Statements Year ended June 30, 2021
- E. Orange County Transportation Authority State Transit Assistance Fund Financial Statements Year ended June 30, 2021
- F. Orange County Transportation Authority Independent Auditor's Report on Proposition 1B Schedule of Unspent Funds and Cash Disbursements Year ended June 30, 2021
- 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*

Prepared by:



Benjamin Torres
Department Manager, Accounting
and Financial Reporting
714-560-5894

Approved by:



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



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For fiscal year ended June 30, 2021

Orange County Transportation Authority
Orange County, California



2021 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For fiscal year ended June 30, 2021

Submitted by:

Darrell E. Johnson

Chief Executive Officer

Finance and Administration Division

Andrew Oftelie

Chief Financial Officer

Orange County Transportation Authority
Orange County, California

ORANGE COUNTY TRANSPORTATION AUTHORITY

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2021

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FREEWAYS





STREETS AND ROADS





AFFILIATED AGENCIES

*Orange County
Transit District*

*Local Transportation
Authority*

*Service Authority for
Freeway Emergencies*

*Consolidated Transportation
Service Agency*

*Congestion Management
Agency*

December 13, 2021

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

We are pleased to present the Comprehensive Annual Financial Report of the Orange County Transportation Authority (OCTA) for the fiscal year (FY) ended June 30, 2021. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Responsibility for 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, 2021. 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 (CEO) 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, Metrolink commuter rail service, freeway improvements, street and road improvements, 91 Express Lanes (91 EL), motorist aid services, and taxi program regulation. In addition, OCTA is the managing agency for the Los Angeles – San Diego – San Luis Obispo (LOSSAN) 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 14, 2021, the Board approved the FY 2021-22 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

The coronavirus (COVID-19) pandemic represented a significant challenge to both the global and national economies. State and local governments across the United States issued orders for residents to self-quarantine and refrain from non-essential travel to slow the spread of the virus. These efforts caused the economy to slow and have resulted in severe economic hardships, well in excess of peak losses during the global financial crisis in 2008. The stay-at-home orders, the absence of leisure and business travel into the region, and closure of Disneyland Resort, hotels and other businesses led to significant layoffs in Orange County.

After more than a year of economic downturn, Orange County's economy appears to be improving. Employees are starting to return to work, businesses are rehiring, vaccinations have been made available, home prices are surging, people are travelling, and tourist attractions have reopened in phases after being closed for more than a year. The unemployment rate in Orange County was 6.4 percent in June 2021, a decrease of more than 50 percent from June 2020.

Statewide unemployment was 7.7 percent and national unemployment was 5.9 percent as of June 2021.

Between June 2020 and June 2021, the total nonfarm employment increased by 114,900 jobs, representing a 7.8 percent increase. The largest employment increase of 54,700 jobs was in leisure and hospitality, which accounted for 48 percent of the total year-over-year growth. Professional and business services increased by 20,100 jobs and trade, transportation and utilities increased by 17,000 jobs. There were no changes in mining and logging over the year.

On the residential real estate sector, due to the low level of housing units listed for sale in the second quarter of 2021, it took only 1.5 months to sell the inventory compared to an historical average of five months. Single family permits have increased by 62.4 percent in the second quarter compared to the same period in 2020, and multiple family permits decreased by 62.1 percent. Per Chapman University's forecast, the median single-family home price is expected to reach an average of \$1,032,000 in 2021, a 104 percent increase over 2009.

Based on the forecast provided by MuniServices, LLC, the estimated sales tax growth rate for FY 2021-22 is nine percent for Measure M2 (M2). Sales tax for the M2 Program is estimated to be \$13.2 billion over the life of the measure. Sales tax growth for OCTA's Local Transportation Fund is estimated to be 6.8 percent in FY 2021-22.

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 2020-21 CBP was approved by the Board at the April 26, 2021, 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 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:

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

In November 2019, the OCTA Board adopted the Reserve Policy to formalize OCTA's reserve policies and practices into one formal document and to ensure OCTA's programs and projects remain funded in times of economic uncertainty. Reserve policies for OCTA's major operating programs are described below.

Bus Program

Working Capital Reserve Policy

The Reserve Policy increased the working capital reserve fund from a 45-day working capital reserve fund to a 60-day working capital reserve fund for bus operations. This reserve fund is in place to accommodate normal fluctuations in revenues and expenditures and protects against significant changes in funding or major expense items.

Orange County Transit District (OCTD) Capital Replacement Fund Reserve Policy

OCTA has also traditionally maintained a Capital Replacement Fund (CRF) for the Bus Program, which is used to fund the rehabilitation and replacement of its capital assets without the need for debt financing. The CRF allows OCTA to avoid debt service expenditures and instead maximize the amount of revenue available for service. Funding for the CRF is determined through OCTA's CBP and executed through the annual budget and ensures OCTD's future capital expenditures are fully funded.

91 Express Lanes

The 91 EL has five reserve accounts which include two reserve accounts internal to OCTA and three reserve accounts required as part of the 91 EL outstanding debt. The two reserve accounts internal to OCTA include a 91 EL CRF and a 91 EL Excess Revenue Fund (ERF). The 91 EL CRF is fully funded and used to fund the rehabilitation and replacement of the 91 EL capital assets without the need for additional debt financing. Similar to the Bus Program, funding for the

91 EL CRF is determined through OCTA's CBP on an annual basis. The 91 EL ERF is to be used to fund future 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, which was initially approved by the Board in 2016 and most recently updated in the spring of 2021.

In FY 2020-21, OCTA continued to move Orange County forward with M2 projects and other notable accomplishments, including:

- In December 2020, the Board approved the shift of the Next 10 Plan timeframe from FY 2016-17 through FY 2025-26 to span FY 2020-21 through FY 2029-30 for a true ten-year look ahead and to allow for more strategic, forward-thinking planning. In April 2021, the 2020 Next 10 Plan was approved. Despite the pandemic and its impact to the sales tax revenue forecast, the 2020 update confirmed that the Next 10 Plan and the overall 30-year M2 Program remains deliverable.
- The Measure M Taxpayers Oversight Committee determined that OCTA is delivering Measure M projects and programs as promised to Orange County voters for the 30th consecutive year.

- In January 2021, the Interstate 5 (I-5) Central County Improvements Project was completed, which added a new high-occupancy vehicle lane for approximately three miles in each direction. In June 2021, the American Council of Engineering Companies awarded the Engineering Excellence National Honor Award to this project. This award recognizes projects that demonstrate an exceptional degree of innovation, complexity, achievement, and value.
- Following the approval of the final environmental document and project report for the I-5 between Interstate 405 (I-405) and State Route 55 (SR-55) in early 2020, the project was split into two segments at Yale Avenue. Design efforts began for the northerly segment in May 2021, and the southerly segment is anticipated to begin in late 2021.
- The project segment of I-5 between Alicia Parkway and El Toro Road began construction in October 2020. All three segments of the I-5 South County Improvements are now under construction and are anticipated to be completed by 2025.
- Complex right-of-way efforts continued on the SR-55 between I-405 and I-5 to prepare the project to be advertised for construction in late 2021.
- Approved Environmental Cleanup Program allocations of \$2.8 million for 12 projects selected through the 2020 Tier 1 call for projects.
- Design efforts for all three segments of the State Route 91 between State Route 57 and SR-55 Project are currently underway and are anticipated to be completed by 2024.
- Construction on the \$2.08 billion I-405 Improvement Project continued. Of the 18 bridges that are being replaced and widened, five bridges have been completed, eleven are under construction, and the remaining two bridges are anticipated to start construction in late 2021.
- Despite COVID-19, the 91 EL and M2 have maintained strong ratings from the credit rating agencies. The ratings reflect consistent revenues and positive long-term prospects for both programs.
- The 2021 Regional Capacity Program Call for Projects approved funding for nine projects totaling \$20.2 million. Since 2011, OCTA has awarded 164 projects totaling more than \$339 million, including \$24 million in external funding.
- As part of the 2021 Regional Traffic Signal Synchronization Program Call for Projects, approved funding for three projects totaling

\$8.5 million. To date, OCTA and local agencies have synchronized more than 2,000 intersections (exceeding the M2 target) along more than 750 miles of streets through 91 corridors totaling \$140.8 million, including \$25.5 million in external funding.

- Construction on the OC Streetcar continues in the cities of Garden Grove and Santa Ana with rail track being laid on the streets. Vehicle manufacturing is underway by Siemens Mobility, Inc., and vehicle acceptance is anticipated in late 2021.
- The Laguna Niguel - San Juan Capistrano Rail Passing Siding Project was completed in November 2020, three months earlier than planned. This project added 1.8 miles of new passing siding track adjacent to the existing main track to reduce delays, increase safety, and provide more reliable rail service.
- In FY 2020-21, OCTA allocated more than \$11 million in M2 funds to expand mobility choices for seniors and persons with disabilities under Project U.
- In September 2020, additional recommendations for the 2019 Safe Transit Stops call for projects were approved with funding for 35 locations totaling \$1 million.
- The 2020 Conservation Plan Annual Report covering all activities between January 1, 2020, and December 31, 2020, was completed. The report confirmed that OCTA complies and is on target with the Natural Community Conservation Plan/Habitat Conservation Plan commitments through the Environmental Mitigation Program.
- Extended the community college bus-pass to two more colleges. The student bus-pass program is now available at six Orange County campuses.
- Extended OC Flex Pilot Program in South Orange County through December 2021.
- Introduced Tesla Model X as OCTA's first all-electric vanpool vehicle.
- Approved the purchase of ten plug-in battery-electric buses for a pilot program to test how the buses will perform on Orange County streets.

Response to COVID-19 Pandemic

OCTA continues to take appropriate measures to safely provide essential transportation services and deliver capital projects while promoting practices to help reduce the spread of COVID-19. The response efforts are centered around agency core values, helping to ensure the health and safety of the public and employees. Following local, state, and federal guidelines, OCTA achieved the following during the past FY:

- After successfully transitioning the overwhelming majority of professional and administrative staff to remote work, implemented a phased Return-to-Work Program to bring employees back to the office safely and effectively.
- OCTA's Capital Projects Outreach Team continued to host virtual public meetings to update residents, businesses and stakeholders living near major upcoming construction projects including the I-405 Improvement Project, OC Streetcar, and I-5 South County Improvement Project. Residents were able to have questions answered from the comfort and safety of their own homes.
- Continued transit operations with the support of Coronavirus Aid, Relief, and Economic Security Act funding.
- Responded to fluctuating demand for OC Bus by modifying service as needed to meet the needs of essential workers and other riders as social distancing requirements evolved.
- Continued extensive safety measures for transit riders such as onboard distribution of hand sanitizers and face-coverings and installed plexiglas shields to protect coach operators. Distributed more than one million face coverings to help passengers comply with the federal requirement to wear a mask when using public transportation.
- Conducted a multilingual public outreach campaign to reinforce proper hygiene and safety practices on OC Bus.
- Continued regular virtual townhall meetings with staff to allow the CEO to directly communicate with employees and answer questions.
- Continued to conduct Board and committee meetings by teleconference as allowed under current state orders.

Awards and Acknowledgments

For the 11th consecutive year, the National Purchasing 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 Comprehensive Annual Financial Report for the FY ended June 30, 2020. This was the 38th 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 Comprehensive Annual 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 Comprehensive Annual Financial Report for the FY ended June 30, 2021, 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.

The preparation of the Comprehensive Annual Financial Report required the dedication of staff in many OCTA departments. We wish to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Special appreciation is extended to the Board for its support for maintaining the highest standards of professionalism in the management of OCTA's finances.

Respectfully submitted,



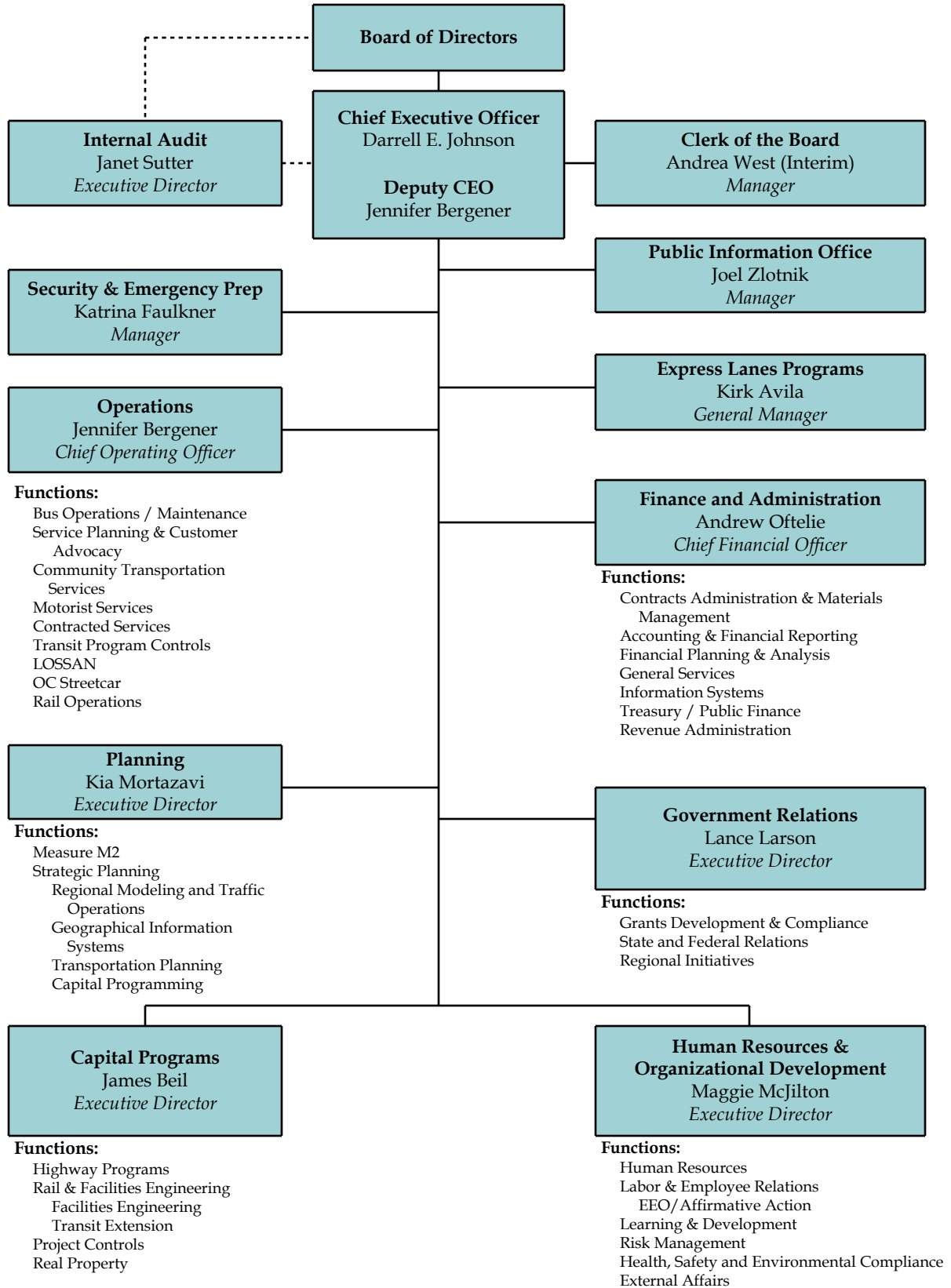
Darrell E. Johnson
Chief Executive Officer



Andrew Oftelie
Chief Financial Officer

ORANGE COUNTY TRANSPORTATION AUTHORITY

ORGANIZATION CHART



2021 BOARD OF DIRECTORS

Andrew Do
Chairman
Supervisor, 1st District



Mark A. Murphy
Vice Chairman
City Member, 3rd District



Lisa A. Bartlett
Director
Supervisor, 5th District



Doug Chaffee
Director
Supervisor, 4th District



Barbara Delgleize
Director
City Member, 2nd District



Katrina Foley
Director
Supervisor, 2nd District



Brian Goodell
Director
City Member, 5th District



Patrick Harper
Director
City Member, 2nd District



Michael Hennessey
Director
Public Member



Gene Hernandez
Director
City Member, 3rd District



Steve Jones
Director
City Member, 1st District



Joe Muller
Director
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Tam Nguyen
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Vicente Sarmiento
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City Member, 1st District



Tim Shaw
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City Member, 4th District



Harry S. Sidhu
Director
City Member, 4th District



Donald P. Wagner
Director
Supervisor, 3rd District



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

ORANGE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT STAFF

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

Kirk Avila	General Manager, Express Lanes Programs
James Beil	Executive Director, Capital Programs
Jennifer Bergener	Chief Operating Officer, Operations
Katrina Faulkner	Manager, Security & Emergency Preparedness
Lance Larson	Executive Director, Government Relations
Beth McCormick	General Manager, Bus Operations
Maggie McJilton	Executive Director, Human Resources & Organizational Development
Kia Mortazavi	Executive Director, Planning
Andrew Oftelie	Chief Financial Officer, Finance and Administration
Joel Zlotnik	Manager, Public Information Office

Sara Belovsky	Section Manager, General Services
Michael Cardoza	Manager, Cyber Security
Robert Davis	Manager, Treasury and Public Finance
Meena Katakia	Manager, Contracts Administration and Material Management
Sam Kaur	Manager, Revenue Administration
William Mao	Chief Information Officer, Information Systems
Georgia Martinez	Manager, Contracts Administration and Material Management
Sean Murdock	Director, Finance and Administration
Barry Reynolds	Manager, Information Systems & Operations Management
Lloyd Sullivan	Manager, Information Systems Enterprise Business Solutions
Benjamin Torres	Manager, Accounting and Financial Reporting
Pia Veaspen	Director, Contracts Administration and Materials Management
Victor Velasquez	Manager, Financial Planning and Analysis



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Orange County Transportation Authority
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Executive Director/CEO



BUS





RAIL



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of OCTA as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 16 and 18 to the financial statements, during the year ended June 30, 2021, OCTA adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities, which resulted in reporting its previous fiduciary funds as part of the general fund. As a result of adoption of this Statement, an adjustment was posted to increase July 1, 2020 governmental activities net position and general fund balance by \$17,383,000. Our opinions are not modified with respect to this matter.

As discussed in Note 16 to the financial statements, during the year ended June 30, 2021, OCTA adopted new accounting guidance, GASB Implementation Guide No. 2019-1, Implementation Guidance Update—2019, changing its method of accounting for recognition of nonexchange revenue. As a result of the change in accounting principle, an adjustment was posted to reduce July 1, 2020 business-type activities and OCTD fund net position by \$34,797,000 and to reduce governmental activities net position and general fund balance by \$2,369,000. Our opinions are not modified with respect to this matter.

Other Matters

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OCTA's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of 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 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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being more compact.

Crowe LLP

Costa Mesa, California
November 22, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)
For the Fiscal Year Ended June 30, 2021

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, 2021. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages iii-xi and OCTA's financial statements that begin on page 18. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- As of June 30, 2021, OCTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,858,000 (net position). Of this amount, \$721,357 or 39% represents net investment in capital assets; \$576,359 or 31% is restricted for specific purposes; and the remaining portion represents unrestricted net position of \$560,284 or 30%.
- OCTA's total net position increased \$84,592 during fiscal year 2020-21. The increase in net position from governmental activities of \$22,817 was primarily due to the increased sales tax revenue exceeding the overall expenses which increased mainly resulting from increased expense in Measure M program. The net position from business-type activities increased \$61,775 primarily due to transfers from the Local Transportation Fund (LTF) and State Transit Assistance Fund (STAF) for transit operations along with the increased revenue mainly due to COVID-19 relief grants and reduced expenses attributable to the reduced service level as a result of COVID-19 pandemic.
- OCTA's governmental funds reported combined ending fund balances of \$1,242,085, a decrease of \$83,051 or 6% compared to fiscal year 2019-20. Approximately 82% 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 increased capital project expenditures and decreased interest and investment income, which was offset by increased sales tax revenue due to the economic recovery from COVID-19 pandemic.
- Long-term debt decreased by \$5,577, compared to the prior fiscal year. The decrease is primarily attributable to the payments for principal of \$14,485 offset by the accreted interest on the TIFIA loan of \$8,908.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The government-wide financial statements distinguish functions of OCTA that are principally supported by taxes and intergovernmental revenues, or governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, or business-type activities. The governmental activities of OCTA include general government, the Measure M program, motorist services and commuter rail. The business-type activities of OCTA include fixed route transit services, paratransit services, toll road operations and the taxicab administration program.

The government-wide financial statements include only OCTA and its blended component units and can be found on pages 18-19 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 nine 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 four 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 20-23 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

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

statements. OCTA uses enterprise funds to account for its transit, toll road, taxicab administration operations, 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 rather than governmental functions, they have been included within business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Orange County Transit District (OCTD), the 91 Express Lanes, and the I-405 Express Lanes which are considered as major enterprise funds of OCTA. Data from the other nonmajor enterprise funds such as OC Streetcar and Orange County Taxi Administration Program (OCTAP) are combined into a single, aggregated presentation. 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 24-30 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 31-77 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 78-84 of this report.

The combining statements of nonmajor governmental funds, nonmajor enterprise funds 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 85-101 of this report.

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021, OCTA's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,858,000.

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 \$721,357, compared to \$643,613 in fiscal year 2019-20. OCTA's net position reflects its investment in capital assets (i.e., construction in progress; land; buildings and improvements; machinery, equipment and furniture; transit vehicles; intangible assets; and transponders), less any outstanding debt used to acquire these assets. OCTA uses these capital assets to provide transit services to the residents and business community of Orange County. The increase of \$77,744 was primarily due to progress of OC Streetcar construction project.

Restricted net position, representing resources subjected to external restrictions on how they may be used, were 31% and 36% of the total net position at June 30, 2021 and 2020, respectively. In fiscal year 2020-21, the restricted net position decreased by \$75,099 primarily due to the combination of the decrease in the restricted net position from governmental activities of \$81,211 and the increase of \$6,112 for business-type activities. The decrease for governmental activities was contributed by the increased expenses related to Measure M program offset by decreased expenses related to Transportation program along with a newly added line item as Pension benefits moved from the fiduciary fund resulting from GASB 84 implementation. The increase for business-type activities was primarily related to the funds restricted for the State of Good Repair program.

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 2020-21, OCTA's unrestricted net position was \$560,284, an increase of \$62,164 from the prior fiscal year. The increase was mainly due to business-type activities and transfers from LTF and STAF for operating assistance.

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

Table 1
Orange County Transportation Authority
Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 861,227	\$ 1,434,094	\$ 864,920	\$ 899,587	\$ 1,726,147	\$ 2,333,681
Restricted assets	539,967	12,420	42,066	35,955	582,033	48,375
Prepaid retirement	12,877	11,898	22,833	21,611	35,710	33,509
Assets held for resale	10,940	10,476	—	—	10,940	10,476
Capital assets, net	433,782	340,129	638,665	576,151	1,072,447	916,280
Total assets	1,858,793	1,809,017	1,568,484	1,533,304	3,427,277	3,342,321
Deferred outflows of resources	14,456	15,726	28,587	32,801	43,043	48,527
Current liabilities	148,261	119,192	81,295	63,381	229,556	182,573
Long-term liabilities	744,417	769,259	569,109	592,923	1,313,526	1,362,182
Total liabilities	892,678	888,451	650,404	656,304	1,543,082	1,544,755
Deferred inflows of resources	25,353	18,905	43,885	33,997	69,238	52,902
Net position:						
Net investment in capital assets	433,782	340,129	287,575	303,484	721,357	643,613
Restricted	545,091	626,302	31,268	25,156	576,359	651,458
Unrestricted	(23,655)	(49,044)	583,939	547,164	560,284	498,120
Total net position	\$ 955,218	\$ 917,387	\$ 902,782	\$ 875,804	\$ 1,858,000	\$ 1,793,191

OCTA's total revenues increased by 9%, while the total costs of all programs increased by 4%. Major contributing factors for the increase of \$81,181 in total revenues are increase of \$125,969 in operating/capital grants and contributions relating to COVID-19 relief grants as well as OC Streetcar projects and increase of 36,671 in tax revenue resulting from economic recovery, which was offset by decrease of \$21,226 in charge for services due to declined ridership and decrease of \$58,685 in unrestricted investment earnings resulting from unfavorable investment performance.

During fiscal year 2020-21, OCTA's total expenses increased \$37,870, which resulted mainly from costs related to freeway projects including the I-405 Improvement project, offset by decreased costs related to bus programs. 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. Taxes 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

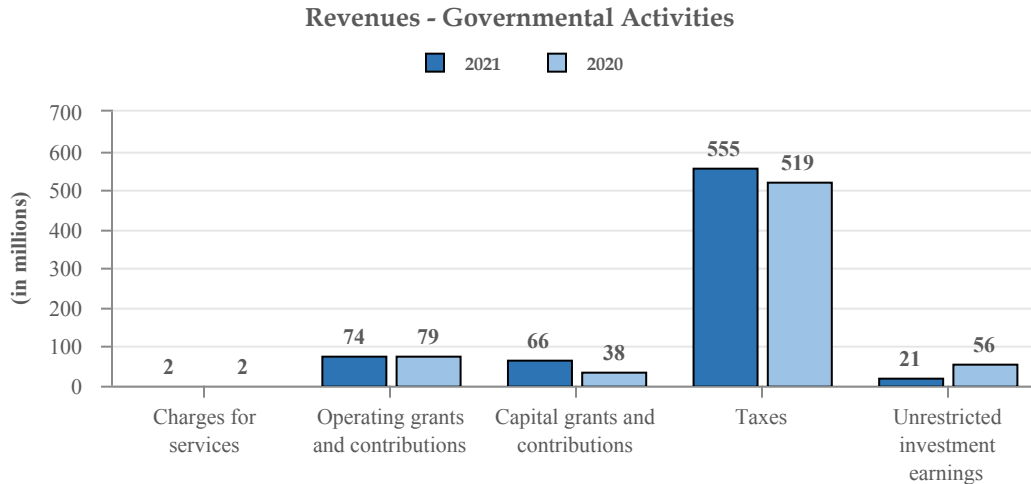
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,262	\$ 2,069	\$ 69,926	\$ 91,345	\$ 72,188	\$ 93,414
Operating grants and contributions	74,365	78,703	164,819	64,917	239,184	143,620
Capital grants and contributions	65,919	37,921	7,154	4,747	73,073	42,668
General revenues:						
Taxes	554,785	518,933	18,648	17,829	573,433	536,762
Unrestricted investment earnings	21,334	55,593	4,859	29,285	26,193	84,878
Other miscellaneous revenue	2,028	157	7,685	11,104	9,713	11,261
Total revenues	720,693	693,376	273,091	219,227	993,784	912,603
Expenses:						
General government	87,346	89,868	—	—	87,346	89,868
Measure M program	534,584	453,965	—	—	534,584	453,965
Motorist services	7,092	7,724	—	—	7,092	7,724
Commuter rail	47	454	—	—	47	454
Fixed route	—	—	174,441	201,819	174,441	201,819
Paratransit	—	—	75,431	88,086	75,431	88,086
Toll road	—	—	30,137	29,239	30,137	29,239
Taxicab administration	—	—	86	160	86	160
Fixed Guideway	—	—	28	7	28	7
Total expenses	629,069	552,011	280,123	319,311	909,192	871,322
Indirect expense allocation	(48,485)	(46,890)	48,485	46,890	—	—
Increase (decrease) in net position before transfers	140,109	188,255	(55,517)	(146,974)	84,592	41,281
Transfers	(117,292)	(196,930)	117,292	196,930	—	—
Change in net position	22,817	(8,675)	61,775	49,956	84,592	41,281
Net position—beginning of year, as restated*	932,401	926,062	841,007	825,848	1,773,408	1,751,910
Net position—end of year	\$ 955,218	\$ 917,387	\$ 902,782	\$ 875,804	\$ 1,858,000	\$ 1,793,191

*Net position-beginning of year, was restated for fiscal year 2020-21 due to the implementation of GASB 84 and Implementation Guide No. 2019-1.

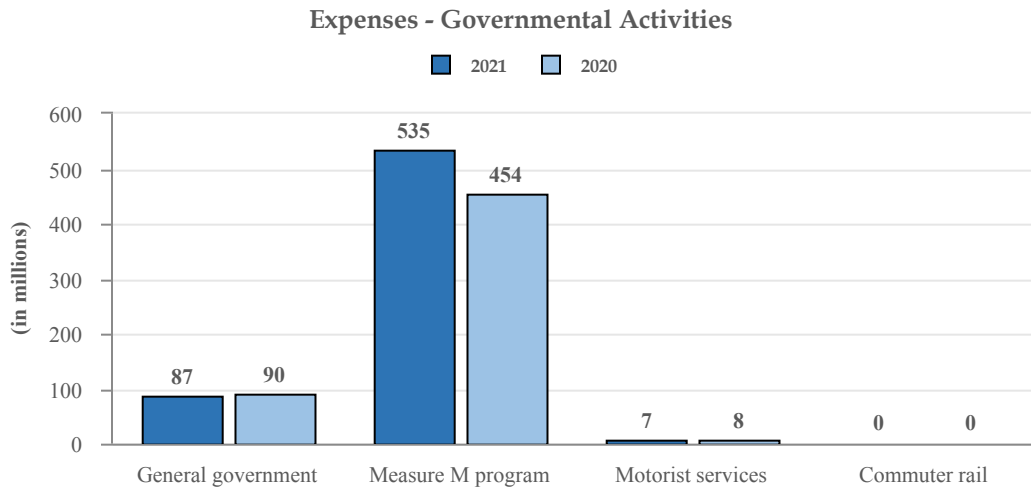
ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Total revenues for OCTA's governmental activities increased \$27,317 primarily due to an increase of \$27,998 in capital grants and contributions relating to the OC Streetcar project and an increase in sales tax revenue of \$35,852 resulting from the economic recovery from the slowdown triggered by COVID-19 pandemic, offset by decrease of \$34,259 in unrestricted investment earnings.



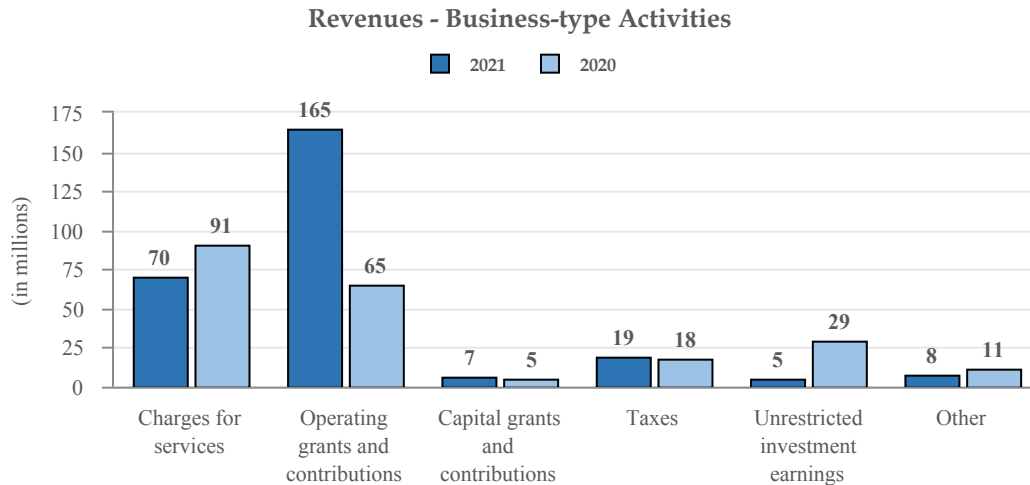
Total expenses for OCTA's governmental activities increased \$77,058 primarily due to an increase of \$80,619 in Measure M program costs related to freeway projects including the I-405 Improvement project.



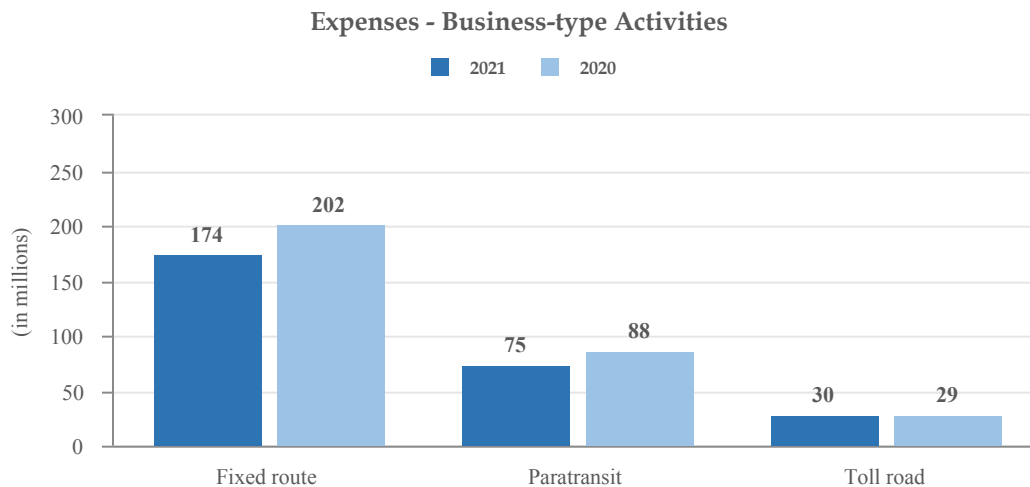
ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

Revenues of OCTA's business-type activities increased \$53,864 primarily due to an increase of \$102,309 in operating/capital grants and contributions relating to COVID-19 relief grants and OC Streetcar projects, which is offset by a decrease of \$21,419 in charge for services resulting from declined ridership triggered by COVID-19 pandemic along with a decrease of \$24,426 in investment earnings due to the unfavorable investment performance.



Total expenses related to business-type activities decreased \$39,188 or 12%, which resulted from a decrease in operating expenses related to bus programs including fixed route and paratransit services of which service level reduced triggered by COVID-19 pandemic, which was offset by increase of \$898 in operating expense related to toll road program.



ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of OCTA's Funds

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

Governmental funds

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

As of June 30, 2021, OCTA's governmental funds reported combined ending fund balances of \$1,242,085, a decrease of \$83,051 compared to the prior fiscal year. Approximately 97% or \$1,199,642 of this amount is restricted, the majority of which relates to the Measure M program. \$31,270 represents the portion of fund balance that is not in a spendable form, such as notes receivable, prepaid retirement and advances for projects. \$14,735 is assigned for rail operations. The remainder of fund balance of \$(3,562) is unassigned.

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

The General fund increased by \$10,293, primarily due to the sale of land held for resale, the contributed resources from OCTD to fund Anaheim Transportation Network project and investment income reclassified from the fiduciary fund resulting from the GASB 84 implementation.

The LTA fund net position for fiscal year 2020-21 decreased by \$173,094 or 15%. The decrease is a result of increased costs related to continued I-405 Improvement project which was offset by increased sales tax revenue from the post-pandemic economic recovery. The other contributing factors of the decrease are the declined interest and investment income due to the cash reduction as well as continued contribution to the Capital Project fund to support the OC Streetcar project.

The LTF fund increased by \$77,392, primarily resulting from the combination of increased sales tax revenue and decreased contribution to OCTD fund for planning, paratransit and operating expenses per provisions of the Transportation Development Act (TDA).

The LTA Debt Service fund increased by \$2,089, which is mainly due to Build America Bonds (BAB) subsidy from the Internal Revenue Service offset by transfers back to LTA fund received from the LTA fund in excess of debt service payments.

Proprietary funds

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

The net position of the enterprise funds totaled \$873,964 at June 30, 2021 compared to \$814,878 at June 30, 2020. Following are the significant changes in net position of OCTA's major proprietary funds:

The OCTD fund net position at June 30, 2021 was \$696,939. During fiscal year 2020-21, the total net position increased \$60,690, primarily resulting from the implementation of Implementation Guide 2019-1 relating to change in revenue recognition along with the transfers from LTF and STAF for operating assistance in excess of expenses consistent with the CBP. The other contributing factor of the increase is grant revenue received to relieve negative impacts triggered by COVID-19 pandemic.

The 91 Express Lanes fund net position for fiscal year 2020-21 increased \$8,596 or 3%, whereas prior fiscal year increased \$15,413 or 6%. The 3% point decrease is due mainly to declined investment earnings by \$7,401.

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 \$726 more than the final budget of \$16,050. This is primarily due to OCTA receiving \$3,039 more in contributions from other agencies resulting from higher than anticipated CARES Act Emergency Relief operating assistance. This was offset by OCTA receiving \$1,770 less than the final budget in capital assistance grants. Most of the grant revenues are associated with bikeway and pedestrian facilities projects which were not completed in fiscal year 2020-21 and corresponding grant revenue could not be sought.

Expenditures

The fiscal year 2020-21 general fund budget was \$2,687, or 9.9% more than the original general fund budget of \$27,089. This variance was the result of budget amendment for the Anaheim Transit Network project which was eligible for the CARES Act funding.

Actual expenditures were \$1,033 higher than the final budget of \$29,776. This is primarily due to a lower than anticipated general fund cost allocation which was required \$7,914 less than budgeted based on general fund expenses throughout the fiscal year. This was offset by all the other expenditure categories being lower than budgeted. Salaries and benefits expenses were \$2,349 less than the final budget, primarily due to vacancies. Capital outlay underrun by \$2,457, which resulted mainly from capital project costs relating to Enterprise Asset Management System Replacement project. Primarily due to timing, the majority of this budget has been carried over in fiscal year 2021-22.

Capital Assets

As of June 30, 2021, OCTA had \$1,072,447, net of accumulated depreciation, invested in a broad range of capital assets including: land, buildings, transit vehicles, toll facility franchise, construction in progress, and machinery, equipment and furniture (Table 3).

During fiscal year 2020-21, OCTA's capital assets increased by \$156,167. Capital assets related to governmental activities increased by \$93,653. 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 \$62,514, which resulted mainly from construction in progress related to the I-405 Express Lanes project.

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 172,236	\$ 172,236	\$ 57,106	\$ 57,133	\$ 229,342	\$ 229,369
Buildings and improvements	7,726	462	60,667	63,419	68,393	63,881
Transit vehicles	—	—	99,740	121,770	99,740	121,770
Machinery, equipment and furniture	3,163	3,470	21,258	22,363	24,421	25,833
Toll Facility Franchise	—	—	115,108	117,695	115,108	117,695
Construction in progress	250,657	163,961	284,786	193,771	535,443	357,732
Totals	\$ 433,782	\$ 340,129	\$ 638,665	\$ 576,151	\$ 1,072,447	\$ 916,280

Major capital asset additions during the fiscal year included:

- \$84,295 for the I-405 Express Lanes project
- \$72,952 for the OC Streetcar project

Major capital asset deletions during the fiscal year included:

- \$1,568 for the SR91 roadway & pavement improvement project
- \$856 SR91 Transponder write-off

OCTA has outstanding capital expenditure commitments, the most significant of which are: \$567,505 for the I-405 Improvement project, \$164,074 for the OC Street project, \$204,062 for the I-5 freeway widening construction project, \$101,639 for the purchase of 165, 40-Foot CNG buses, \$19,401 for SR91 and I-405 express lane toll collection project, \$14,814 for purchase of up to 117, 22-foot gas powered cutaway buses, \$13,480 for the Anaheim Canyon Metrolink Improvement project, and \$10,008 for the purchase of up to ten, 40-foot battery-electric buses.

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, 2021, OCTA had \$1,016,219 in long-term debt outstanding compared to \$1,021,796 at June 30, 2020, as presented in Table 4. The decrease of \$5,577 is primarily attributable to the payments for principal of \$14,485 offset by the accreted interest on the TIFIA loan of \$8,908.

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

Table 4
Orange County Transportation Authority
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Sales tax revenue bonds	\$ 618,625	\$ 626,690	\$ —	\$ —	\$ 618,625	\$ 626,690
Revenue refunding bonds	—	—	85,265	91,685	85,265	91,685
TIFIA loan	—	—	312,329	303,421	312,329	303,421
Totals	\$ 618,625	\$ 626,690	\$ 397,594	\$ 395,106	\$ 1,016,219	\$ 1,021,796

OCTA's long-term debt is rated by Standard & Poor's, Moody's, and Fitch. As of June 30, 2021, the ratings are as follows:

	Standard & Poor's	Moody's	Fitch
M2 Sales Tax Revenue Bonds	AA+	Aa2	AA+
Toll Road Revenue Refunding Bonds	AA-	A1	A+
TIFIA Loan	n/a	Baa2	n/a

Additional information on OCTA's long-term debt can be found in note 9 to the financial statements.

Economic and Other Factors

The Board of Directors (Board) adopted the fiscal year 2021-22 budget on June 14, 2021. The \$1.27 billion budget was developed in accordance with the goals of the Board and the Chief Executive Officer. This balanced budget is a result of OCTA's ongoing effort to deliver long-term sustainable transportation solutions for the residents of Orange County and is a reflection of OCTA's commitment to the residents of Orange County to be responsible stewards of taxpayer dollars.

Although OCTA has been impacted by the COVID-19 pandemic, we are hopeful that improved conditions and current vaccination efforts will allow OCTA to continue to emerge from the pandemic as we move into fiscal year 2021-22.

OCTA experienced sales tax growth in current fiscal year and anticipates continued growth for both sales taxes in the coming year based on the planned reopening of the Orange County economy. In fiscal year 2021-22, the growth rate for the Measure M2 (M2) sales tax is forecasted to be 3.6 percent. The growth rate for the Transportation Development Act sales tax, which supports bus operations, is forecasted to be 3.2 percent.

Under the M2 Program, improvements to freeways, streets and roads, and transit programs will continue. Included in the M2 Program budget is \$334.6 million to fund freeway improvement projects and \$141.5 million is budgeted to improve streets and roads. The budget also includes \$63.7 million for M2 Transit programs, including \$35.5 million for ongoing construction of the OC Streetcar.

Though Bus Program revenues have been negatively impacted due to COVID-19, the use of federal supplemental revenue will help backfill the decreases in revenue. The fiscal year 2021-22 budget includes the flexibility to increase service hours from the current levels of 1.2 million to 1.45 million based on ridership demand and public health considerations.

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Federal supplemental revenue will also provide OCTA the ability to sustain current Metrolink service levels, which include 41 weekday trips and 16 weekend trips within Orange County.

Usage of the 91 Express Lanes has continued to recover from the early impacts of the COVID-19 pandemic. Trips are anticipated to increase from 10.9 million in fiscal year 2020-21 budget to 14 million in the fiscal year 2021-22 budget.

The fiscal year 2021-22 budget delivers on the Board's Initiatives and demonstrates OCTA's responsibility to the community in providing a balanced and sustainable multimodal transportation network, which keeps the residents of Orange County moving safely.

Contacting OCTA's Management

This financial report is designed to provide a general overview of OCTA's finances for all those with an interest in the government's finances and to demonstrate OCTA's accountability for the money it receives. Questions concerning 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, 2021

<i>(amounts expressed in thousands)</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 602,571	\$ 863,480	\$ 1,466,051
Receivables:			
Interest	1,598	2,078	3,676
Operating grants	10,990	9,160	20,150
Capital grants	20,316	12,615	32,931
Other	372	11,261	11,633
Internal balances	47,022	(47,022)	—
Due from other governments	146,875	4,238	151,113
Condemnation deposits	13,582	3,006	16,588
Note receivable	13,757	—	13,757
Inventory	—	4,323	4,323
Restricted cash and investments:			
Cash equivalents	—	42,066	42,066
Investments	539,967	—	539,967
Prepaid retirement	12,877	22,833	35,710
Other assets	4,144	1,781	5,925
Assets held for resale	10,940	—	10,940
Capital assets, net:			
Nondepreciable	422,893	341,892	764,785
Depreciable and amortizable	10,889	296,773	307,662
Total Assets	1,858,793	1,568,484	3,427,277
Deferred Outflows of Resources			
Deferred charge on refunding	1,360	6,333	7,693
Deferred outflows - pensions	12,824	22,108	34,932
Deferred outflows - OPEB	272	146	418
Total Deferred Outflows of Resources	14,456	28,587	43,043
Liabilities			
Accounts payable	107,513	46,094	153,607
Accrued payroll and related items	1,865	5,899	7,764
Accrued interest payable	13,191	1,580	14,771
Due to other governments	25,005	2,401	27,406
Unearned revenue	622	25,280	25,902
Other liabilities	65	41	106
Noncurrent liabilities:			
Due within one year	8,455	17,848	26,303
Due in more than one year	685,597	413,188	1,098,785
Total OPEB liability	759	1,655	2,414
Net pension liability	49,606	136,418	186,024
Total Liabilities	892,678	650,404	1,543,082
Deferred Inflows of Resources			
Deferred inflows - pensions	25,176	43,496	68,672
Deferred inflows - OPEB	177	389	566
Total Deferred Inflows of Resources	25,353	43,885	69,238
Net Position			
Net investment in capital assets	433,782	287,575	721,357
Restricted for:			
Measure M program	332,009	—	332,009
Measure M - Environmental Mitigation Program	19,181	—	19,181
Debt service	20,382	692	21,074
Transportation program	152,733	—	152,733
Pension benefits	20,786	—	20,786
Capital	—	10,626	10,626
Operating reserve	—	3,187	3,187
State of Good Repair Program	—	16,763	16,763
Unrestricted	(23,655)	583,939	560,284
Total Net Position	\$ 955,218	\$ 902,782	\$ 1,858,000

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Activities
For the Year Ended June 30, 2021

(amounts expressed in thousands)	Program Revenues					Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Functions/Programs								
Primary government								
Governmental activities:								
General government	\$ 87,346	\$ (71,958)	\$ 1,113	\$ 9,133	\$ 65,919	\$ 60,777	\$ —	\$ 60,777
Measure M program	534,584	22,622	1,144	57,971	—	(498,091)	—	(498,091)
Motorist services	7,092	832	—	7,251	—	(673)	—	(673)
Commuter rail	47	19	5	10	—	(51)	—	(51)
Total governmental activities	629,069	(48,485)	2,262	74,365	65,919	(438,038)	—	(438,038)
Business-type activities:								
Fixed route	174,441	43,986	22,380	163,876	7,097	—	(25,074)	(25,074)
Paratransit	75,431	—	2,192	—	—	—	(73,239)	(73,239)
Tollroad	30,137	3,840	45,353	932	57	—	12,365	12,365
Taxicab administration	86	102	1	11	—	—	(176)	(176)
Fixed guideway	28	557	—	—	—	—	(585)	(585)
Total business-type activities	280,123	48,485	69,926	164,819	7,154	—	(86,709)	(86,709)
Total primary government	\$ 909,192	\$ —	\$ 72,188	\$ 239,184	\$ 73,073	(438,038)	(86,709)	(524,747)
General Revenues:								
Property taxes						—	18,648	18,648
Sales taxes						554,785	—	554,785
Unrestricted investment earnings						21,334	4,859	26,193
Other miscellaneous revenue						2,028	7,685	9,713
Transfers						(117,292)	117,292	—
Total general revenues and transfers						460,855	148,484	609,339
Change in net position						22,817	61,775	84,592
Net position - beginning, as restated (Note 16)						932,401	841,007	1,773,408
Net position - ending						\$ 955,218	\$ 902,782	\$ 1,858,000

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Balance Sheet - Governmental Funds
June 30, 2021

<i>(amounts expressed in thousands)</i>	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 42,208	\$ 447,440	\$ 70,270	\$ 18,263	\$ 5,382	\$ 19,008	\$ 602,571
Receivables:							
Interest	70	1,325	118	—	2	83	1,598
Operating grants	445	10,545	—	—	—	—	10,990
Capital grants	—	—	—	—	20,316	—	20,316
Other	1	261	—	—	90	20	372
Due from other funds	991	54,860	—	—	6,642	56	62,549
Due from other governments	1,750	95,123	37,068	2,125	—	10,809	146,875
Condemnation deposits	—	13,582	—	—	—	—	13,582
Note receivable	8,989	2,807	—	—	—	1,961	13,757
Restricted cash and investments:							
Investments	20,786	519,181	—	—	—	—	539,967
Prepaid retirement	12,877	—	—	—	—	—	12,877
Other assets	219	159	—	—	3,766	—	4,144
Total Assets	\$ 88,336	\$ 1,145,283	\$ 107,456	\$ 20,388	\$ 36,198	\$ 31,937	\$ 1,429,598
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 3,688	\$ 74,376	\$ 9	\$ —	\$ 28,829	\$ 611	\$ 107,513
Accrued payroll and related items	1,865	—	—	—	—	—	1,865
Due to other funds	—	7,307	324	—	—	8,719	16,350
Due to other governments	451	21,601	580	6	2,340	27	25,005
Unearned revenue - other	475	147	—	—	—	—	622
Other liabilities	48	17	—	—	—	—	65
Total Liabilities	6,527	103,448	913	6	31,169	9,357	151,420
Deferred Inflows of Resources							
Unavailable revenue - grant reimbursements	310	16,405	—	—	4,825	—	21,540
Unavailable revenue - reimbursements from others and other misc revenue	37	5,948	—	—	—	246	6,231
Unavailable revenue - ARTIC	8,322	—	—	—	—	—	8,322
Total Deferred Inflows of Resources	8,669	22,353	—	—	4,825	246	36,093
Fund Balances							
Nonspendable:							
Note receivable	667	—	—	—	—	—	667
Prepaid retirement	12,877	—	—	—	—	—	12,877
Other assets - Deposits, inventory, prepaid amounts	219	13,741	—	—	3,766	—	17,726
Restricted for:							
Transportation programs	23,856	1,005,741	106,543	—	—	15,446	1,151,586
Motorist services	—	—	—	—	—	6,888	6,888
Debt service	—	—	—	20,382	—	—	20,382
Pension benefits	20,786	—	—	—	—	—	20,786
Assigned to:							
Metrolink/rail operations	14,735	—	—	—	—	—	14,735
Unassigned	—	—	—	—	(3,562)	—	(3,562)
Total Fund Balances	73,140	1,019,482	106,543	20,382	204	22,334	1,242,085
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 88,336	\$ 1,145,283	\$ 107,456	\$ 20,388	\$ 36,198	\$ 31,937	\$ 1,429,598

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, 2021

(amounts expressed in thousands)

Amounts reported for governmental activities in the Statement of Net Position (page 18) are different because:

Total fund balances (page 20)	\$ 1,242,085
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	433,782
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.	10,940
Revenue that was earned but not collected within the availability period has not been recognized in the governmental funds.	36,093
Deferred outflows of resources related to deferred charge on refunding are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	1,360
Deferred outflows of resources related to pensions are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	12,824
Deferred outflows of resources related to OPEB are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	272
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.	823
Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds.	(13,191)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(759)
Long-term liabilities related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.	(49,606)
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.	(25,353)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(694,052)
Net position of governmental activities (page 18)	<u>\$ 955,218</u>

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, 2021

<i>(amounts expressed in thousands)</i>	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Sales taxes	\$ —	\$ 345,345	\$ 179,689	\$ —	\$ —	\$ 29,751	\$ 554,785
Transportation improvement fee	—	—	—	—	—	6,230	6,230
Vehicle registration fees	—	—	—	—	—	3,099	3,099
Fines	125	—	—	—	—	—	125
Contributions from other agencies	10,126	55,725	—	—	12,705	5,927	84,483
Interest and investment income	4,547	11,330	(546)	7,851	—	658	23,840
Capital assistance grants	190	—	—	—	45,809	—	45,999
Miscellaneous	698	2,476	—	—	55	21	3,250
Total Revenues	15,686	414,876	179,143	7,851	58,569	45,686	721,811
Expenditures							
Current:							
General government	11,516	92,497	1,519	—	806	7,782	114,120
Transportation:							
Contributions to other local agencies	3,331	97,544	2,411	—	—	—	103,286
Capital outlay	1,612	342,504	—	—	86,071	1	430,188
Debt service:							
Principal	—	—	—	8,065	—	—	8,065
Interest	—	2	—	35,775	—	—	35,777
Total Expenditures	16,459	532,547	3,930	43,840	86,877	7,783	691,436
Excess (deficiency) of revenues over (under) expenditures	(773)	(117,671)	175,213	(35,989)	(28,308)	37,903	30,375
Other financing sources (uses)							
Transfers in	7,294	22,015	—	43,835	26,686	—	99,830
Transfers out	(94)	(77,438)	(97,821)	(5,757)	—	(36,012)	(217,122)
Proceeds from sale of capital assets	3,866	—	—	—	—	—	3,866
Total other financing sources (uses)	11,066	(55,423)	(97,821)	38,078	26,686	(36,012)	(113,426)
Net change in fund balances	10,293	(173,094)	77,392	2,089	(1,622)	1,891	(83,051)
Fund balances - beginning, as restated (Note 16)	62,847	1,192,576	29,151	18,293	1,826	20,443	1,325,136
Fund balances - ending	\$ 73,140	\$ 1,019,482	\$ 106,543	\$ 20,382	\$ 204	\$ 22,334	\$ 1,242,085

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, 2021

(amounts expressed in thousands)

Amounts reported for governmental activities in the Statement of Activities (page 19) are different because:

Net change in fund balances - total governmental funds (page 22)	\$ (83,051)
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. This is the amount by which capital outlays exceeded depreciation in the current period.	93,653
The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, and donations) is to increase net position.	(3,094)
Donations and/or sales related to land held for resale are not reported as revenues in governmental funds, unless a sales contract is executed prior to the issuance of the financial statements. However, they are included in the Statement of Activities.	(199)
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.	(2,034)
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.	11,323
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.	103
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.	5,791
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.	325
Change in net position of governmental activities (page 19)	<u>\$ 22,817</u>

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Statement of Net Position

Proprietary Funds

June 30, 2021

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$ 597,828	\$ 218,686	\$ —	\$ —	\$ 816,514	\$ 46,966
Receivables:						
Interest	1,584	334	—	—	1,918	160
Operating grants	9,160	—	—	—	9,160	—
Capital grants	12,615	—	—	—	12,615	—
Violations, net	—	1,644	—	—	1,644	—
Farebox	200	—	—	—	200	—
Other	822	1,483	—	—	2,305	474
Due from other funds	8,779	—	—	8	8,787	—
Due from other governments	3,783	453	—	—	4,236	2
Condemnation deposits	—	—	3,006	—	3,006	—
Inventory	4,323	—	—	—	4,323	—
Prepaid retirement	22,833	—	—	—	22,833	—
Other assets	190	322	—	—	512	1,269
Total current assets	662,117	222,922	3,006	8	888,053	48,871
Noncurrent assets:						
Restricted cash and investments:						
Cash equivalents	16,763	25,303	—	—	42,066	—
Long-term violation receivables, net	—	6,638	—	—	6,638	—
Capital assets, net:						
Nondepreciable	60,255	4,782	276,855	—	341,892	—
Depreciable and amortizable	179,096	117,667	10	—	296,773	—
Total noncurrent assets	256,114	154,390	276,865	—	687,369	—
Total Assets	918,231	377,312	279,871	8	1,575,422	48,871
Deferred Outflows of Resources						
Deferred charge on refunding	—	6,333	—	—	6,333	—
Deferred outflows - pensions	22,108	—	—	—	22,108	—
Deferred outflows - OPEB	146	—	—	—	146	—
Total Deferred Outflows of Resources	22,254	6,333	—	—	28,587	—

ORANGE COUNTY TRANSPORTATION AUTHORITY

**Statement of Net Position
Proprietary Funds, Continued
June 30, 2021**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Liabilities						
Current liabilities:						
Accounts payable	25,826	7,415	12,203	8	45,452	642
Accrued payroll and related items	5,899	—	—	—	5,899	—
Accrued interest	—	1,580	—	—	1,580	—
Due to other funds	126	4,009	50,851	—	54,986	—
Claims payable	—	—	—	—	—	3,449
Due to other governments	1,306	716	379	—	2,401	—
Unearned revenue	19,666	5,614	—	—	25,280	—
Other liabilities	2	39	—	—	41	—
Current portion of long-term liabilities	7,649	6,750	—	—	14,399	—
Total current liabilities	60,474	26,123	63,433	8	150,038	4,091
Noncurrent liabilities:						
Claims payable	—	—	—	—	—	15,139
Total OPEB liability	1,655	—	—	—	1,655	—
Net pension liability	136,418	—	—	—	136,418	—
Other long-term liabilities	1,114	84,606	312,329	—	398,049	—
Total noncurrent liabilities	139,187	84,606	312,329	—	536,122	15,139
Total Liabilities	199,661	110,729	375,762	8	686,160	19,230
Deferred Inflows of Resources						
Deferred inflows - pensions	43,496	—	—	—	43,496	—
Deferred inflows - OPEB	389	—	—	—	389	—
Total Deferred Inflows of Resources	43,885	—	—	—	43,885	—
Net Position						
Net investment in capital assets	239,351	48,224	—	—	287,575	—
Restricted for:						
Debt service	—	692	—	—	692	—
Capital	—	10,626	—	—	10,626	—
Operating reserves	—	3,187	—	—	3,187	—
State of Good Repair Program	16,763	—	—	—	16,763	—
Unrestricted	440,825	210,187	(95,891)	—	555,121	29,641
Total Net Position	\$ 696,939	\$ 272,916	\$ (95,891)	\$ —	\$ 873,964	\$ 29,641

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, 2021

(amounts expressed in thousands)

Amounts reported for business-type activities in the Statement of Net Position (page 18) are different because:

Total net position (page 25)	\$ 873,964
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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.

28,818

Net position of business-type activities (page 18)	<u>\$ 902,782</u>
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See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:						
User fees and charges	\$ 14,574	\$ 44,616	\$ —	\$ —	\$ 59,190	\$ —
Permit fees	—	—	—	1	1	—
Charges for services	—	—	—	—	—	10,265
Total operating revenues	14,574	44,616	—	1	59,191	10,265
Operating expenses:						
Wages, salaries and benefits	100,467	—	—	82	100,549	—
Maintenance, parts and fuel	16,339	—	—	—	16,339	—
Purchased services	67,228	6,780	—	—	74,008	—
Administrative services	43,725	2,704	1,136	659	48,224	261
Other	3,786	14	—	—	3,800	306
Insurance claims and premiums	(16)	444	—	—	428	6,408
Professional services	21,643	3,443	701	33	25,820	1,113
General and administrative	3,602	607	—	—	4,209	—
Depreciation and amortization	31,554	4,216	6	—	35,776	—
Total operating expenses	288,328	18,208	1,843	774	309,153	8,088
Operating income (loss)	(273,754)	26,408	(1,843)	(773)	(249,962)	2,177
Nonoperating revenues (expenses):						
State transit assistance	252	—	—	—	252	—
Federal operating assistance grants	163,183	—	—	11	163,194	—
Property taxes allocated by the County of Orange	18,648	—	—	—	18,648	—
Investment earnings	3,467	1,158	—	2	4,627	231
Interest expense	—	(4,280)	(8,908)	—	(13,188)	—
Other	9,683	887	47	—	10,617	606
Total nonoperating revenues (expenses)	195,233	(2,235)	(8,861)	13	184,150	837
Income (loss) before contributions and transfers	(78,521)	24,173	(10,704)	(760)	(65,812)	3,014
Capital contributions	7,539	—	67	—	7,606	—
Transfers in	138,326	—	—	1,197	139,523	—
Transfers out	(6,654)	(15,577)	—	—	(22,231)	—
Change in net position	60,690	8,596	(10,637)	437	59,086	3,014
Total net position - beginning, as restated (Note 16)	636,249	264,320	(85,254)	(437)	814,878	26,627
Total net position - ending	\$ 696,939	\$ 272,916	\$ (95,891)	\$ —	\$ 873,964	\$ 29,641

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, 2021

(amounts expressed in thousands)

Amounts reported for business-type activities in the Statement of Activities (page 19) are different because:

Net change in fund net position - total enterprise funds (page 27)	\$ 59,086
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Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue of the general liability and workers' compensation internal service funds are included in business-type activities in the Statement of Net Position. Additionally, the effect of allocating the workers' compensation Internal Service Fund loss to the governmental activities is included in this difference.

2,689

Change in net position of business-type activities (page 19)	<u><u>\$ 61,775</u></u>
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See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 18,188	\$ 49,942	\$ —	\$ 1	\$ 68,131	\$ —
Receipts from interfund services provided	—	—	—	—	—	10,531
Payments to suppliers	(103,278)	(11,155)	(701)	(35)	(115,169)	(1,084)
Payments to claimants	—	—	—	—	—	(7,881)
Payments to employees	(111,825)	—	—	(725)	(112,550)	—
Payments for interfund services used	(45,459)	(2,704)	(1,136)	(659)	(49,958)	(261)
Advertising revenue received	1,566	—	—	—	1,566	—
Miscellaneous revenue received	16,148	886	47	—	17,081	604
Net cash provided by (used for) operating activities	(224,660)	36,969	(1,790)	(1,418)	(190,899)	1,909
Cash flows from noncapital financing activities:						
Operating assistance grants received	210,529	—	—	28	210,557	—
Property taxes received	18,662	—	—	—	18,662	—
Reimbursement from other governments	—	48	—	—	48	—
State transit assistance funds received	549	—	—	—	549	—
Transfers from other funds	150,667	—	50,851	1,197	202,715	—
Transfers to other funds	(6,528)	(11,797)	—	—	(18,325)	—
Net cash provided by (used for) noncapital financing activities	373,879	(11,749)	50,851	1,225	414,206	—
Cash flows from capital and related financing activities:						
Capital grants for acquisition and construction of capital assets	8,368	—	110	—	8,478	—
Receipts for condemnation deposits related to capital	—	—	2,071	—	2,071	—
Principal payment on long-term debt	—	(6,420)	—	—	(6,420)	—
Interest paid on long-term debt	—	(4,375)	—	—	(4,375)	—
Acquisition and construction of capital assets	(9,471)	(3,281)	(84,821)	—	(97,573)	—
Net cash provided by (used for) capital and related financing activities	(1,103)	(14,076)	(82,640)	—	(97,819)	—
Cash flows from investing activities:						
Investment earnings	4,397	1,679	—	2	6,078	357
Net cash provided by investing activities	4,397	1,679	—	2	6,078	357
Net increase in cash and cash equivalents	152,513	12,823	(33,579)	(191)	131,566	2,266
Cash and cash equivalents at beginning of year	462,078	231,166	33,579	191	727,014	44,700
Cash and cash equivalents at end of year	\$ 614,591	\$ 243,989	\$ —	\$ —	\$ 858,580	\$ 46,966

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds, Continued
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (273,754)	\$ 26,408	\$ (1,843)	\$ (773)	\$ (249,962)	\$ 2,177
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	31,554	1,629	6	—	33,189	—
Amortization of franchise agreement	—	2,587	—	—	2,587	—
Advertising revenue	1,622	—	—	—	1,622	—
Miscellaneous	8,061	886	47	—	8,994	—
Insurance recoveries	—	—	—	—	—	606
Change in assets and liabilities:						
Receivables	(296)	5,391	—	—	5,095	(179)
Due from other governments	11,834	—	—	—	11,834	(2)
Inventory	(2,227)	—	—	—	(2,227)	—
Prepaid retirement	(1,265)	—	—	43	(1,222)	—
Other assets	164	33	—	—	197	266
Deferred outflows of resources related to pensions	3,448	—	—	34	3,482	—
Deferred outflows of resources related to OPEB	60	—	—	3	63	—
Accounts payable	9,828	(576)	—	(2)	9,250	29
Accrued payroll and related items	469	—	—	(8)	461	—
Compensated absences	451	—	—	(16)	435	—
Claims payable	—	—	—	—	—	(988)
Due to other governments	(90)	676	—	—	586	—
Unearned revenue	—	(72)	—	(1)	(73)	—
Other liabilities	—	7	—	—	7	—
Total OPEB liability	87	—	—	(9)	78	—
Net pension liability	(24,559)	—	—	(624)	(25,183)	—
Deferred inflows of resources related to pensions	10,057	—	—	(64)	9,993	—
Deferred inflows of resources related to OPEB	(104)	—	—	(1)	(105)	—
Total adjustments	49,094	10,561	53	(645)	59,063	(268)
Net cash provided by (used for) operating activities	\$ (224,660)	\$ 36,969	\$ (1,790)	\$ (1,418)	\$ (190,899)	\$ 1,909
Reconciliation of cash and cash equivalents to statement of net position:						
Cash and investments	\$ 597,828	\$ 218,686	\$ —	\$ —	\$ 816,514	\$ 46,966
Restricted cash and cash equivalents	16,763	25,303	—	—	42,066	—
Total cash and cash equivalents	\$ 614,591	\$ 243,989	\$ —	\$ —	\$ 858,580	\$ 46,966
Noncash capital, financing and investing activities:						
Investment earnings	\$ 1,279	\$ (500)	\$ —	\$ —	\$ 779	\$ (120)
Amortization of bond premium	—	(644)	—	—	(644)	—
Amortization of deferred amount on refunding	—	670	—	—	670	—
Accreted interest on TIFIA loan	—	—	(8,908)	—	(8,908)	—
Capital assets accrued in accounts payable	—	714	11,487	—	12,201	—

See accompanying notes to the financial statements.

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

June 30, 2021

(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

On June 20, 1991, under the authority of Senate Bill 838, the Orange County Transportation Authority (OCTA) was formed as a special district by merging the following agencies and funds:

- Orange County Transportation Commission (OCTC)
- Orange County Transit District (OCTD)
- Orange County Local Transportation Fund (LTF)
- Orange County Unified Transportation Trust (OCUTT)
- Transit Development Reserve
- Orange County Local Transportation Authority (LTA)
- State Transit Assistance Fund (STAF)
- Orange County Service Authority for Freeway Emergencies (SAFE)
- Orange County Service Authority for Abandoned Vehicles (SAAV)
- 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.

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

The Orange County Service Authority for Abandoned Vehicles (SAAV), a blended component unit of OCTA, was created by Senate Bill 4114 which authorized the County Board of Supervisors, upon approval from a majority of the cities with a majority of the population, to establish SAAV. In 1992, SAAV began funding cities' efforts to remove unsightly and potentially dangerous abandoned vehicles. SAAV was funded by a \$1.00 (absolute dollars) fee paid at the time of vehicle registration. The Board also served as the Board of Directors for SAAV. Management of OCTA was responsible for the operations of SAAV. Separate financial statements are not issued for SAAV. In April 2012, the fee authorization for SAAV expired. Although sunset, OCTA continued to receive small amounts of funding through DMV based on delinquent vehicle registrations for years when the OC SAAV was active. These funds were used toward program management costs.

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

Basis of Presentation

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

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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, 2021, interest expense of \$32,518 and \$13,188, 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 taxes and other revenues are not reported as program revenues and instead, are reported as general revenues.

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

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 84 in fiscal year 2020-21, the Additional Retiree Benefit Account (ARBA) fund and the Scholarship fund are reported as part of the General Fund for 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

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March 31, 2041. The Measure M ordinance, as approved in an election by the voters of Orange County, requires that sales tax revenues only be expended on projects included in the ordinance.

- ***Local Transportation Fund (LTF)*** – This special revenue fund accounts for revenues received and expenditures made and is restricted for use on certain transit projects within Orange County. Funding is generated from a one-quarter percent state sales and use tax pursuant to the California Transportation Development Act (TDA). Expenditures of these monies must be made in accordance with TDA provisions.
- ***LTA Debt Service Fund*** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the LTA.
- ***General Capital Project Fund*** – This fund is used to account for transportation capital projects.

OCTA reports the following major enterprise funds:

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

Additionally, OCTA reports the following fund types:

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

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

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soon as all eligibility requirements imposed by the grantor have been met. Property taxes are recognized as revenues in the year for which they are levied.

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

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

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

Cash and Investments

OCTA maintains cash and investments in accordance with the Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended on July 1, 2021. 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, 2021, the investment portfolios were held by U.S. Bank as custodial bank. Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Cash from other OCTA revenue sources is commingled for investment purposes, with investment earnings allocated to the different accounts based on average daily account balances.

OCTA holds investments that are measured at fair value on a recurring basis. OCTA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has

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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 and 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'

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share of OCTA's commingled investment pool represent cash and cash equivalents for cash flow purposes.

Receivables

Receivables include an estimate for outstanding unpaid violations of the 91 Express Lanes that OCTA anticipates to collect. For violations less than 90 days old, the receivable is based on a 12-month average of violations collected during that time and is recorded net of an allowance for uncollectible accounts of \$1,315. For those violations in excess of 90 days, the receivable is estimated using a four-year average of violations collected and is recorded net, as the majority is not considered probable of collection. Additionally, the 91 Express Lanes records a receivable for amounts owed from customers, net of an allowance of \$329. Approximately \$6,638 of the 91 Express Lanes violations and customer receivables are not expected to be collected within one year.

Interfund Transactions

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

As a centralized transportation planning and administration agency, OCTA allocates costs related to administrative services from certain funds to benefiting funds. For the 2020-21 fiscal year, \$73,455 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 \$10,265 to OCTA's operating funds.

Inventory

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

Prepaid Retirement

Orange County Employee Retirement System (OCERS) provides a 5.80% discount to employers for early payment of employer contributions. OCTA elected to prepay employer

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contributions for fiscal year 2021-22 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 as a prepaid asset in the governmental fund financial statements (modified accrual perspective).

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 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.

In addition, with the implementation of GASB 84, 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.

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Assets Held for Resale

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

Capital Assets

Capital assets include land, construction in progress, buildings and improvements, machinery, equipment and furniture, transit vehicles, toll facility franchise and transponders and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by OCTA as assets with an initial, individual cost of more than \$5 and a useful life exceeding one year. OCTA also capitalizes non-sticker transponder purchases, as they are considered a significant class of assets even though individually their cost is less than \$5. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the donation date.

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, and transponders are depreciated using the straight line method over the following estimated useful lives:

Asset Type	Useful Life
Buildings and improvements	10-30 years
Machinery, equipment and furniture	3-10 years
Transit vehicles	3-18 years
Transponders	5-7 years

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

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.

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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 twice a year.

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

In addition to liabilities, the financial statements will sometimes include 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. On the modified accrual basis of accounting, OCTA has one type of deferred inflow, unavailable revenue. The governmental funds report unavailable revenues 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 two deferred inflow of resources reported in the government-wide statement of net position. These items are the deferred inflows related to 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 11 for information related to amortization of the deferred outflows/inflows of resources related to pensions and note 12 for the amortization of the deferred outflows/inflows related to OPEB.

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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 Express Lanes enterprise fund has purchased commercial property insurance, including business interruption, earthquake and flood coverage related to the toll facility.

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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 \$576,359 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.

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

- ***Nonspendable*** – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
- ***Restricted*** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- ***Committed*** – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board, as the highest level of decision making authority, has the ability to commit fund balances through the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the Board removes or modifies the use through the adoption of a subsequent resolution.
- ***Assigned*** – amounts that are constrained by OCTA's intent to be used for specific purposes and that do not meet the criteria to be classified as restricted or committed. This classification also includes residual amounts in governmental funds, other than the General Fund. The Board establishes and modifies assignments of fund balance through the adoption of the budget and subsequent budget amendments. The Board retains the authority to assign fund balance.
- ***Unassigned*** – this classification includes the residual fund balance for the General Fund. It also includes the negative residual fund balance 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.

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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 \$433,782 difference are as follows:

Capital assets	\$ 443,551
Less accumulated depreciation	(9,769)
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 433,782</u>

Another element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.” The details of this \$(694,052) difference are as follows:

Bonds payable	\$ (618,625)
Plus unamortized bond issuance premium (to be amortized to interest expense)	(61,967)
Administrative headquarters’ rent holiday	(4,875)
Compensated absences	(8,585)
Net adjustment to decrease fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ (694,052)</u>

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 \$93,653 difference are as follows:

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Capital outlay	\$ 94,921
Depreciation expense	<u>(1,268)</u>
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities	<u>\$ 93,653</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.” The details of this \$11,323 difference are as follows:

Principal repayments	\$ 8,065
Change in accrued interest	175
Amortization of premium/deferred charge on refunding	<u>3,083</u>
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities	<u>\$ 11,323</u>

3. CASH AND INVESTMENTS

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

Cash:

Deposits	\$ 200,190
Petty Cash	<u>7</u>
Total Cash	<u>200,197</u>

Investments:

With Orange County Treasurer	15,253
With LAIF	71,002
With Trustee	96,519
With Custodian	1,645,932
With CA Community Foundation (CCF)	<u>19,181</u>
Total Investments	<u>1,847,887</u>

Total Cash and Investments	<u>\$ 2,048,084</u>
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Total cash and investments are reported in the following funds:

Unrestricted Cash and Investments:	
Governmental Funds	\$ 602,571
Proprietary Funds:	
Enterprise Funds	816,514
Internal Service Funds	46,966
Restricted Cash and Investments:	
Governmental Funds	539,967
Proprietary Funds:	
Enterprise Funds	42,066
Total Cash and Investments	<u>\$ 2,048,084</u>

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

As of June 30, 2021, 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*	\$ 15,253	0.790% - 1.868%	1 day - 5 years	1.095
Local Agency Investment Fund*	71,002	0.262% - 1.217%	191 - 291 days	0.797
U. S. Treasuries	567,607	0.125% - 2.625%	05/15/22 - 03/31/25	1.923
U. S. Agency Notes	370,042	0.125% - 3.560%	08/01/21 - 02/12/26	1.765
Medium Term Notes	248,378	0.350% - 4.000%	09/20/21 - 10/15/25	2.185
Variable Rate Notes	69,129	0.210% - 4.023%	07/22/22 - 10/30/25	2.924
Mortgage & Asset Backed Securities	190,342	0.260% - 6.000%	07/25/21 - 04/16/26	2.782
Money Market Funds *	96,475	0.010% - 0.060%	7/01/21	0.003
Municipal Debt	122,211	0.319% - 6.650%	08/01/21 - 11/01/25	1.850
Commercial Paper *	25,085	0.000% - 0.570%	07/06/21 - 07/13/21	0.027
Negotiable CD*	22,093	0.590% - 2.040%	02/14/22 - 03/17/23	1.167
CCF Investment Fund	19,181	N/A	N/A	N/A
Supranational	31,089	0.125% - 2.500%	04/14/22 - 03/19/24	1.743
Total Investments	<u>\$ 1,847,887</u>			
Portfolio Weighted				1.844

* 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

ORANGE COUNTY TRANSPORTATION AUTHORITY
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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, 2021, 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.

		Fair Value Measurement using:		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investments by Fair Value Level	6/30/2021	(Level1)	(Level 2)	(Level 3)
U.S. Treasuries	\$ 567,607	\$ —	\$ 567,607	\$ —
U.S. Agency Notes	370,042	—	370,042	—
Medium Term Notes	248,378	—	248,378	—
Mortgage & Asset Backed Securities	190,342	—	190,342	—
Variable Rate Notes	69,129	—	69,129	—
Municipal Debt	122,211	—	122,211	—
CCF Investment Fund	19,181	—	—	19,181
Supranationals	31,089	—	31,089	—
Total Leveled Investments	1,617,979	\$ —	\$ 1,598,798	\$ 19,181
Investments Not Subject to the Fair Value Hierarchy				
Money Market Funds	96,475			
Orange County Investment Pool	15,253			
Local Agency Investment Fund	71,002			
Commercial Paper	25,085			
Negotiable Certificate of Deposit	22,093			
Total Investments Not Subject to the Fair Value Hierarchy	229,908			
Total Investments	\$ 1,847,887			

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.

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As of June 30, 2021, mortgage and asset-backed securities totaled \$190,342. 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).

As of June 30, 2021, OCTA had the following variable rate notes:

Investment	Fair Value	Coupon Multiplier	Coupon Reset Date
BMW	\$ 2,431	SOFR + 53 basis points	Quarterly
Bank of America	2,840	Not available	Semi - Annual
Bank of America	2,171	T1 1/2 + 88 basis points	Monthly
Bank of America	2,164	T0 1/8 + 63 basis points	Monthly
Bank of America	1,751	T0 1/4 + 65 basis points	Monthly
Citigroup	2,070	T0 1/8 + 63 basis points	Monthly
Citigroup	616	T0 3/8 + 63 basis points	Monthly
FHMS	1,145	LIBOR + 34 basis points	Monthly
FHMS	2,300	SOFR + 20 basis points	Monthly
First Republic Bank	511	T1 1/2 + 48 basis points	Monthly
Goldman Sachs	2,167	T1 3/4 + 115 basis points	Semi - Annual
Goldman Sachs	1,579	LIBOR + 78 basis points	Quarterly
JP Morgan Chase	7,895	T2 7/8 + 115 basis points	Monthly
JP Morgan Chase	1,161	T0 1/8 + 48 basis points	Monthly
JP Morgan Chase	910	T0 1/8 + 37.5 basis points	Monthly
JP Morgan Chase	2,116	T2 1/4 + 53 basis points	Monthly
JP Morgan Chase	1,332	T0 1/4 + 50 basis points	Monthly
Keybank	1,450	T0 3/8 + 28 basis points	Monthly
Keybank	2,046	T0 1/8 + 28 basis points	Monthly
Morgan Stanley	615	T0 1/4 + 55 basis points	Monthly
Morgan Stanley	1,161	T0 1/8 + 37.5 basis points	Monthly
Morgan Stanley	1,839	T0 1/8 + 40 basis points	Monthly
Morgan Stanley	877	T0 1/8 + 57 basis points	Monthly
PNC Bank	1,351	T0 5/8 + 48 basis points	Monthly
PNC Bank	1,652	T1 1/2 + 45 basis points	Monthly
PNC Bank	222	T1 3/8 + 35 basis points	Monthly
PNC Bank	4,053	LIBOR + 32.5 basis points	Quarterly
Truist Financial	4,265	T2 5/8 + 87 basis points	Monthly
Truist Financial	3,689	SOFR + 40 basis points	Quarterly
Wells Fargo Bank	1,997	T1 1/2 + 65 basis points	Monthly
Wells Fargo Bank	2,171	T1 1/2 + 65 basis points	Monthly
Wells Fargo Bank	6,128	T0 1/8 + 145 basis points	Monthly
Wells Fargo Bank	454	T0 3/8 + 47 basis points	Monthly
Total Variable Rate Notes	\$ 69,129		

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

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to recover collateral securities that are in the possession of an outside party. The custodial credit risk in terms of investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Policy requires that a third- party bank custody department hold all securities owned by OCTA. All trades are settled on a delivery versus payment basis through OCTA's safekeeping agent. At June 30, 2021, 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, 2021. (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U. S. government):

Investments	S&P	Moody's	% of Portfolio
CA Community Foundation Fund	NR	NR	1.04%
Orange County Investment Pool	NR	NR	0.83%
Local Agency Investment Fund	NR	NR	3.84%
U.S. Treasuries	NR	NR	30.71%
U.S. Agency Notes			
Notes	AAA	Aaa	0.23%
Notes	AAA	NR	0.10%
Notes	AA	Aaa	18.98%
Notes	A	A	0.35%
Notes	BBB	A	0.37%
Medium Term Notes			
Corporate Notes	AAA	Aaa	0.19%
Corporate Notes	AAA	NR	0.13%
Corporate Notes	AA	Aaa	0.52%
Corporate Notes	AA	Aa	1.62%
Corporate Notes	AA	A	1.01%
Corporate Notes	A	Aa	0.35%
Corporate Notes	A	A	7.55%
JP Morgan Chase	A	Baa	0.01%
Corporate Notes	A	NA	0.33%
Corporate Notes	BBB	A	1.51%
Corporate Notes	NA	Aaa	0.14%

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Investments	S&P	Moody's	% of Portfolio
Baycare Health System	NA	Aa	0.08%
Mortgage and Asset-Backed Securities			
Securities	AAA	Aaa	2.16%
Securities	AAA	NR	1.50%
Securities	AA	Aaa	3.67%
Carmax	AA	NR	0.04%
Securities	A	A	0.64%
Securities	BBB	A	0.17%
Securities	NR	Aaa	2.02%
Ford	NR	Aa	0.10%
Variable Rate Notes			
Bank of America	AAA	Aaa	0.08%
Bank of America	AAA	NR	0.07%
Notes	AA	Aaa	0.74%
Notes	A	Aa	0.39%
Notes	A	A	1.36%
Morgan Stanley	A	Baa	0.01%
Notes	BBB	A	1.02%
Truist Bank	NR	Aaa	0.07%
Money Market Funds	AAA	Aaa	5.22%
Municipal Bonds			
Various Agencies	AAA	Aaa	0.27%
Various Agencies	AAA	Aa	0.24%
LA CA Community College District	AA	Aaa	0.04%
Various Agencies	AA	Aa	2.37%
Various Agencies	AA	A	0.63%
Various Agencies	AA	NR	1.79%
Various Agencies	A	Aa	0.42%
Various Agencies	A	A	0.51%
Rhode Island Bridge Authority	A	NA	0.05%
Various Agencies	NR	Aa	0.18%
Pennsylvania State	NR	A	0.05%
Various Agencies	NR	NR	0.06%
Commercial Paper			
BARC	A-1	P-1	0.74%
Bayerische Landesbank	NR	P-1	0.62%
Certificate of Deposit			
Various	AA	Aa	0.43%
Various	A	Aa	0.38%
Various	A	A	0.39%
Supranational			
Various	AAA	Aaa	1.68%
Total			100%

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Concentration of Credit Risk

At June 30, 2021, OCTA did not exceed the Policy maximum concentrations as stated below:

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

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

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

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

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, 2021:

Issuer	Amount	% of OCTA's Portfolio
Federal Home Loan Mortgage Corporation	\$ 253,306	13.71 %

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

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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 2020-21 total \$65,345. A receivable of \$20,150 is outstanding as of June 30, 2021.

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 2020-21 related to capital investments total \$6,067. A receivable of \$32,931 is outstanding as of June 30, 2021.

Local Transportation Fund

In fiscal year 2020-21, 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 2020-21, OCTA and OCTD became entitled to \$3,973 and \$93,848 in LTF revenues, respectively. This revenue was recorded as a transfer from LTF. 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

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Transportation Improvement Fee on vehicle registrations and provides transit operators in California funding for eligible transit maintenance, rehabilitation, and capital projects. OCTA received \$29,751 and \$6,230 in STA and SGR respectively, in fiscal year 2020-21.

Proposition 1B

As part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by California voters as Proposition 1B (Prop 1B) on November 7, 2006, OCTA was awarded funding from the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA). As of June 30, 2021, OCTA has spent all remaining Prop 1B proceeds.

5. DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2021 in the fund financial statements are as follows:

	Governmental Funds					Enterprise Funds			Total
	General	LTA	LTF	LTA Debt Service	Nonmajor Funds	OCTD	91 EL	Internal Service Funds	
Receivables:									
Sales taxes	\$ —	\$ 68,549	\$ 37,068	\$ —	\$ 8,719	\$ —	\$ —	\$ —	\$114,336
Projects	852	26,566	—	2,125	—	13	—	—	29,556
Other	898	8	—	—	2,090	3,770	453	2	7,221
Total	\$ 1,750	\$ 95,123	\$ 37,068	\$ 2,125	\$ 10,809	\$ 3,783	\$ 453	\$ 2	\$151,113

Amounts due to other governments as of June 30, 2021 are as follows:

	Governmental Funds						Enterprise Funds			Total
	General	LTA	LTF	LTA Debt Services	General Capital Project	Nonmajor Funds	OCTD	91 EL	I-405 EL	
Payables:										
Projects	\$ —	\$ 21,438	\$ —	\$ —	\$ 1,576	\$ —	\$ 951	\$ 127	\$ 379	\$ 24,471
Use taxes	—	—	—	—	—	—	2	—	—	2
Other	451	163	580	6	764	27	353	589	—	2,933
Total	\$ 451	\$ 21,601	\$ 580	\$ 6	\$ 2,340	\$ 27	\$ 1,306	\$ 716	\$ 379	\$ 27,406

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6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The composition of interfund balances at June 30, 2021 is as follows:

Due to/from other funds:

Payable Funds	Receivable Funds						Total
	General	LTA	General Capital Project	Nonmajor Governmental	OCTD	Nonmajor Enterprise	
LTA	\$ 667	\$ —	\$ 6,516	\$ 56	\$ 60	\$ 8	\$ 7,307
LTF	324	—	—	—	—	—	324
Nonmajor Governmental	—	—	—	—	8,719	—	8,719
OCTD	—	—	126	—	—	—	126
91 EL	—	4,009	—	—	—	—	4,009
I-405 EL	—	50,851	—	—	—	—	50,851
Total	\$ 991	\$ 54,860	\$ 6,642	\$ 56	\$ 8,779	\$ 8	\$ 71,336

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

Interfund transfers:

Transfers Out	Transfers In						Total
	General	LTA	LTA Debt Service	General Capital Project	OCTD	Nonmajor Enterprise	
General	\$ —	\$ 94	\$ —	\$ —	\$ —	\$ —	\$ 94
LTA	—	—	43,835	24,521	8,497	585	77,438
LTF	3,973	—	—	—	93,848	—	97,821
LTA Debt Service	—	5,757	—	—	—	—	5,757
Nonmajor Governmental	31	—	—	—	35,981	—	36,012
OCTD	3,290	587	—	2,165	—	612	6,654
91 EL	—	15,577	—	—	—	—	15,577
Total	\$ 7,294	\$ 22,015	\$ 43,835	\$ 26,686	\$ 138,326	\$ 1,197	\$ 239,353

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, 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, La Habra service, and Irvine shuttle service.

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7. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 172,236	\$ —	\$ —	\$ —	\$ 172,236
Construction in progress	163,961	86,848	—	(152)	250,657
Total capital assets, not being depreciated	336,197	86,848	—	(152)	422,893
Capital assets, being depreciated:					
Building and improvements	1,668	7,300	—	—	8,968
Machinery, equipment and furniture	11,229	773	(464)	152	11,690
Total capital assets, being depreciated	12,897	8,073	(464)	152	20,658
Less accumulated depreciation for:					
Buildings and improvements	(1,206)	(36)	—	—	(1,242)
Machinery, equipment and furniture	(7,759)	(1,232)	464	—	(8,527)
Total accumulated depreciation	(8,965)	(1,268)	464	—	(9,769)
Total capital assets, being depreciated, net	3,932	6,805	—	152	10,889
Governmental activities capital assets, net	\$ 340,129	\$ 93,653	\$ —	\$ —	\$ 433,782
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 57,133	\$ —	\$ (27)	\$ —	\$ 57,106
Construction in progress	193,771	92,039	—	(1,024)	284,786
Total capital assets, not being depreciated	250,904	92,039	(27)	(1,024)	341,892
Capital assets, being depreciated and amortized:					
Building and improvements	153,730	2,416	(1,678)	844	155,312
Transit vehicles	342,509	271	(442)	—	342,338
Machinery, equipment and furniture	81,758	3,649	(1,381)	180	84,206
Toll facility franchise	205,264	—	—	—	205,264
Total capital assets, being depreciated and amortized	783,261	6,336	(3,501)	1,024	787,120
Less accumulated depreciation and amortization for:					
Buildings and improvements	(90,311)	(6,012)	1,678	—	(94,645)
Transit vehicles	(220,739)	(22,242)	383	—	(242,598)
Machinery, equipment and furniture	(59,395)	(4,935)	1,382	—	(62,948)
Toll facility franchise	(87,569)	(2,587)	—	—	(90,156)
Total accumulated depreciation and amortization	(458,014)	(35,776)	3,443	—	(490,347)
Total capital assets, being depreciated and amortized, net	325,247	(29,440)	(58)	1,024	296,773
Business-type activities capital assets, net	\$ 576,151	\$ 62,599	\$ (85)	\$ —	\$ 638,665

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

Governmental activities:

General Government	\$ 1,116
Motorist services	152
Total depreciation expense - governmental activities	\$ 1,268

Business-type activities:

Fixed route	\$ 27,785
Paratransit	3,769
Toll road	4,222
Total depreciation and amortization expense - business-type activities	\$ 35,776

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.

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.

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8. RISK MANAGEMENT - CLAIMS LIABILITY

OCTA is self-insured for workers' compensation and general liability claims, and also purchases excess workers' compensation and general liability insurance. Workers' compensation claims are self-insured up to a maximum amount of \$750 per claim and have statutory coverage through a commercial insurer. For fiscal year 2018-19 and fiscal year 2019-20, general liability claims were self-insured up to a maximum amount of \$4,000 and had additional coverage of \$60,000 per occurrence through three commercial insurers. No losses exceeded insurance coverage in those fiscal years. For fiscal year 2020-21, general liability claims are fully self-insured with an adequate funding reserve as required by the OCTA Board of Directors. Because 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. General liability and workers' compensation reserves are actuarially determined. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. 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:

	2021	2020
General Liability		
Unpaid claims as of July 1	\$ 3,422	\$ 3,281
Incurred claims (including claims incurred but not reported as of 6/30)	94	153
Payments	(674)	(613)
Increase/(decrease) in provision for prior years' events	(265)	601
Unpaid claims at June 30	2,577	3,422
Workers' Compensation		
Unpaid claims as of July 1	16,154	15,019
Incurred claims (including claims incurred but not reported as of 6/30)	2,186	2,920
Payments	(5,186)	(5,170)
Increase in provision for prior years' events	2,857	3,385
Unpaid claims at June 30	16,011	16,154
Total unpaid claims at June 30	18,588	19,576
Less current portion of unpaid claims	3,449	3,661
Total long-term portion of unpaid claims	\$ 15,139	\$ 15,915

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9. 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.

A summary of the bonds outstanding is as follows:

	2010 Series A (Taxable Build America Bonds)	2019 Series (Tax-Exempt Bonds)
Issuance date	12/09/10	2/12/19
Original issue amount	\$ 293,540	\$ 376,690
Original issue premium	—	69,342
Net Bond Proceeds	\$ 293,540	\$ 446,032
Issuance costs	\$ 1,905	\$ 970
Interest rates	5.56%-6.91%	3.00%-5.00%
Maturity range	2021-2041	2021-2041
Final maturity	2041	2041
Bonds outstanding	\$ 250,000	\$ 368,625
Plus unamortized premium	—	61,967
Total	\$ 250,000	\$ 430,592

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

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

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.

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

Issuance date	7/30/13
Closing date	8/8/13
Original issue amount	\$124,415
Cash reserve requirements	\$21,527*
Cash reserve balance	\$25,304
Interest rate range	2% - 5%
Maturity	December 2030
Principal payment date	August 15
Current balance	\$85,265
Unamortized premium	\$6,091
Deferred amount on refunding	(\$6,333)

*Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, the following three reserve funds are required to be maintained: Senior Lien Reserve Fund \$8,527, Major Maintenance Reserve Fund \$10,000, and Operating Reserve Fund \$3,000. At June 30, 2021, all reserve requirements have been satisfied.

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

Year Ending June 30,	Principal	Interest
2022	\$ 6,750	\$ 4,045
2023	7,095	3,700
2024	7,460	3,336
2025	7,845	2,953
2026	8,245	2,551
2027-2031	47,870	6,115
Total	<u>\$ 85,265</u>	<u>\$ 22,700</u>

TIFIA Loan Agreement

On July 26, 2017, OCTA and the Department of Transportation Build America Bureau Credit Programs Office (Bureau) executed a TIFIA loan of up to \$628,930 as a direct borrowing per GASB 88 for eligible project costs for the I-405 Improvement Project. The Bureau required OCTA to secure a \$900,000 line of credit secured by future M2 debt issuances to be committed at the time of closing on the TIFIA loan. The OCTA Board of Directors selected Bank of America N.A. (BANA) to provide a \$900,000 line of credit to meet the Bureau's requirement.

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

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

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

During construction and for a period of up to five years following the substantial completion, interest is capitalized/accreted to principal. The loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent that

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additional funds are available. Annual debt service requirements will be determined once the final draw on the TIFIA loan are made, which is scheduled to occur in 2023. TIFIA debt service payments are expected to commence on December 1, 2028, which is approximately five years after expected substantial completion of the I-405 Improvement Project, through December 1, 2058. The interest rate of the 2017 TIFIA loan is 2.91%. As of June 30, 2021, \$287,000 was drawn on the TIFIA loan, and the unused balance is \$341,930. The amount outstanding under the TIFIA loan at June 30, 2021 is \$312,329.

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

Changes in Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Sales tax revenue bonds	\$ 626,690	\$ —	\$ (8,065)	\$ 618,625	\$ 8,455
Unamortized premium	65,120	—	(3,153)	61,967	—
Total governmental activities	\$ 691,810	\$ —	\$ (11,218)	\$ 680,592	\$ 8,455
Business-type activities:					
Tax-exempt bonds	\$ 91,685	\$ —	\$ (6,420)	\$ 85,265	\$ 6,750
Unamortized premium	6,734	—	(643)	6,091	—
Subtotal for Tax-exempt bonds	98,419	—	(7,063)	91,356	6,750
Direct Borrowing-TIFIA loan	303,421	8,908	—	312,329	—
Total business-type activities	\$ 401,840	\$ 8,908	\$ (7,063)	\$ 403,685	\$ 6,750

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

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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, 2021, are indicated in the following table and OCTA is in compliance with the ratio per the debt agreement:

Description of Pledged Revenue	Annual Amount of Net Pledged Revenue	Annual Debt Service Payments	Pledged Revenue Coverage
Measure M2 Net Sales Tax Revenue	\$262,280	\$43,840	5.98
91 EL Net Toll Road Revenue	\$31,734	\$10,795	2.94

10. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated absences	\$ 7,660	\$ 7,871	\$ (6,946)	\$ 8,585	\$ —
Rent holiday	4,980	—	(105)	4,875	—
Total governmental activities	\$ 12,640	\$ 7,871	\$ (7,051)	\$ 13,460	\$ —
Business-type activities:					
Claims payable	\$ 19,576	\$ 4,872	\$ (5,860)	\$ 18,588	\$ 3,449
Compensated absences	8,328	11,606	(11,171)	8,763	7,649
Total business-type activities	\$ 27,904	\$ 16,478	\$ (17,031)	\$ 27,351	\$ 11,098

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

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11. 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, 2021 is presented below:

Deferred outflows of resources – pension	\$	34,932
Net pension liability	\$	186,024
Deferred inflows of resources – pension	\$	68,672
Pension expense	\$	12,094

A. Orange County Employees Retirement System

General Information about the Pension Plan

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

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, 2021 was 31.41% of total covered payroll, actuarially determined as an amount that, when combined with employee

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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 \$29,175 for the year ended June 30, 2021.

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

As of June 30, 2021, OCTA reported a liability of \$186,024 for its proportionate share of the net pension liability (NPL). The NPL was measured as of December 31, 2020, and determined by rolling forward the total pension liability (TPL) as of December 31, 2019 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, 2020, OCTA's proportion was 4.415%, which was an decrease of 0.004% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, OCTA recognized pension expense of \$12,094. At June 30, 2021, OCTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,031	\$ —
Net difference between projected and actual earnings on plan investments	—	54,638
Difference between expected and actual experience	3,427	14,034
Changes of assumptions	17,474	—
Total	<u>\$ 34,932</u>	<u>\$ 68,672</u>

\$14,031 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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 5.81 years determined as of December 31, 2019. 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.

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

Year ended June 30:	Increase/(Decrease) in Pension Expense
2022	\$ (15,757)
2023	(3,708)
2024	(20,979)
2025	(8,097)
2026	770
Total	<u>\$ (47,771)</u>

Actuarial Assumptions

Following are the key methods and assumptions used for the TPL as of December 31, 2020:

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

Changes in assumptions since the previous are described as follows:

- Inflation rate decreased from 2.75% to 2.50%.
- Projected salary increases of 4.25% to 12.25% changed to 4.00% to 11.00%.

Mortality Assumptions: The underlying mortality assumptions used in the TPL at December 31, 2020 were based on the results of the actuarial experience study for the period January 1, 2017 through December 31, 2019 using the Pub-2010 General Health Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2019, with age adjustments, and adjusted separately for healthy and disabled. The underlying mortality assumptions used in the TPL at December 31, 2019 were based on the results of the actuarial experience study for the period January 1, 2014 through December 31, 2016 using the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table as a starting point, projected generationally using the two-dimensional Scale MP-2016, with age adjustments, and adjusted separately for healthy and disabled. In general, using a generational mortality table anticipates increases in the cost of the Plan over time as participants' life expectancies are projected to increase. This is in contrast to updating a static mortality assumption with each experience study as proposed in prior experience studies.

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real

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rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses.

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private)	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA - Trend Following	2.50%	2.37%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	2.50%	2.50%
Total	100.00%	

Discount Rate: The discount rate used to measure the TPL was 7.00% as of December 31, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2020.

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

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
OCTA's Proportionate Share of the NPL	\$ 336,233	\$ 186,024	\$ 63,581

Pension Plan Fiduciary Net Position

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

B. 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 through 4 years of service
- 2% of base pay for employees with 5 through 9 years of service
- 3% of base pay for employees with 10 years or more of service

In addition, certain administrative employees are eligible, upon hire or promotion, to receive a 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 years or more of service
- 2% of base pay for employees with 15 years or more of 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 or more 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 years or more of service
- 2% plus matching up to 3% of base pay for employees with 20 years or more of service

The 401(a) Plan is entirely funded by employer contributions. For the year ended June 30, 2021, OCTA contributed \$2,252 to the 401(a) Plan.

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12. 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, 2021, the implied subsidy was determined as part of the June 30, 2021 actuarial valuation. The estimated implied subsidy at June 30, 2021 was \$190.

GASB Statement 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefit	—
Active employees	1,144
Total participants covered by OPEB Plan	<u>1,173</u>

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Total OPEB liability

OCTA's total OPEB liability (TOL) of \$2,414 was measured as of June 30, 2021 and was determined by an actuarial valuation as of January 1, 2020. Standard actuarial update procedures were used to project/discard from valuation to measurement dates.

Actuarial assumptions and other inputs:

The TOL of \$2,414 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	1.92 %
Healthcare Cost Trend Rates:	
2020 – 2021 Current Year Trend	5.90 %
2021 – 2022 Trend	5.80 %
Decrement	0.10 %
Ultimate Trend	5.00 %
Year Ultimate Trend is Reached	2029
Salary Increases	3.25 %
Inflation Rate	3.25 %

Actuarial assumptions used in the January 1, 2020 valuation were based on a review of plan experience during the period January 1, 2018 to December 31, 2019.

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, 2021, a decrease from the discount rate used for fiscal year ended June 30, 2020 of 2.45%.

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

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at 6/30/2020	\$ 2,301
Changes for the Year:	
Service cost	185
Interest	58
Changes in assumptions	60
Differences between expected and actual experience	—
Benefit payments	(190)
Net changes	113
Balance at 6/30/2021	\$ 2,414

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 1.92%, as well as what OCTA's TOL would be if it was calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current rate:

	1% Decrease 0.92%	Current Rate 1.92%	1% Increase 2.92%
OCTA's total OPEB liability	\$ 2,530	\$ 2,414	\$ 2,301

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the TOL of OCTA, calculated using an initial trend rate of 5.90%, as well as what OCTA's TOL would be if it was calculated using a trend rate that is one percentage point lower (4.90%) or one percentage point higher (6.90%) than the current rate:

	1% Decrease 4.90%	Current Rate 5.90%	1% Increase 6.90%
OCTA's total OPEB liability	\$ 2,185	\$ 2,414	\$ 2,677

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

For the year ended June 30, 2021, OCTA recognized OPEB expense of \$243. At June 30, 2021, OCTA reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 243	\$ 564
Changes of assumptions	175	2
Total	<u>\$ 418</u>	<u>\$ 566</u>

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

Year ended June 30:	Increase/(Decrease) in OPEB Expense
2022	\$ (1)
2023	(1)
2024	(78)
2025	(74)
2026	6
Total	<u>\$ (148)</u>

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

13. 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, 2021 are as follows:

	Total Purchase Commitments	Reserve for Encumbrances	Unencumbered Purchase Commitments
Governmental Funds:			
General	\$ 111,167	\$ 16,023	\$ 95,144
LTA	1,088,971	454,806	634,165
LTF	125	—	125
Nonmajor governmental funds	181,122	147,493	33,629
Total Governmental Funds	1,381,385	618,322	763,063
Proprietary Funds:			
OCTD	369,311	153,584	215,727
91 Express Lanes	80,748	10,519	70,229
I-405 Express Lanes	157,662	134,695	22,967
NonMajor Enterprise	845	—	845
Internal Service Funds	2,940	2,150	790
Total Proprietary Funds	611,506	300,948	310,558
Total	\$ 1,992,891	\$ 919,270	\$ 1,073,621

The majority of the contracts relate to the expansion of Orange County's freeway and road systems, grade separation projects, OC Streetcar project, purchase of up to 117, 22-foot gas powered cutaway buses, ten 40-foot battery electric buses, and 165, 40-foot CNG buses, paratransit bus services, and services for the operation of the contracted fixed route, stationlink and express buses.

14. OTHER COMMITMENTS AND CONTINGENCIES

Litigation

OCTA is a defendant in various legal actions. To the extent the outcome of such litigation has been determined to result in probable loss to OCTA, such loss has been accrued in the accompanying financial statements. OCTA believes that these accruals are adequate to provide for its estimated future obligations in these matters, and that any amounts in excess of such accruals will not have a significant effect on OCTA's financial position or changes in financial position.

In April 2020, the OCTA Board approved a settlement for \$1,000 in cash and forgiveness of \$40,000 in toll violations and penalties for the In Re Toll Roads Litigation (Plaintiffs) case. The case initially focused on two basic sets of claims. The first related to due process and

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

negligence claims alleging that the procedures used to assess and collect toll violation penalties when drivers use toll roads without paying the required toll are inadequate. The second original claim is that the penalties assessed against toll violators on the 91 Express Lanes is excessive. Over time, the Plaintiffs alleged that OCTA routinely sells and/or provides personally identifiable information of drivers to a host of other entities as part of the operation of the 91 Express Lanes. The parties have obtained court approval of the settlement and given notice of the settlement to the class members. In FY 2019-20, management recorded a liability of \$1,000 for the cash settlement and wrote off approximately \$3,600 of violations receivable for the forgiveness of toll violations and penalties. In FY 2020-21, OCTA issued a payment of \$217 of the \$1,000 settlement amount.

Federal Grants

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

Lease Commitments

OCTA is committed under various leases for building, office space, and tires for revenue vehicles. These leases are considered for accounting purposes to be operating leases. The lease for OCTA's administrative headquarters in Orange was originally for 15 years beginning in September 1993, but was amended to extend the lease term to January 31, 2029. OCTA accounts for scheduled rent increases on a straight line basis. The amended agreement included a rent holiday for the first 13 months of the lease. OCTA is recording a liability in the government-wide financial statements. An expenditure will be recorded in the general fund when the payment becomes due.

Total costs for leases for the year ended June 30, 2021 amounted to \$6,285. Future minimum payments for these leases are as follows:

Year Ending June 30:	Amount
2022	\$6,356
2023	6,318
2024	6,319
2025	5,990
2026	4,296
2027-2031	11,881
Total	<u>\$41,160</u>

15. 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

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

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 expended \$20,338 during fiscal year 2020-21 for its share of Metrolink capital and operating costs. 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 \$4,534 to LOSSAN for administrative support during fiscal year 2020-21. Separate financial statements are prepared by, and available from, LOSSAN at the OCTA offices which is located at 550 South Main Street, Orange, CA 92868.

16. RESTATEMENT DUE TO IMPLEMENTATION OF ACCOUNTING STANDARDS

Net position and fund balance as of July 1, 2020 have been restated for the implementation of new GASB Standards:

	Governmental Activities	Business-type Activities	General Fund	OCTD Fund	Fiduciary Fund - ARBA
Beginning balance, as previously reported	\$ 917,387	\$ 875,804	\$ 47,825	\$ 671,046	\$ 17,383
Restated for Implementation Guide No. 2019-1:					
Nonexchange revenue recognition	(2,369)	(34,797)	(2,361)	(34,797)	—
Restated for GASB 84 implementation:					
ARBA Fund	17,383	—	17,383	—	(17,383)
Beginning balance, as restated	\$ 932,401	\$ 841,007	\$ 62,847	\$ 636,249	\$ —

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Change in Accounting Principle from Implementation Guide No. 2019-1: With the release of Implementation Guide No. 2019-1, OCTA changed its method of accounting for recognition of nonexchange revenue. Expenditure-driven grant provisions are determined to be a stipulation that is considered to be an eligibility requirement and as such, revenue cannot be recognized until the agreement has been executed. Adjustments as of July 1, 2020 were made to reduce business-type activities and OCTD fund net position by \$34,797 and to reduce governmental activities net position and general fund balance by \$2,369 to reflect the cumulative effect related to the change in accounting principle. The adjustment represents nonexchange revenue and receivables that were recorded for eligible expenditures incurred in the year ended June 30, 2020, but the related grant award was not executed until the year ended June 30, 2021.

Discussion of impact on GASB 84 implementation can be found in note 18.

17. FUND DEFICIT

The I-405 Express Lanes (I-405 EL) fund, an enterprise fund, had a net position deficit of \$95,891. The deficit was primarily due to the fact that the fund is at construction phase and does not have operating revenue.

18. EFFECT OF NEW PRONOUNCEMENTS

GASB Statement No. 84

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement was effective for OCTA's fiscal year ending June 30, 2020, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement is effective for OCTA's fiscal year ended June 30, 2021. Due to the implementation of this Statement, the Additional Retiree Benefit Account (ARBA) fund and the Scholarship fund, which were previously reported as fiduciary funds, were reported as of part of the General Fund for fiscal year 2020-21. As a result of this implementation, the beginning net position for governmental activities and the beginning fund balance for General Fund were both restated and increased by \$17,383 for the recording of ARBA pension assets in General Fund as restricted investments, while the Scholarship Fund activities were reported in General Fund as current year transactions since they are not material to the financial statements. See note 16.

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

GASB Statement No. 87

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

GASB Statement No. 90

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

GASB Statement No. 91

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

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

GASB Statement No. 92

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

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended, (7) providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement, except for paragraph 11b, are effective for OCTA's fiscal year ending June 30, 2021. The requirement in paragraph 11b is effective for OCTA's fiscal year ending June 30, 2022. GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponed the effective date of paragraphs 13 and 14 of this Statement by one year. The implementation of this Statement, except for paragraphs 11b, 13 and 14, did not have a material effect on the financial statements. OCTA has not determined the effect of the remaining paragraphs of this Statement.

GASB Statement No. 94

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

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

GASB Statement No. 96

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

GASB Statement No. 97

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

19. SUBSEQUENT EVENT

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

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund (Budgetary Basis)
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines	\$ 197	\$ 197	\$ 120	\$ (77)
Contributions from other agencies	7,354	7,887	10,926	3,039
Interest and investment income	719	719	254	(465)
Capital assistance grants	7,165	7,165	5,395	(1,770)
Miscellaneous	82	82	81	(1)
Total revenues	15,517	16,050	16,776	726
Expenditures				
Current:				
General government:				
Salaries and benefits	61,713	61,944	59,595	2,349
Supplies and services	37,811	37,891	36,835	1,056
Interfund reimbursements	(81,369)	(81,369)	(73,455)	(7,914)
Transportation:				
Contributions to other local agencies	2,028	4,383	3,364	1,019
Capital outlay	6,906	6,927	4,470	2,457
Total expenditures	27,089	29,776	30,809	(1,033)
Deficiency of revenues under expenditures	(11,572)	(13,726)	(14,033)	(307)
Other financing sources (uses)				
Transfers in	4,221	4,221	7,294	3,073
Transfers out	—	—	(94)	(94)
Proceeds from sale of capital assets	105	105	199	94
Total other financing sources (uses)	4,326	4,326	7,399	3,073
Net change in fund balance	\$ (7,246)	\$ (9,400)	\$ (6,634)	\$ 2,766

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	\$ (6,634)
Net change in fund balance (budgetary basis) - from CURE fund	3,020
Net change in fund balance - from ARBA trust fund	3,403
Net change in fund balance - from Scholarship fund	4
Less: Estimated revenues for encumbrances outstanding at June 30	6,015
Less: Estimated revenues for encumbrances outstanding at June 30 - from CURE fund	—
Add: Current year encumbrances outstanding at June 30 - from CURE fund	662
Add: Current year encumbrances outstanding at June 30	15,853
Net change in fund balance (GAAP basis)	<u>\$ 10,293</u>

See accompanying notes to required supplementary information.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Authority Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax revenue	\$ 282,894	\$ 282,894	\$ 345,345	\$ 62,451
Fines	8	8	—	(8)
Contributions from other agencies	128,421	128,421	69,883	(58,538)
Interest and investment income	11,300	11,300	11,330	30
Miscellaneous	3,830	3,830	2,476	(1,354)
Total revenues	426,453	426,453	429,034	2,581
Expenditures				
Current:				
General government:				
Supplies and services	231,174	244,354	161,312	83,042
Transportation:				
Contributions to other local agencies	161,456	161,276	97,561	63,715
Capital outlay	815,450	914,510	780,469	134,041
Debt service:				
Interest	—	—	2	(2)
Total expenditures	1,208,080	1,320,140	1,039,344	280,796
Deficiency of revenues under expenditures	(781,627)	(893,687)	(610,310)	283,377
Other financing sources (uses)				
Transfers in	47,251	47,251	22,015	(25,236)
Transfers out	(87,130)	(85,490)	(77,438)	8,052
Total other financing sources (uses)	(39,879)	(38,239)	(55,423)	(17,184)
Net change in fund balance	\$ (821,506)	\$ (931,926)	\$ (665,733)	\$ 266,193
Reconciliation to GAAP:				
Net change in fund balance (budgetary basis)			\$ (665,733)	
Less: Estimated revenues for encumbrances outstanding at June 30			14,158	
Add: Current year encumbrances outstanding at June 30			506,797	
Net change in fund balance (GAAP basis)			<u>\$ (173,094)</u>	

See accompanying notes to required supplementary information.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax revenue	\$ 145,779	\$ 145,779	\$ 179,689	\$ 33,910
Interest and investment income	21	21	(546)	(567)
Total revenues	145,800	145,800	179,143	33,343
Expenditures				
Current:				
General government:				
Supplies and services	1,534	1,534	1,519	15
Transportation:				
Contributions to other local agencies	2,047	2,047	2,411	(364)
Total expenditures	3,581	3,581	3,930	(349)
Excess of revenues over expenditures	142,219	142,219	175,213	32,994
Other financing uses				
Transfers out	(142,219)	(142,219)	(97,821)	44,398
Total other financing uses	(142,219)	(142,219)	(97,821)	44,398
Net change in fund balance	\$ —	\$ —	\$ 77,392	\$ 77,392

See accompanying notes to required supplementary information.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Supplemental Pension Plan and OPEB Plan Trend Data
June 30, 2021

(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*

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

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

Schedule of OCTA Contributions

Orange County Employees Retirement System Pension Plan

Last 10 Fiscal Years*

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

Changes of assumptions:

For fiscal year 2020-21, the inflation rate was reduced from 2.75% to 2.50% (retiree cost-of-living assumption maintained at 2.75%). Projected salary increases of 4.25% to 12.25% changed to 4.00% to 11.00%. Mortality assumptions were based on the Pub-2010 General Health Employee Amount-Weighted Above-Median Mortality Table, rather than the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, which was used to determine amounts reported in the prior fiscal year.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Supplemental Pension Plan and OPEB Plan Trend Data
June 30, 2021

(amounts expressed in thousands)

For fiscal year 2017-18, the discount rate used to measure the TPL was decreased from 7.25% to 7.00%. The inflation rate was decreased from 3.00% to 2.75%. Mortality assumptions were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table.

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

Schedule of the Changes in OCTA's Total OPEB Liability and Related Ratios

Other Post Employment Benefit Plan

Last 10 Fiscal Years*

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

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 2020-21, the discount rate used to measure the TOL was 1.92%, a decrease from the discount rate of 2.45% for fiscal year 2019-20.

For fiscal year 2019-20, the discount rate used to measure the TOL was 2.45%, a decrease from the discount rate of 3.50% for fiscal year 2018-19. For fiscal year 2019-20, mortality assumptions were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point,

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Supplemental Pension Plan and OPEB Plan Trend Data
June 30, 2021

(amounts expressed in thousands)

projected generationally with the two-dimensional MP-2016 projection scale used, rather than the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006), which was used to determine amounts reported in fiscal year 2018-19.

For fiscal year 2018-19, the discount rate used to measure the TOL was 3.50%, an increase from the discount rate of 3.44% for fiscal year 2017-18. For fiscal year 2018-19, mortality assumptions were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) rather than the RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, which was used to determine amounts reported in fiscal year 2017-18.

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021
(amounts expressed in thousands)

1. BUDGETARY DATA

OCTA establishes accounting control through formal adoption of an annual budget for all governmental funds. The budget is prepared in a basis consistent with accounting principles generally accepted in the United States (GAAP) except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. The adopted budget can be amended by the Board to increase both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Division heads are authorized to approve appropriation transfers within major objects subject to approval by the Finance and Administration Division. Major objects are defined as Salaries and Benefits, Supplies and Services, and Capital Outlay. Supplies and Services includes Contributions to Other Local Agencies, Debt Service and Transfers. Appropriation transfers between major objects require approval of the Board. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations, for budgeted funds, is at the major object level for the budgeted governmental funds. A Fourth Quarter Budget Status Report, June 2020 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 2020-21 for the General fund and the major special revenue funds, except for the Local Transportation fund. In the Local Transportation fund, contributions to other local agencies exceeded appropriations in the amounts of \$364, due to OCTA receiving more sales tax revenue over the 12-month apportionment period than anticipated and disbursing those funds to other local agencies.

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

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION

June 30, 2021
(amounts expressed in thousands)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Service Authority for Abandoned Vehicles (SAAV) – This fund is used to account for revenues received and expenditures made for the removal of abandoned vehicles from streets and roads throughout Orange County. The source of revenue is 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 Section 22710 of the California Vehicle Code. In April 2012, the fee authorization for SAAV expired. In June 2021, SAAV was closed.

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, 2021

(amounts expressed in thousands)	Special Revenue				Total Nonmajor Governmental Funds
	OCUTT	SAFE	SAAV	STAF	
Assets					
Cash and investments	\$ 13,257	\$ 5,631	\$ —	\$ 120	\$ 19,008
Receivables:					
Interest	52	28	—	3	83
Other	—	20	—	—	20
Due from other funds	56	—	—	—	56
Due from other governments	—	2,090	—	8,719	10,809
Note receivable	1,961	—	—	—	1,961
Total Assets	\$ 15,326	\$ 7,769	\$ —	\$ 8,842	\$ 31,937
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 3	\$ 608	\$ —	\$ —	\$ 611
Due to other funds	—	—	—	8,719	8,719
Due to other governments	—	27	—	—	27
Total Liabilities	3	635	—	8,719	9,357
Deferred Inflows of Resources					
Unavailable revenue - reimbursements from others and other misc revenue	—	246	—	—	246
Total Deferred Inflows of Resources	—	246	—	—	246
Fund Balances					
Restricted for:					
Transportation programs	15,323	—	—	123	15,446
Motorist services	—	6,888	—	—	6,888
Total Fund Balances	15,323	6,888	—	123	22,334
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,326	\$ 7,769	\$ —	\$ 8,842	\$ 31,937

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

(amounts expressed in thousands)	Special Revenue				Total Nonmajor Governmental Funds
	OCUTT	SAFE	SAAV	STAF	
Revenues					
Sales taxes	\$ —	\$ —	\$ —	\$ 29,751	\$ 29,751
Transportation improvement fee	—	—	—	6,230	6,230
Vehicle registration fees	—	3,099	—	—	3,099
Contributions from other agencies	—	5,927	—	—	5,927
Interest and investment income	591	54	—	13	658
Miscellaneous	—	21	—	—	21
Total revenues	591	9,101	—	35,994	45,686
Expenditures					
Current:					
General government:					
Supplies and services	10	7,771	—	1	7,782
Capital outlay	—	1	—	—	1
Total expenditures	10	7,772	—	1	7,783
Excess of revenues over expenditures	581	1,329	—	35,993	37,903
Other financing uses					
Transfers out	—	—	(31)	(35,981)	(36,012)
Total other financing uses	—	—	(31)	(35,981)	(36,012)
Net change in fund balances	581	1,329	(31)	12	1,891
Fund balances - beginning	14,742	5,559	31	111	20,443
Fund balances - ending	\$ 15,323	\$ 6,888	\$ —	\$ 123	\$ 22,334

ORANGE COUNTY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule

Commuter and Urban Rail Endowment Fund (Budgetary Basis)

For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines	\$ —	\$ —	\$ 5	\$ 5
Contributions from other agencies	—	—	10	10
Interest and investment income	—	—	64	64
Miscellaneous	—	—	1	1
Total revenues	—	—	80	80
Expenditures				
Current:				
General government:				
Supplies and services	235	235	277	(42)
Transportation:				
Contributions to other local agencies	—	—	21	(21)
Capital outlay	456	456	429	27
Total expenditures	691	691	727	(36)
Excess (deficiency) of revenues over (under) expenditures	(691)	(691)	(647)	44
Other financing sources				
Proceeds from sale of capital assets	—	—	3,667	3,667
Total other financing sources	—	—	3,667	3,667
Net change in fund balance	\$ (691)	\$ (691)	\$ 3,020	\$ 3,711
Reconciliation to GAAP:				
Net change in fund balance (budgetary basis)			\$ 3,020	
Add: Current year encumbrances outstanding at June 30			662	
Net change in fund balance (GAAP basis), reported with General fund			\$ 3,682	

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Local Transportation Authority Debt Service Fund (Budgetary Basis)
For the Year Ended June 30, 2021

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Orange County Unified Transportation Trust Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and investment income	\$ 81	\$ 81	\$ 591	\$ 510
Total revenues	81	81	591	510
Expenditures				
Current:				
General government:				
Supplies and services	894	894	10	884
Total expenditures	894	894	10	884
Excess (deficiency) of revenues over (under) expenditures	(813)	(813)	581	1,394
Net change in fund balance	\$ (813)	\$ (813)	\$ 581	\$ 1,394

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Service Authority for Freeway Emergencies Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Vehicle registration fees	\$ 2,700	\$ 2,700	\$ 3,099	\$ 399
Contributions from other agencies	4,137	4,137	5,927	1,790
Interest and investment income	8	8	54	46
Miscellaneous	10	10	21	11
Total revenues	6,855	6,855	9,101	2,246
Expenditures				
Current:				
General government:				
Supplies and services	9,178	9,178	7,811	1,367
Capital outlay	443	443	1	442
Total expenditures	9,621	9,621	7,812	1,809
Excess (deficiency) of revenues over (under) expenditures	(2,766)	(2,766)	1,289	4,055
Other financing sources				
Transfers in	2,727	2,727	—	(2,727)
Total other financing sources	2,727	2,727	—	(2,727)
Net change in fund balance	\$ (39)	\$ (39)	\$ 1,289	\$ 1,328

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	\$ 1,289
Add: Current year encumbrances outstanding at June 30	40
Net change in fund balance (GAAP basis)	<u>\$ 1,329</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
State Transit Assistance Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Sales tax revenue	\$ 22,119	\$ 22,119	\$ 29,751	\$ 7,632
Transportation improvement fee	5,921	5,921	6,230	309
Interest and investment income	8	8	13	5
Total revenues	28,048	28,048	35,994	7,946
Expenditures				
Current:				
General government:				
Supplies and services	—	—	1	(1)
Total expenditures	—	—	1	(1)
Excess of revenues over expenditures	28,048	28,048	35,993	7,945
Other financing uses				
Transfers out	(28,048)	(28,048)	(35,981)	(7,933)
Total other financing uses	(28,048)	(28,048)	(35,981)	(7,933)
Net change in fund balance	\$ —	\$ —	\$ 12	\$ 12

ORANGE COUNTY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule

General Capital Project Fund (Budgetary Basis)

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
(amounts expressed in thousands)	Original	Final		
Revenues				
Contributions from other agencies	\$ —	\$ —	\$ 12,705	\$ 12,705
Interest	32	32	—	(32)
Capital assistance grants	15,200	15,200	58,788	43,588
Miscellaneous	—	—	55	55
Total revenues	15,232	15,232	71,548	56,316
Expenditures				
Current:				
General government:				
Supplies and services	16,704	16,704	3,905	12,799
Transportation:				
Contributions to other local agencies	785	785	—	785
Capital outlay	238,873	238,873	246,204	(7,331)
Total expenditures	256,362	256,362	250,109	6,253
Deficiency of revenues under expenditures	(241,130)	(241,130)	(178,561)	62,569
Other financing sources				
Transfers in	32,144	32,144	26,686	(5,458)
Total other financing sources	32,144	32,144	26,686	(5,458)
Net change in fund balance	\$ (208,986)	\$ (208,986)	\$ (151,875)	\$ 57,111

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	\$ (151,875)
Less: Estimated revenues for encumbrances outstanding at June 30	12,979
Add: Current year encumbrances outstanding at June 30	163,232
Net change in fund balance (GAAP basis)	<u><u>\$ (1,622)</u></u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021
(amounts expressed in thousands)

NONMAJOR ENTERPRISE FUNDS

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 2022-23. The primary source of funding for the operation will be fare collections.

Orange County Taxicab Administration Program (OCTAP) - This fund accounts for the taxicab licensing and driver's permit program. The sources of funding for the operations are the permit fees. As of June 30, 2021, OCTAP was closed.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Net Position - Nonmajor Enterprise Funds
June 30, 2021

<i>(amounts expressed in thousands)</i>	OC Streetcar	OCTAP	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Due from other funds	\$ 8	\$ —	\$ 8
Total current assets	8	—	8
Total Assets	8	—	8
Liabilities			
Current liabilities:			
Accounts payable	8	—	8
Total current liabilities	8	—	8
Total Liabilities	8	—	8
Net Position			
Unrestricted	—	—	—
Total Net Position	\$ —	\$ —	\$ —

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenses and Charges in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	OC Streetcar	OCTAP	Total Nonmajor Enterprise Funds
Operating revenues:			
Permit fees	\$ —	\$ 1	\$ 1
Total operating revenues	—	1	1
Operating expenses:			
Wages, salaries and benefits	—	82	82
Administrative services	557	102	659
Professional services	28	5	33
Total operating expenses	585	189	774
Operating loss	(585)	(188)	(773)
Nonoperating revenues:			
Federal operating assistance grants	—	11	11
Investment earnings	—	2	2
Total nonoperating revenues	—	13	13
Loss before contributions and transfers	(585)	(175)	(760)
Transfers in	585	612	1,197
Change in net position	—	437	437
Total net position - beginning	—	(437)	(437)
Total net position - ending	\$ —	\$ —	\$ —

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Cash Flows - Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	OC Streetcar	OCTAP	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ —	\$ 1	\$ 1
Payments to suppliers	(28)	(7)	(35)
Payments to employees	—	(725)	(725)
Payments for interfund services used	(557)	(102)	(659)
Net cash provided by (used for) operating activities	(585)	(833)	(1,418)
Cash flows from noncapital financing activities:			
Operating assistance grants received	—	28	28
Transfers from other funds	585	612	1,197
Net cash provided by noncapital financing activities	585	640	1,225
Cash flows from investing activities:			
Investment earnings	—	2	2
Net cash provided by investing activities	—	2	2
Net increase in cash and cash equivalents	—	(191)	(191)
Cash and cash equivalents at beginning of year	—	191	191
Cash and cash equivalents at end of year	\$ —	\$ —	\$ —
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating loss	\$ (585)	\$ (188)	\$ (773)
Change in assets and liabilities:			
Prepaid retirement	—	43	43
Deferred outflows of resources related to pensions	—	34	34
Deferred outflows of resources related to OPEB	—	3	3
Accounts payable	—	(2)	(2)
Accrued payroll and related items	—	(8)	(8)
Compensated absences	—	(16)	(16)
Unearned revenue	—	(1)	(1)
Total OPEB liability	—	(9)	(9)
Net pension liability	—	(624)	(624)
Deferred inflows of resources related to pensions	—	(64)	(64)
Deferred inflows of resources related to OPEB	—	(1)	(1)
Total adjustments	—	(645)	(645)
Net cash provided by (used for) operating activities	\$ (585)	\$ (833)	\$ (1,418)

ORANGE COUNTY TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021
(amounts expressed in thousands)

INTERNAL SERVICE FUNDS

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

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Net Position - Internal Service Funds
June 30, 2021

<i>(amounts expressed in thousands)</i>	General Liability	Workers' Compensation	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	\$ 16,258	\$ 30,708	\$ 46,966
Receivables:			
Interest	74	86	160
Other	164	310	474
Due from other governments	2	—	2
Other assets	332	937	1,269
Total current assets	<u>16,830</u>	<u>32,041</u>	<u>48,871</u>
Total Assets	<u>16,830</u>	<u>32,041</u>	<u>48,871</u>
Liabilities			
Current liabilities:			
Accounts payable	101	541	642
Claims payable	567	2,882	3,449
Total current liabilities	<u>668</u>	<u>3,423</u>	<u>4,091</u>
Noncurrent liabilities:			
Claims payable	2,010	13,129	15,139
Total Liabilities	<u>2,678</u>	<u>16,552</u>	<u>19,230</u>
Net Position			
Unrestricted	14,152	15,489	29,641
Total Net Position	<u>\$ 14,152</u>	<u>\$ 15,489</u>	<u>\$ 29,641</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	General Liability	Workers' Compensation	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,734	\$ 8,531	\$ 10,265
Total operating revenues	1,734	8,531	10,265
Operating expenses:			
Administrative services	165	96	261
Other	39	267	306
Insurance claims and premiums	920	5,488	6,408
Professional services	623	490	1,113
Total operating expenses	1,747	6,341	8,088
Operating income (loss)	(13)	2,190	2,177
Nonoperating revenues:			
Investment earnings	89	142	231
Other	332	274	606
Total nonoperating revenues	421	416	837
Change in net position	408	2,606	3,014
Total net position - beginning	13,744	12,883	26,627
Total net position - ending	\$ 14,152	\$ 15,489	\$ 29,641

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2021

<i>(amounts expressed in thousands)</i>	General Liability	Workers' Compensation	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 2,000	\$ 8,531	\$ 10,531
Payments to suppliers	(591)	(493)	(1,084)
Payments to claimants	(1,880)	(6,001)	(7,881)
Payments for interfund services used	(165)	(96)	(261)
Miscellaneous revenue received	330	274	604
Net cash provided by (used in) operating activities	(306)	2,215	1,909
Cash flows from investing activities:			
Investment earnings	144	213	357
Net cash provided by investing activities	144	213	357
Net increase in cash and cash equivalents	(162)	2,428	2,266
Cash and cash equivalents at beginning of year	16,420	28,280	44,700
Cash and cash equivalents at end of year	\$ 16,258	\$ 30,708	\$ 46,966
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (13)	\$ 2,190	\$ 2,177
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Insurance recoveries	332	274	606
Change in assets and liabilities:			
Other receivables	(76)	(103)	(179)
Due from other governments	(2)	—	(2)
Other assets	266	—	266
Accounts payable	32	(3)	29
Claims payable	(845)	(143)	(988)
Total adjustments	(293)	25	(268)
Net cash provided by (used in) operating activities	\$ (306)	\$ 2,215	\$ 1,909
Noncash capital, financing and investing activities:			
Investment earnings	\$ (53)	\$ (67)	\$ (120)



91 EXPRESS LANES





VANPOOL



ORANGE COUNTY TRANSPORTATION AUTHORITY
STATISTICAL SECTION
June 30, 2021

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

<u>Contents</u>	<u>Page</u>
Financial Trends	103
These schedules contain trend information to help the reader understand how OCTA's financial performance and well-being have changed over time.	
Revenue Capacity	109
These schedules contain information to help the reader assess OCTA's most significant local revenue source, the sales tax.	
Debt Capacity	113
These schedules present information to help the reader assess the affordability of OCTA's current levels of outstanding debt and OCTA's ability to issue additional debt in the future.	
Demographic and Economic Information	116
These schedules offer demographic and economic indicators to help the reader understand the environment within which OCTA's financial activities take place.	
Operating Information	119
These schedules contain service and infrastructure data to help the reader understand how the information in OCTA's financial report relates to the services OCTA provides and the activities it performs.	

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 1

Net Position by Component, Last Ten Fiscal Years

(accrual basis of accounting - thousands)

	As of June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 191,149	\$ 159,539	\$ 159,427	\$ 177,195	\$ 185,209	\$ 202,587	\$ 211,433	\$ 262,985	\$ 340,129	\$ 433,782
Restricted	251,820	314,832	352,878	421,285	545,220	621,580	565,653	677,934	626,302	545,091
Unrestricted	200,226	207,674	181,216	94,641	67,517	29,578	37,947	(14,857)	(49,044)	(23,655)
Total governmental activities net position	\$ 643,195	\$ 682,045	\$ 693,521	\$ 693,121	\$ 797,946	\$ 853,745	\$ 815,033	\$ 926,062	\$ 917,387	\$ 955,218
Business-type activities:										
Net investment in capital assets	\$ 278,292	\$ 257,439	\$ 265,584	\$ 279,153	\$ 300,737	\$ 389,791	\$ 339,677	\$ 320,212	\$ 303,484	\$ 287,575
Restricted	20,340	20,383	13,015	13,032	13,075	13,199	16,776	18,229	25,156	31,268
Unrestricted	246,797	317,002	376,340	275,052	305,689	323,682	439,737	487,407	547,164	583,939
Total business-type activities net position	\$ 545,429	\$ 594,824	\$ 654,939	\$ 567,237	\$ 619,501	\$ 726,672	\$ 796,190	\$ 825,848	\$ 875,804	\$ 902,782
Primary government:										
Net investment in capital assets	\$ 469,441	\$ 416,978	\$ 425,011	\$ 456,348	\$ 485,946	\$ 592,378	\$ 551,110	\$ 583,197	\$ 643,613	\$ 721,357
Restricted	272,160	335,215	365,893	434,317	558,295	634,779	582,429	696,163	651,458	576,359
Unrestricted	447,023	524,676	557,556	369,693	373,206	353,260	477,684	472,550	498,120	560,284
Total primary government net position	\$ 1,188,624	\$ 1,276,869	\$ 1,348,460	\$ 1,260,358	\$ 1,417,447	\$ 1,580,417	\$ 1,611,223	\$ 1,751,910	\$ 1,793,191	\$ 1,858,000

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.

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

(accrual basis of accounting - thousands)

For the Year Ended June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 95,679	\$ 96,925	\$ 68,262	\$ 74,852	\$ 95,155	\$ 94,929	\$ 80,877	\$ 88,394	\$ 89,868	\$ 87,346
Measure M program	337,034	314,669	372,137	301,329	272,627	280,154	439,279	390,253	453,965	534,584
Motorist services	7,347	6,004	5,187	5,281	6,355	5,826	5,725	6,359	7,724	7,092
Commuter rail	26,806	34,586	23,556	29,347	34,004	39,736	414	117	454	47
Total governmental activities expenses	466,866	452,184	469,142	410,809	408,141	420,645	526,295	485,123	552,011	629,069
Business-type activities:										
Fixed route	201,629	207,363	212,170	201,630	208,851	204,969	208,167	230,256	201,819	174,441
Paratransit	51,225	53,803	51,735	51,392	63,071	64,594	67,883	71,104	88,086	75,431
Tollroad	23,231	20,573	22,996	22,980	25,120	38,455	25,672	26,491	29,239	30,137
Taxicab administration	490	456	506	584	567	524	385	348	160	86
Fixed guideway	—	—	—	—	—	—	—	6	7	28
Total business-type activities expenses	276,575	282,195	287,407	276,586	297,609	308,542	302,107	328,205	319,311	280,123
Total primary government expenses	\$ 743,441	\$ 734,379	\$ 756,549	\$ 687,395	\$ 705,750	\$ 729,187	\$ 828,402	\$ 813,328	\$ 871,322	\$ 909,192
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 149	\$ 137	\$ 155	\$ 181	\$ 1,180	\$ 730	\$ 842	\$ 855	\$ 872	\$ 1,113
Other activities	1,297	1,136	1,350	1,644	1,087	1,104	1,544	968	1,197	1,149
Operating grants and contributions	172,733	159,069	146,863	122,282	125,220	92,486	98,233	83,458	78,703	74,365
Capital grants and contributions	4,335	10,923	2,222	586	3,897	17,602	7,679	19,994	37,921	65,919
Total governmental activities program revenues	178,514	171,265	150,590	124,693	131,384	111,922	108,298	105,275	118,693	142,546
Business-type activities:										
Charges for services:										
Fixed route	50,553	53,361	56,784	51,265	50,197	42,753	40,821	41,067	39,747	22,380
Tollroad	37,742	39,289	42,610	46,132	52,240	56,005	57,615	57,417	43,944	45,353
Other activities	7,154	7,893	8,579	8,695	8,650	8,656	8,280	8,727	7,654	2,193
Operating grants and contributions	90,099	83,305	63,099	67,356	65,226	74,966	74,236	87,667	64,917	164,819
Capital grants and contributions	10,023	8,821	23,717	14,139	35,848	89,740	17,849	11,172	4,747	7,154
Total business-type activities program revenues	195,571	192,669	194,789	187,587	212,161	272,120	198,801	206,050	161,009	241,899
Total primary government program revenues	\$ 374,085	\$ 363,934	\$ 345,379	\$ 312,280	\$ 343,545	\$ 384,042	\$ 307,099	\$ 311,325	\$ 279,702	\$ 384,445

Source: Accounting and Financial Reporting Department

Notes:

(Continued)

In fiscal year 2013-14, the decrease in General government expenses is primarily due to the conclusion of the gasoline tax exchange in June 2013.

In fiscal year 2017-18, the increase in expense of Measure M program under the governmental activities results mainly from costs related to freeway projects including I-405 Improvement Project.

In fiscal years 2019-21, the increase in the government-type activities expenses is mainly due to the construction of the OC Streetcar project under the Measure M program.

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,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Indirect expenses allocation:										
Governmental activities	\$ (29,340)	\$ (33,654)	\$ (34,089)	\$ (35,996)	\$ (37,748)	\$ (41,045)	\$ (43,163)	\$ (44,411)	\$ (46,890)	\$ (48,485)
Business-type activities	29,340	33,654	34,089	35,996	37,748	41,045	43,163	44,411	46,890	48,485
Net (expense) revenue										
Governmental activities	\$ (259,012)	\$ (247,265)	\$ (284,463)	\$ (250,120)	\$ (239,009)	\$ (267,678)	\$ (374,834)	\$ (335,437)	\$ (386,428)	\$ (438,038)
Business-type activities	(110,344)	(123,180)	(126,707)	(124,995)	(123,196)	(77,467)	(146,469)	(166,566)	(205,192)	(86,709)
Total primary government net expense	\$ (369,356)	\$ (370,445)	\$ (411,170)	\$ (375,115)	\$ (362,205)	\$ (345,145)	\$ (521,303)	\$ (502,003)	\$ (591,620)	\$ (524,747)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales taxes	\$ 409,556	\$ 428,262	\$ 451,153	\$ 466,127	\$ 476,368	\$ 475,863	\$ 515,475	\$ 546,912	\$ 518,933	\$ 554,785
Unrestricted investment earnings	15,192	11,295	13,776	13,301	19,447	9,807	12,609	48,527	55,593	21,334
Other miscellaneous revenue	355	125	288	168	918	99	133	233	159	2,028
Transfers	(151,280)	(155,999)	(169,278)	(169,199)	(152,899)	(162,292)	(191,734)	(149,206)	(196,930)	(117,292)
Total governmental activities	273,823	283,683	295,939	310,397	343,834	323,477	336,483	446,466	377,755	460,855
Business-type activities:										
Taxes:										
Property taxes	11,193	13,560	12,366	13,293	14,098	14,943	15,995	16,971	17,829	18,648
Unrestricted investment earnings	926	2,805	4,765	4,531	7,672	2,332	2,892	24,654	29,285	4,859
Other miscellaneous revenue	228	2,832	413	1,218	791	5,071	5,604	5,393	11,104	7,685
Transfers	151,280	155,999	169,278	169,199	152,899	162,292	191,734	149,206	196,930	117,292
Total business-type activities	163,627	175,196	186,822	188,241	175,460	184,638	216,225	196,224	255,148	148,484
Total primary government	\$ 437,450	\$ 458,879	\$ 482,761	\$ 498,638	\$ 519,294	\$ 508,115	\$ 552,708	\$ 642,690	\$ 632,903	\$ 609,339
Change in Net Position										
Governmental activities	\$ 14,811	\$ 36,418	\$ 11,476	\$ 60,277	\$ 104,825	\$ 55,799	\$ (38,351)	\$ 111,029	\$ (8,673)	\$ 22,817
Business-type activities	53,283	52,016	60,115	63,246	52,264	107,171	69,756	29,658	49,956	61,775
Total primary government	\$ 68,094	\$ 88,434	\$ 71,591	\$ 123,523	\$ 157,089	\$ 162,970	\$ 31,405	\$ 140,687	\$ 41,283	\$ 84,592

Source: Accounting and Financial Reporting Department

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 3

Fund Balances, Governmental Funds, Last Ten Fiscal Years

(modified accrual basis of accounting - thousands)

	As of June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	—	—	—	—	—	—	—	—	—	—
Nonspendable	5,459	5,637	7,473	11,038	11,862	20,672	11,699	13,717	12,746	13,763
Restricted	—	—	—	24,732	23,548	22,992	23,189	23,101	23,517	44,642
Assigned	—	—	—	25,173	14,453	—	2,413	8,740	11,562	14,735
Unassigned	(4,203)	(168)	(210)	22,115	—	(17,135)	—	(2,217)	—	—
Total general fund	\$ 1,256	\$ 5,469	\$ 7,263	\$ 83,058	\$ 49,863	\$ 26,529	\$ 37,301	\$ 43,341	\$ 47,825	\$ 73,140
All Other Governmental Funds										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in:										
Special revenue funds	—	—	—	—	—	—	—	—	—	—
Capital projects funds	—	—	—	—	—	—	—	—	—	—
Nonspendable	18,826	77,547	56,991	20,575	12,519	7,177	12,144	15,772	12,230	17,507
Restricted	680,191	638,718	707,365	753,071	862,565	953,569	892,703	1,337,025	1,252,083	1,155,000
Committed	68,084	—	—	—	—	—	—	—	—	—
Assigned, reported in:										
Special revenue funds	—	69,531	41,273	—	—	—	—	—	—	—
Transportation capital projects	9,514	9,504	9,495	9,469	8,682	1,158	—	2,521	—	—
Unassigned	—	—	—	—	—	—	(6,917)	(883)	(2,024)	(3,562)
Total all other governmental funds	\$ 776,615	\$ 795,300	\$ 815,124	\$ 783,115	\$ 883,766	\$ 961,904	\$ 897,930	\$ 1,354,435	\$ 1,262,289	\$ 1,168,945

Source: Accounting and Financial Reporting Department

Notes:

GASB 54 was implemented during fiscal year 2010-11.

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 2019-20, the decrease in restricted fund balance of All Other Governmental funds is due to the decrease of sales tax revenue for Measure M2.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 4

Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

(modified accrual basis of accounting - thousands)

For the Year Ended June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Sales taxes	\$ 412,722	\$ 428,262	\$ 451,153	\$ 466,127	\$ 465,830	\$ 486,401	\$ 507,584	\$ 554,804	\$ 518,933	\$ 554,785
Gasoline taxes	23,447	22,553	—	—	—	—	—	—	—	—
Transportation improvement fee	—	—	—	—	—	—	5,673	5,603	5,823	6,230
Vehicle registration fees	2,610	2,588	2,669	2,351	3,401	2,960	2,941	2,978	2,773	3,099
Fines	159	140	176	197	220	205	201	200	245	125
Contributions from other agencies	152,836	135,762	146,216	121,341	103,532	87,870	92,239	67,550	96,817	84,483
Interest and investment income	15,325	10,702	13,144	12,732	18,917	11,894	12,253	48,528	53,209	23,840
Capital assistance grants	695	1,118	11,075	768	3,220	14,552	7,541	14,171	29,102	45,999
Miscellaneous	1,642	1,351	3,899	4,221	5,090	8,060	6,361	3,649	1,425	3,250
Total revenues	609,436	602,476	628,332	607,737	600,210	611,942	634,793	697,483	708,327	721,811
Expenditures										
Current:										
General government	101,457	94,455	83,294	105,995	126,370	116,183	110,973	110,537	106,911	114,120
Transportation:										
Contributions to other local agencies	222,485	166,899	191,698	133,286	124,230	146,199	109,767	114,543	97,116	103,286
Capital outlay	88,529	135,968	135,747	129,312	103,441	106,921	250,292	235,559	354,492	430,188
Debt service:										
Principal payments on long-term debt	—	6,410	6,600	6,865	7,210	7,475	7,775	8,165	8,530	8,065
Interest	22,508	22,509	22,264	21,961	21,614	21,343	21,059	20,677	35,615	35,777
Bond issuance costs	—	—	—	—	—	—	—	826	—	—
Total expenditures	434,979	426,241	439,603	397,419	382,865	398,121	499,866	490,307	602,664	691,436
Excess of revenues over expenditures	174,457	176,235	188,729	210,318	217,345	213,821	134,927	207,176	105,663	30,375
Other financing sources (uses):										
Transfers in	29,295	37,909	48,196	65,411	56,722	74,074	46,148	155,033	137,216	99,830
Transfers out	(180,574)	(193,908)	(217,474)	(234,610)	(209,621)	(236,366)	(237,882)	(304,239)	(334,146)	(217,122)
Proceeds from sale of capital assets	—	2,662	2,167	2,667	3,010	3,275	3,605	3,605	3,605	3,866
Bond issuance	—	—	—	—	—	—	—	376,690	—	—
Bond premium	—	—	—	—	—	—	—	69,342	—	—
Payment to refunded bond escrow agent	—	—	—	—	—	—	—	(45,062)	—	—
Total other financing sources (uses)	(151,279)	(153,337)	(167,111)	(166,532)	(149,889)	(159,017)	(188,129)	255,369	(193,325)	(113,426)
Net changes in fund balances	\$ 23,178	\$ 22,898	\$ 21,618	\$ 43,786	\$ 67,456	\$ 54,804	\$ (53,202)	\$ 462,545	\$ (87,662)	\$ (83,051)
Debt service as a percentage of noncapital expenditures	5.4 %	6.8 %	6.6 %	7.6 %	7.7 %	7.6 %	5.9 %	6.6 %	8.4 %	7.2 %

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2011-12, the increase in contributions from other agencies is due to increased funding of Measure M MSEP and grade separation projects.

In fiscal year 2013-14, the increase in capital assistance grants is due to Prop 116 funds received for Metrolink Fiber Optic. Gasoline tax exchange was concluded during FY 13-14. In fiscal year 2014-15, the decrease in both Contributions from and to other agencies is due to finalizing Measure M1 projects.

In fiscal year 2017-18, the transportation improvement fee under revenues was added as new revenue source under the Road Repair and Accountability Act of 2017.

Also, the increase in capital outlay is due to I-405 Improvement project under the Measure M Program.

In fiscal year 2018-19, the increase in other financing sources is due to the issuance of sales tax revenue bonds for the Measure M program. The increase in total revenues is mainly due to an increase in sales taxes.

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 5

Program Revenues by Function/Program, Last Ten Fiscal Years

(accrual basis of accounting - thousands)

Program Revenues

Function/Program	For the Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 33,981	\$ 32,585	\$ 5,280	\$ 4,101	\$ 8,963	\$ 22,323	\$ 18,830	\$ 27,932	\$ 46,179	\$ 76,165
Measure M program	137,209	120,265	136,929	112,056	111,050	76,881	81,902	67,979	63,996	59,115
Motorist services	5,325	5,259	5,274	5,521	5,648	5,575	5,492	8,755	8,516	7,251
Commuter rail	1,999	13,156	3,107	3,015	5,723	7,143	2,074	609	2	15
Total governmental activities	178,514	171,265	150,590	124,693	131,384	111,922	108,298	105,275	118,693	142,546
Business-type activities:										
Fixed route	133,785	123,467	123,244	112,721	123,504	173,107	105,539	108,244	107,503	193,353
Paratransit	23,307	29,080	28,130	28,059	28,080	40,777	33,882	38,859	7,496	2,192
Tollroad	37,742	39,289	42,610	46,132	60,059	57,816	59,069	58,576	45,835	46,342
Taxicab administration	737	833	805	675	518	420	311	371	175	12
Total business-type activities	195,571	192,669	194,789	187,587	212,161	272,120	198,801	206,050	161,009	241,899
Total primary government	\$ 374,085	\$ 363,934	\$ 345,379	\$ 312,280	\$ 343,545	\$ 384,042	\$ 307,099	\$ 311,325	\$ 279,702	\$ 384,445

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2011-12, the increase in contributions from other agencies is due to increased funding of Measure M MSEP and grade separation projects.

In fiscal year 2013-14, the decrease in General government is primarily due to the conclusion of the gasoline tax exchange in June 2013.

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 2020-21, the increase in Fixed route is primarily due to operating grants and contributions.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 6

Tax Revenues by Source, Governmental Activities, Last Ten Fiscal Years

(accrual basis of accounting - thousands)

For the Year Ended June 30,	Sales & Use	Gasoline (a)	Total
2012	412,722	23,447	436,169
2013	428,262	22,553	450,815
2014	451,153	—	451,153
2015	466,127	—	466,127
2016	476,368	—	476,368
2017	475,863	—	475,863
2018	515,475	—	515,475
2019	546,912	—	546,912
2020	518,933	—	518,933
2021	554,785	—	554,785

Change

2011 - 2020	34.4 %	(100.0)%	27.2 %
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Source: Accounting and Financial Reporting Department

Note:

(a) In 1995, as a result of the Orange County 1994 bankruptcy, the California State Legislature diverted \$38 million to the County from OCTA's TDA sales tax revenue.

In return, \$23 million in annual County gasoline tax revenue was diverted to OCTA until 2013.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 7

Taxable Sales by Category, Last Ten Calendar Years

(amounts expressed in thousands)	Calendar Year										(a)
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Clothing and Clothing Accessories Stores	\$ 3,510,757	\$ 3,764,088	\$ 3,942,629	\$ 4,062,185	\$ 4,173,147	\$ 4,179,348	\$ 4,420,905	\$ 4,501,642	\$ 3,445,233	\$ 943,655	
General Merchandise Stores	5,026,911	5,169,057	5,206,936	5,331,919	5,266,498	5,314,636	5,424,321	5,561,761	5,214,858	1,256,236	
Specialty Stores	1,691,589	1,732,562	1,625,444	—	—	—	—	—	—	—	
Food and Beverage Stores	2,056,803	2,111,209	2,177,054	2,249,980	2,315,300	2,399,937	2,460,590	2,483,191	2,630,703	572,417	
Food Services and Drink Places	5,853,267	6,186,883	6,637,321	7,174,652	7,561,709	7,953,351	8,195,164	8,559,216	6,232,835	1,528,734	
Home Furnishings and Appliance Stores	3,501,432	3,539,271	3,340,006	2,995,975	3,082,463	3,074,257	3,037,974	2,907,710	2,578,348	677,585	
Building Material & Garden Equipment & Supplies Dealers	2,351,574	2,581,968	2,662,657	2,870,940	2,961,129	3,106,396	3,184,381	3,174,208	3,539,541	877,857	
Motor Vehicle and Parts Dealers	11,615,228	11,854,186	12,440,522	8,352,815	8,648,763	8,927,827	9,408,045	9,646,527	9,482,960	2,648,865	
Gasoline Stations	—	—	—	3,979,166	3,489,276	3,745,819	4,203,824	4,142,023	2,670,300	710,856	
Other Retail Group	1,180,969	1,210,383	1,219,968	5,130,425	5,318,826	5,562,771	5,742,982	6,158,835	8,462,565	1,814,917	
Business and Personal Services	1,583,927	1,876,321	2,035,999	—	—	—	—	—	—	—	
All other outlets	16,858,156	17,565,288	18,808,591	19,768,161	20,241,650	20,883,715	21,390,429	22,553,862	19,576,172	4,724,922	
Total	\$55,230,613	\$57,591,216	\$60,097,127	\$61,916,218	\$63,058,761	\$65,148,057	\$67,468,615	\$69,688,975	\$63,833,515	\$15,756,044	
Measure M Ordinance direct sales tax rate	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	

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

Note:

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

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

(a) Data available for first quarter for 2021

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

<u>Calendar Year</u>	<u>Measure M Direct rate</u>	<u>County of Orange</u>
2012	0.50%	7.25%
2013	0.50%	7.50% (a)
2014	0.50%	7.50%
2015	0.50%	7.50%
2016	0.50%	7.50%
2017	0.50%	7.25% (b)
2018	0.50%	7.25%
2019	0.50%	7.25%
2020	0.50%	7.25%
2021	0.50%	7.25%

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

Notes:

Measure M information provided by the Measure M Ordinance

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 9

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

(amounts express in thousands)

City	Calendar Year 2020			Calendar Year 2011		
	Taxable Sales	Rank	Percentage of Total	Taxable Sales	Rank	Percentage of Total
Aliso Viejo	\$ 338,997	29	0.66 %	\$ 386,269	29	0.84 %
Anaheim	5,500,900	1	10.75 %	5,144,214	1	11.14 %
Brea	1,555,501	12	3.04 %	1,572,228	12	3.40 %
Buena Park	1,939,577	9	3.79 %	2,064,247	8	4.47 %
Costa Mesa	4,281,382	3	8.37 %	3,773,536	3	8.17 %
Cypress	994,406	16	1.94 %	1,006,683	16	2.18 %
Dana Point	386,681	26	0.76 %	397,225	28	0.86 %
Fountain Valley	961,558	18	1.88 %	947,178	18	2.05 %
Fullerton	1,747,237	11	3.42 %	1,585,979	11	3.43 %
Garden Grove	1,849,591	10	3.62 %	1,623,150	10	3.52 %
Huntington Beach	3,203,062	6	6.26 %	2,584,793	6	5.60 %
Irvine	5,040,777	2	9.85 %	4,305,169	2	9.32 %
La Habra	955,962	19	1.87 %	756,683	19	1.64 %
La Palma	128,447	32	0.25 %	479,850	24	1.04 %
Laguna Beach	351,518	28	0.69 %	368,493	30	0.80 %
Laguna Hills	421,348	25	0.82 %	465,971	25	1.01 %
Laguna Niguel	971,236	17	1.90 %	949,718	17	2.06 %
Laguna Woods	79,482	33	0.16 %	76,915	33	0.17 %
Lake Forest	1,254,900	15	2.45 %	1,133,096	15	2.45 %
Los Alamitos	258,198	31	0.50 %	225,423	32	0.49 %
Mission Viejo	1,255,032	14	2.45 %	1,380,815	13	2.99 %
Newport Beach	2,822,260	7	5.52 %	2,390,352	7	5.18 %
Orange	3,678,139	5	7.19 %	2,940,598	5	6.37 %
Placentia	507,996	24	0.99 %	445,641	26	0.97 %
Rancho Santa Margarita	555,406	23	1.09 %	484,007	23	1.05 %
San Clemente	838,575	20	1.64 %	597,571	20	1.29 %
San Juan Capistrano	730,705	21	1.43 %	570,878	21	1.24 %
Santa Ana	3,858,377	4	7.54 %	3,326,962	4	7.21 %
Seal Beach	302,916	30	0.59 %	443,547	27	0.96 %
Stanton	364,339	27	0.71 %	301,045	31	0.65 %
Tustin	2,114,455	8	4.13 %	1,756,777	9	3.80 %
Villa Park	20,930	34	0.04 %	13,663	34	0.03 %
Westminster	1,287,025	13	2.52 %	1,177,035	14	2.55 %
Yorba Linda	597,338	22	1.17 %	499,383	22	1.08 %
Total	51,154,253		100 %	46,175,094		100 %
Unincorporated Cities	12,679,262			5,556,045		
Total Orange County	<u>\$ 63,833,515</u>			<u>\$ 51,731,139</u>		

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

Note:

The most current data available is for 2020.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 10

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

(amounts expressed in thousands except per capita)

As of June 30,	Governmental Activities		Business-Type Activities			Government	Percentage of Personal Income	Per Capita
	Sales Tax Revenue Bonds	Commercial Paper Notes	Toll Road Revenue Bonds	TIFIA Loan	Capital Leases			
2012	357,389	25,000	165,356	—	571	548,316	0.32 %	177.80
2013	350,376	25,000	159,858	—	—	535,234	0.31 %	172.06
2014	343,174	25,000	135,013	—	—	503,187	0.28 %	160.35
2015	335,707	—	129,444	—	—	465,151	0.24 %	147.08
2016	327,894	—	123,725	—	—	451,619	0.22 %	142.06
2017	319,817	—	117,796	—	—	437,613	0.21 %	136.72
2018	311,440	—	111,627	165,988	—	589,055	0.27 %	182.87
2019	704,094	—	105,173	294,762	—	1,104,029	0.48 %	342.60
2020	691,810	—	98,419	303,421	—	1,093,650	n/a	342.37
2021	680,592	—	91,356	312,329	—	1,084,277	n/a	343.80

Source: Accounting and Financial Reporting Department

Notes:

The fiscal years 2011-13 Sales Tax Revenue Bonds and Toll Road Revenue Bonds columns have been restated to include the unamortized premium amounts.

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

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

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

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

(amounts expressed in thousands)

Measure M Ordinance No. 3 (Measure M2)

Toll Road Revenue Bonds

Legal Debt Margin Calculation for Fiscal Year 2021

Debt service	\$ 43,840
Debt coverage (130 % of debt service)	<u>56,992</u>
Sales tax revenue	332,888
Less: local fair share & other expenses	<u>(70,608)</u>
Net sales tax revenues	<u>262,280</u>
Legal debt margin	<u><u>\$ 205,288</u></u>

Legal Debt Margin Calculation for Fiscal Year 2021

Debt service	\$ 10,795
Debt coverage (130 % of debt service)	<u>14,034</u>
Toll revenues	46,463
Less: operating expenses	<u>(14,729)</u>
Net toll revenues	<u>31,734</u>
Legal debt margin	<u><u>\$ 17,701</u></u>

For Year Ended June 30,	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit
2012	193,361	15,425	177,936	8.0	22,462	10,721	11,741	47.7 %
2013	201,022	21,835	179,187	10.9 %	23,204	10,226	12,978	44.1 %
2014	212,707	22,386	190,321	10.5 %	25,478	10,742	14,736	42.2 %
2015	227,936	29,039	198,897	12.7 %	30,825	14,035	16,790	45.5 %
2016	237,151	29,021	208,130	12.2 %	35,576	14,035	21,541	39.5 %
2017	239,727	29,244	210,483	12.2 %	25,002	14,039	10,963	56.2 %
2018	249,427	29,080	220,347	11.7 %	42,211	14,034	28,177	33.2 %
2019	258,085	37,434	220,651	14.5 %	49,624	14,035	35,589	28.3 %
2020	252,570	57,360	195,210	22.7 %	37,268	14,037	23,231	37.7 %
2021	262,280	56,992	205,288	21.7 %	31,734	14,034	17,701	44.2 %

Source: Treasury and Accounting and Financial Reporting Departments

Notes:

In fiscal year 2010-11, Measure M2 sales tax revenue bonds were issued and Measure M1 bonds were paid off.

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

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

For the Year Ended June 30,	Measure M2 Sales Tax Revenue Bonds						Toll Road Revenue Bonds					
	Sales Tax Revenue	Less: Fair Share & Other Expenses	Debt Service		Coverage		Toll Road Revenue	Less: Operating Expenses	Debt Service		Coverage	
			Principal	Interest					Principal	Interest		
2012	\$ 249,263	\$ (51,274)	\$ —	\$ 15,425	12.84		\$ 38,370	\$ (12,692)	\$ 4,980	\$ 5,741	2.40	
2013	262,468	(54,895)	6,410	15,425	9.51		39,526	(13,254)	5,245	4,981	2.57	
2014	277,939	(58,516)	6,600	15,786	9.80		43,857	(15,156)	5,525	5,218	2.67	
2015	289,359	(61,423)	6,865	15,473	10.20		47,351	(16,526)	4,925	5,871	2.86	
2016	300,602	(63,451)	7,210	15,114	10.62		54,267	(18,691)	5,075	5,721	3.30	
2017	305,057	(65,330)	7,475	15,020	10.66		56,835	(31,833)	5,285	5,514	2.32	
2018	316,093	(66,666)	7,775	14,594	11.15		58,613	(16,403)	5,525	5,270	3.91	
2019	328,892	(70,807)	8,165	20,629	8.96		64,932	(15,308)	5,810	4,986	4.60	
2020	322,448	(69,878)	8,530	35,592	0.01		52,313	(15,045)	6,110	4,688	3.45	
2021	332,888	(70,608)	8,065	35,774	5.98		46,463	(14,729)	6,420	4,375	2.94	

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.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 13

Demographic and Economic Statistics, Last Ten Calendar Years

Calendar Year	Population (a)	Personal Income (millions) (b)	Per Capita Personal Income (c)	Median Age (d)	School Enrollment (e)	Unemployment Rate (f)
2012	3,083,962	170,496	55,391	36.20	502,195	7.9 %
2013	3,110,678	170,044	54,765	36.40	501,801	6.1 %
2014	3,138,057	178,945	57,234	36.70	500,487	5.2 %
2015	3,162,622	193,121	61,322	37.10	497,116	4.3 %
2016	3,179,122	200,784	63,439	37.30	493,030	4.4 %
2017	3,200,748	209,643	66,044	37.50	490,430	3.8 %
2018	3,221,103	218,878	68,917	38.30	485,835	3.2 %
2019	3,222,498	227,733	71,711	38.60	478,823	3.0 %
2020	3,194,332	n/a	n/a	n/a	473,612	13.7 %
2021	3,153,764	n/a	n/a	n/a	456,572	6.5 %

Notes:

n/a - data not available

Estimates for population for 2012-2019 were revised; personal income and per capita personal income for 2012-2019 were revised for new estimates.

Sources:

- (a) July 1 estimates for 2012-2019 and January 1 estimate for 2020-2021 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, <http://factfinder2.census.gov/>
- (e) California Department of Education, <http://www.dq.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

Employer	Calendar Year 2021			Calendar Year 2012		
	Employees (a)	Rank	Percentage of Total County Employment (b)	Employees (a)	Rank	Percentage of Total County Employment (b)
Walt Disney Co.	28,000	1	1.91 %	22,000	1	1.48 %
University of California, Irvine	25,512	2	1.74 %	21,291	2	1.43 %
County of Orange	18,543	3	1.27 %	17,321	3	1.16 %
Providence	12,866	4	0.88 %			
Albertsons Southern CA Division	8,159	5	0.56 %			
Kaiser Permanente	8,050	6	0.55 %	5,968	8	0.40 %
Hoag Memorial Hospital Presbyterian	6,710	7	0.46 %			
Walmart Inc.	6,400	8	0.44 %			
Target Corp.	6,000	9	0.41 %	5,527	9	0.37 %
Yum Brands Inc.	5,600	10	0.38 %	6,300	6	0.42 %
St. Joseph Health System				12,048	4	0.81 %
Boeing Co.				7,700	5	0.52 %
Bank of American Corp.				6,300	7	0.42 %
Cedar Fair LP				5,527	10	0.37 %
Total County Employment	1,465,700			1,491,000		

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

	Full-Time Equivalent Employees as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	225.0	224.0	226.0	224.0	238.0	239.0	240.5	247.5	243.0	246.0
Measure M program	40.0	40.0	40.0	40.0	39.5	39.0	39.0	40.5	41.5	39.5
Motorist services	3.0	3.0	3.0	3.0	4.0	4.0	5.0	5.0	5.0	5.0
Commuter rail	12.0	10.0	10.0	9.0	10.5	11.0	8.0	7.0	6.0	7.0
Fixed route	1,169.0	1,135.0	1,152.0	1,078.0	1,020.0	981.0	906.5	964.0	990.5	972.5
Paratransit	11.0	12.0	12.0	12.0	5.0	7.5	7.5	6.5	8.5	7.5
Tollroad	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5	3.5
Taxicab	3.0	4.0	4.0	4.0	4.0	3.0	2.0	2.0	1.0	—
LOSSAN	—	—	—	—	6.0	7.0	8.0	11.0	14.0	14.0
Total	1,466.0	1,431.0	1,450.0	1,373.0	1,330.0	1,294.5	1,220.0	1,287.0	1,313.0	1,295.0

Source: Financial Planning & Analysis Department

Note:

From fiscal year 2010-11 through 2012-13 there were decreases in the full-time equivalent positions in Fixed Route due to service reductions.

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 2016-17, the decrease of full-time equivalent positions in Fixed Route is due to service reductions.

In fiscal year 2017-18, 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 2020-21, the decrease of full-time equivalent positions in Fixed Route is due to service reductions.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 16

Operating Indicators by Function/Program

Function/Program	For the Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Measure M1 program (thousands)										
Freeways	\$ 12,742	\$ 25,107	\$ 11,318	\$ 30,434	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Regional streets and roads	11,468	15,017	17,697	25,371	—	—	—	—	—	—
Local streets and roads	5,273	8,142	14,614	14,796	—	—	—	—	—	—
Transit	101,628	13,256	14,392	128,110	—	—	—	—	—	—
Total program expenses	\$ 131,111	\$ 61,522	\$ 58,021	\$ 198,711	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Measure M2 program (thousands)										
Freeways	\$ 34,930	\$ 31,986	\$ 32,387	\$ 58,775	\$ 68,486	\$ 100,729	\$ 251,130	\$ 204,726	\$ 295,020	\$ 355,936
Streets and roads	109,863	168,895	199,311	161,622	163,699	138,273	106,691	110,412	105,555	92,472
Transit	42,576	38,884	82,721	47,876	22,464	16,516	20,419	173,782	74,815	68,617
Environmental cleanup	401	1,961	2,398	2,220	9,578	10,189	6,409	7,117	2,656	1,499
Total program expenses	\$ 187,770	\$ 241,726	\$ 316,817	\$ 270,493	\$ 264,227	\$ 265,707	\$ 384,649	\$ 496,037	\$ 478,046	\$ 518,524
Motorist services										
Calls made from call boxes	3,074	2,744	4,949	2,011	1,717	1,363	1,246	1,049	845	922
Vehicles removed	1,760	1,256	357	—	—	—	—	—	—	—
Vehicles assisted by FSP	65,949	64,851	59,014	69,045	68,678	62,527	54,136	52,673	56,374	60,062
511 Motorist Assistance Calls	—	—	—	2,886	4,023	4,120	3,888	4,298	3,838	3,774
Commuter rail										
Weekday trips	48	54	54	54	54	54	54	54	54	41
Annual boardings	4,146,016	4,443,362	4,437,991	4,579,000	4,198,189	4,477,735	5,069,929	5,073,474	3,874,618	797,715
Fixed route										
Annual boardings	52,631,935	51,418,393	48,963,660	47,021,445	43,202,265	39,903,682	39,272,747	37,846,066	30,800,075	19,880,122
Vehicle revenue hours	1,543,637	1,556,967	1,603,969	1,613,276	1,618,070	1,629,802	1,602,192	1,626,394	1,443,821	1,210,496
Miles of fixed route	2,039	2,048	2,045	2,047	2,045	1,820	1,801	1,762	1,792	1,562
Paratransit										
Annual boardings	1,570,341	1,631,527	1,654,081	1,714,550	1,779,530	1,864,312	1,647,378	1,667,292	1,268,429	485,746
Vehicle revenue hours	677,645	687,618	718,150	741,291	754,004	780,798	744,746	756,391	603,477	312,776
Eligible riders	29,856	30,992	31,576	31,602	32,173	32,871	32,735	32,744	31,812	28,851
Tollroad										
Annual drivers trips	11,944,555	12,085,552	12,326,874	13,106,882	13,772,971	14,384,133	16,719,371	17,546,304	14,990,602	15,359,785
Taxicab										
Permits Issued	2,773	3,090	3,066	2,513	1,855	1,521	1,214	971	437	—

Source: Various departments within OCTA

Notes:

In fiscal year 2013-14, the decrease in Motorist services vehicles removed is due to the expiration of the related program in April 2012.

In fiscal year 2014-15, the increase in Measure M1 Transit is due to finalizing Measure M1 projects. Additionally, Measure M1 and M2 information for the fiscal years 2012-13 and 2013-14 were revised.

In fiscal year 2017-18, methodology of data collection for annual boardings of commuter rail was changed in order to increase accuracy of ridership data.

In fiscal year 2018-19, the decrease in Fixed Route annual boardings is primarily due to the decrease in vehicle service hours.

In fiscal year 2018-19, the increase in Measure M program is primarily due to transit related to high frequency Metrolink Service.

In fiscal years 2019-21, the decrease in commuter rail, fixed route, paratransit annual boarding, and tollroad annual drivers trips is due to COVID-19 pandemic.

In fiscal year 2020-21, the taxicab OCTAP program was no longer administered by OCTA.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 17

Capital Asset Statistics by Function/Program

For the Year Ended June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fixed route										
Bus bases	5	5	5	5	5	5	5	5	5	5
Large revenue vehicles	527	527	537	537	537	517	492	498	505	495
Small revenue vehicles	19	19	19	19	18	11	35	43	24	38
Paratransit										
Paratransit vehicles	248	248	248	248	248	248	248	248	248	245
Tollroad										
Transponders in use	167,329	168,507	171,304	176,790	182,522	196,997	213,993	225,621	208,656	163,235

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 2020-21, the decrease in tollroad transponders is due to the newly assigned 6C transponders.



2021



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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, 2021

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

Audited Financial Statements

Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Local Transportation Authority
Orange, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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



Crowe LLP

Costa Mesa, California
November 22, 2021

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

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

Financial Highlights

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

Orange County Local Transportation Authority Management's Discussion and Analysis

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Orange County Local Transportation Authority Management's Discussion and Analysis

Government-wide Financial Analysis

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

Table 1
Orange County Local Transportation Authority
Net Position

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

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

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

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

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

Table 2
Orange County Local Transportation Authority
Changes in Net Position

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

OCLTA expenses shown on the statement of activities consist of:

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

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

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

Orange County Local Transportation Authority Management's Discussion and Analysis

Financial Analysis of the OCLTA's Funds

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

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

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

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

Capital Asset and Debt Administration

Capital Assets

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

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

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

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

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

Debt Administration

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

Orange County Local Transportation Authority Management's Discussion and Analysis

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

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

Economic and Other Factors

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

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

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

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

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

Contacting the OCLTA's Management

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

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

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

See accompanying notes to the financial statements

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

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

See accompanying notes to the financial statements

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

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

See accompanying notes to the financial statements.

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

(amounts expressed in thousands)

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

(amounts expressed in thousands)

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

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

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

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

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

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

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

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

See accompanying notes to the financial statements.

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

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

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

Basis of Presentation

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

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

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

Year Ended June 30, 2021
(in thousands)

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

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

Measurement Focus and Basis of Accounting

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

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

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

Cash and Investments

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

Year Ended June 30, 2021
(in thousands)

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

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

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

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

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

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

Year Ended June 30, 2021
(in thousands)

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

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

Due To/From Other OCTA Funds

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

Contributions To/From Other OCTA Funds

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

Administrative Services Costs

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

Assets Held for Resale

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

Capital Assets

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

Year Ended June 30, 2021
(in thousands)

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

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

Asset Type	Useful Life
Buildings and improvements	10-30 years
Machinery and equipment	3-10 years

Deferred Outflows/Inflows of Resources

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

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

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

Long-Term Debt

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

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

Year Ended June 30, 2021
(in thousands)

Contributions to Other Agencies

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

Net Position

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

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

Fund Balances

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

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

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

Year Ended June 30, 2021
(in thousands)

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

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

Use of Estimates

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

2. Cash and Investments

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

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

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

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

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

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

Year Ended June 30, 2021
(in thousands)

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

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

The Portfolio Weighted Average Maturity is 1.750 years.

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

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

Credit Risk

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

For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F1 (Fitch), while an issuer of long-term debt shall be rated no less than an "A" by an 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, 2021. (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U. S. government):

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

3. Due From/To Other Governments

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

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

Year Ended June 30, 2021
(in thousands)

4. Related Party Transactions and Interfund Transfers

Related party transactions:

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

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

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

Contributions from Other OCTA Funds:

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

Contributions to Other OCTA Funds:

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

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

Interfund Transfers:

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

Year Ended June 30, 2021
(in thousands)

5. Capital Assets

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

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

6. Long-Term Debt

Sales Tax Revenue Bonds

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

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

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

Orange County Local Transportation Authority
Notes to The Financial Statements

Year Ended June 30, 2021
(in thousands)

A summary of the bonds outstanding is as follows:

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

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

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

Changes in Long-Term Liabilities

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

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

Year Ended June 30, 2021
(in thousands)

Pledged Revenue

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

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

Line of Credit (Direct Borrowing)

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

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

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

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

Year Ended June 30, 2021
(in thousands)

7. Commitments and Contingencies

Purchase Commitments

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

Federal Grants

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

8. Effect of New Pronouncements

GASB Statement No. 84

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

GASB Statement No. 87

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

Year Ended June 30, 2021
(in thousands)

GASB Statement No. 90

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

GASB Statement No. 91

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

GASB Statement No. 92

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

GASB Statement No. 93

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

Year Ended June 30, 2021
(in thousands)

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

GASB Statement No. 94

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

GASB Statement No. 96

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

GASB Statement No. 97

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

Year Ended June 30, 2021
(in thousands)

9. Subsequent Event

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

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

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

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

Reconciliation to GAAP:

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

See accompanying notes to the required supplementary information.

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

1. Budgetary Data

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

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

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

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

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

Board of Directors
Orange County Local Transportation Authority
Orange, California

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

Internal Control over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

OCLTA's Response to Finding

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

Purpose of this Report

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

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

Crowe LLP

Costa Mesa, California
November 22, 2021

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

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

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

(Continued)

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

Management's Response

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

**91 EXPRESS LANES FUND
(An Enterprise Fund of the Orange
County Transportation Authority)**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

91 Express Lanes Fund
(An Enterprise Fund of the Orange County Transportation Authority)
Financial Statements
For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

Report on the Financial Statements

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, 2021 and the related notes to the financial statements, which collectively comprise the 91 EL's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the 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, 2021, 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.

Emphasis of Matter

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, 2021, 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.

Other Matters

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 November 22, 2021 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
November 22, 2021

**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, 2021, and the related notes to the financial statements, which collectively comprise the 91 EL's financial statements, and have issued our report thereon dated November 22, 2021. 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.

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 may exist that have not been identified.

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.

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

Crowe LLP

Costa Mesa, California
November 22, 2021

91 Express Lanes Fund
Management's Discussion and Analysis (unaudited)
For the Year Ended June 30, 2021

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, 2021. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 10.

Financial Highlights

- a. At the end of fiscal year 2020-21, the total net position of the 91 EL was \$272,915,807 and consisted of net investment in capital assets of \$48,224,057; restricted net position of \$14,505,029; and unrestricted net position of \$210,186,721. Net position increased \$8,594,970 during fiscal year 2020-21, which represents an increase of 3.3% from the fiscal year 2019-20 ending net position. The increase is primarily due to operating revenues in excess of operating expenses offset by bond interest expense.
- b. In fiscal year 2020-21, total operating revenues increased by \$455,248, which represents a 1.0% increase from the fiscal year 2019-20. The increase in operating revenue is primarily due to an increase in trips.
- c. Total operating expenses increased by \$428,027, which represents a 2.4% increase from fiscal year 2019-20, primarily due to an increase in depreciation expense in capital assets.
- d. At the end of fiscal year 2020-21, investment earnings decreased by \$7,400,979, which represents an 86.5% decrease compared to fiscal year 2019-20. The decrease in investment earnings is primarily due to an unrealized loss on investment in fiscal year 2020-21 resulting from unfavorable 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 10-13 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 14-27 of this report.

91 Express Lanes Fund
Management's Discussion and Analysis (unaudited)
For the Year Ended June 30, 2021

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, 2021, the 91 EL's net position was \$272,915,807, an increase of \$8,594,970 or 3.3% from June 30, 2020. 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

	2021	2020
Current and other assets	\$ 222,922,295	\$ 211,376,549
Restricted assets	25,303,554	25,245,504
Noncurrent receivables, net	6,637,739	11,411,077
Capital assets, net	122,448,166	122,669,328
Total assets	377,311,754	370,702,458
Total deferred outflows of resources	6,332,938	7,002,500
Current liabilities	26,123,313	21,384,612
Long-term liabilities	84,605,572	91,999,509
Total liabilities	110,728,885	113,384,121
Net position:		
Net investment in capital assets	48,224,057	42,050,844
Restricted	14,505,029	14,446,979
Unrestricted	210,186,721	207,823,014
Total net position	\$ 272,915,807	\$ 264,320,837

In fiscal year 2020-21, total assets increased by \$6,609,296 which represents an increase of 1.8% from fiscal year 2019-20, primarily due to an increase of \$12,766,059 in cash and investments offset by a decrease of \$4,773,338 in noncurrent receivables. The decrease in noncurrent receivables is primarily due to a change in calculating collection rate for outstanding violations from a three-year to a four-year average resulting from the pandemic. Total liabilities decreased by \$2,655,236 or 2.3% primarily due to principal payments during the fiscal year.

The 91 EL's net investment in capital assets was \$48,224,057 in fiscal year 2020-21 compared to \$42,050,844 in fiscal year 2019-20. The 91 EL's net position reflects its investment in capital assets (i.e., intangible assets; improvements; communications equipment; computer hardware and software; equipment, furniture and fixtures; and transponders), 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 \$6,173,213 in net investment in capital assets was primarily due to a reduction in related outstanding debt used to acquire capital assets.

Restricted net position, representing resources subject to external restrictions on how they may be used, represented 5.3% of the total net position at June 30, 2021. The \$58,050 increase in restricted net position is related to investment activity in bond reserve accounts.

91 Express Lanes Fund
Management's Discussion and Analysis (unaudited)
For the Year Ended June 30, 2021

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 \$207,823,014 at June 30, 2020 to \$210,186,721 at June 30, 2021. This increase of \$2,363,707 was primarily due to operating revenues in excess of operating expenses.

The analysis in Table 2 focuses on the changes in net position.

Table 2
91 Express Lanes Fund
Changes in Net Position

	2021	2020
Revenues:		
Operating revenues:		
Tolls, fees, and fines	\$ 44,616,493	\$ 44,161,245
Operating expenses:		
Management and operational services	6,779,862	6,559,905
Administrative overhead	2,703,948	2,996,585
Other operating expenses	13,840	267,950
Insurance claims and premiums	444,076	394,046
Professional services	3,442,977	3,561,356
General and administrative	607,588	482,003
Depreciation and amortization	4,216,268	3,518,687
Total operating expenses	18,208,559	17,780,532
Operating income	26,407,934	26,380,713
Nonoperating revenues (expenses):		
Investment earnings	1,157,826	8,558,805
Interest expense	(4,280,325)	(4,599,387)
Other	886,654	247,850
Total nonoperating revenues (expenses)	(2,235,845)	4,207,268
Income before transfers	24,172,089	30,587,981
Transfers to other OCTA funds	(15,577,119)	(15,174,093)
Changes in net position	8,594,970	15,413,888
Total net position – beginning	264,320,837	248,906,949
Total net position – ending	\$ 272,915,807	\$ 264,320,837

The 91 EL's total operating revenues increased by 1.0%, while total operating expenses increased by 2.4%. Total traffic volume on the 91 EL during fiscal year 2020-21 was 15,359,785 trips reflecting an increase of 2.5% in comparison to fiscal year 2019-20. The increase in operating revenues is due to an increase in toll revenues offset by a decrease in violation collection fees. Investment earnings decreased by \$7,400,979,

91 Express Lanes Fund
Management's Discussion and Analysis (unaudited)
For the Year Ended June 30, 2021

which represents an 86.5% decrease compared to fiscal year 2019-20. The decrease is primarily due to an unrealized loss on investment in fiscal year 2020-21 resulting from unfavorable investment performance.

Capital Assets

As of June 30, 2021, the 91 EL had \$122,448,166 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, and equipment, furniture and fixtures (Table 3). The total decrease in the 91 EL's capital assets for fiscal year 2020-21 was \$221,162.

Table 3
91 Express Lanes Fund
Capital Asset, net of depreciation and amortization

	2021	2020
Toll facility franchise	\$ 115,107,826	\$ 117,694,519
Construction in progress	4,781,599	797,946
Improvements	855,457	1,893,518
Communication equipment	648,882	881,274
Computer hardware and software	39,442	65,760
Transponders	993,776	1,320,346
Equipment, furniture, and fixtures	21,184	15,965
Total capital assets, net	\$ 122,448,166	\$ 122,669,328

The 91 EL has outstanding capital expense commitments, the most significant of which are \$4,972,458 and \$7,253,492 for the electronic toll and traffic management (ETTM) and back-office system, respectively. Major capital asset additions during fiscal year 2020-21 included \$2,074,907 and \$1,908,746 primarily due to the ETTM system and back-office system, respectively. The ETTM and the back-office system are still in the construction in progress stage. More detailed information about the 91 EL's capital assets is presented in note 5 to the financial statements.

Debt Administration

As of June 30, 2021, the 91 EL had \$85,265,000 in tax-exempt bonds outstanding compared to \$91,685,000 at June 30, 2020. The reduction is due to principal payments in fiscal year 2020-21 in the amount of \$6,420,000. Additional information on long-term debt can be found in note 6 to the financial statements.

Economic and Other Factors

The 91 EL makes up \$48,607,664 or 3.84% of OCTA's fiscal year 2021-22 adopted revenue budget. In fiscal year 2021-22, budgeted toll revenue is forecasted to increase by 29% from the fiscal year 2020-21 budgeted value. This increase is due to a forecasted increase in trips due to travel volumes returning to pre-coronavirus pandemic (COVID-19) levels. The budgeted average long term rate of growth for toll road revenue beyond fiscal year 2021-22 is 3.6%.

**91 Express Lanes Fund
Management's Discussion and Analysis (unaudited)
For the Year Ended June 30, 2021**

The majority of expenses related to the 91 EL within the fiscal year 2021-22 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 2020-21, there were 154,469 active customer accounts, with 588,045 transponders assigned to those accounts, which represents an increase of 4,666 and 265,726 respectively from fiscal year 2019-20.

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 \$525 million. The projects include improvements to the SR-91 between SR-57 and SR-55, Anaheim Canyon Metrolink station improvements, and Placentia Metrolink rail station. The Riverside County projects have a total cost of approximately \$391 million. The improvements include I-15/91 Express Lanes Connector, 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 \$288 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 concerning 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, 2021

Assets

Current Assets:

Cash and investments	\$ 218,685,970
Receivables:	
Interest	333,926
Violations, net	1,643,828
Other, net	1,483,310
Due from other governments	453,441
Other assets	321,820
Total current assets	<u>222,922,295</u>

Noncurrent Assets:

Restricted cash and investments:	
Cash equivalents	25,303,554
Receivable violations, net	6,637,739
Capital assets, net:	
Nondepreciable	4,781,599
Depreciable and amortizable	117,666,567
Total noncurrent assets	<u>154,389,459</u>

Total Assets

377,311,754

Deferred Outflows of Resources

Deferred charge on refunding	6,332,938
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Total Deferred Outflows of Resources

6,332,938

Liabilities

Current Liabilities:

Accounts payable	7,414,577
Accrued interest payable	1,580,466
Due to other funds	4,009,208
Due to other governments	716,047
Unearned revenue	5,613,696
Other liabilities	39,319
Bonds payable - due within one year	6,750,000
Total current liabilities	<u>26,123,313</u>

Noncurrent Liabilities:

Bonds payable - due in more than one year	84,605,572
Total noncurrent liabilities	<u>84,605,572</u>

Total Liabilities

110,728,885

Net Position

Net investment in capital assets	48,224,057
Restricted for:	
Debt service	691,952
Capital	10,625,845
Operating reserves	3,187,232
Unrestricted	210,186,721

Total Net Position

\$ 272,915,807

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, 2021

Operating revenues:	
Tolls, fees, and fines	\$ 44,616,493
Operating expenses:	
Management and operational services	6,779,862
Administrative overhead	2,703,948
Other operating expenses	13,840
Insurance claims and premiums	444,076
Professional services	3,442,977
General and administrative	607,588
Depreciation and amortization	4,216,268
Total operating expenses	<u>18,208,559</u>
Operating income	<u>26,407,934</u>
Nonoperating revenues (expenses):	
Investment earnings	1,157,826
Interest expense	(4,280,325)
Other	886,654
Total nonoperating revenues (expenses)	<u>(2,235,845)</u>
Income before transfers	24,172,089
Transfers to other OCTA funds	(15,577,119)
Change in net position	8,594,970
Total net position - beginning	<u>264,320,837</u>
Total net position - ending	<u><u>\$ 272,915,807</u></u>

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, 2021

Cash flows from operating activities:	
Receipts from customers and users	\$ 49,941,870
Payments to suppliers	(11,155,119)
Payments for OCTA interfund services used	(2,703,948)
Other revenue received	886,654
Net cash provided by operating activities	<u>36,969,457</u>
Cash flows from noncapital financing activities:	
Reimbursement from other governments	48,436
Transfers to OCTA funds	(11,796,600)
Net cash used for noncapital financing activities	<u>(11,748,164)</u>
Cash flows from capital and related financing activities:	
Principal payment on long-term debt	(6,420,000)
Interest paid on long-term debt	(4,375,075)
Acquisition and construction of capital assets	(3,281,493)
Net cash used for capital and related financing activities	<u>(14,076,568)</u>
Cash flows from investing activities:	
Interest received	1,679,384
Net cash provided by investing activities	<u>1,679,384</u>
Net increase in cash and cash equivalents	12,824,109
Cash and cash equivalents at beginning of year	231,165,415
Cash and cash equivalents at end of year	<u><u>\$ 243,989,524</u></u>
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and investments	\$ 218,685,970
Restricted cash and investments	25,303,554
Total cash and cash equivalents	<u><u>\$ 243,989,524</u></u>

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, 2021

Reconciliation of operating income to net cash

provided by operating activities:

Operating income	\$ 26,407,934
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,629,575
Amortization of toll road franchise agreement	2,586,693
Nonoperating revenue	886,654
Change in assets and liabilities:	
Violations receivables, net	5,665,409
Other receivables, net	(274,544)
Other assets	(444,553)
Amortization of prepaid expense	33,269
Amortization of prepaid insurance	444,076
Accounts payable	(575,883)
Due to other governments	676,315
Unearned revenue	(72,443)
Other liabilities	6,955
Total adjustments	<u>10,561,523</u>
Net cash provided by operating activities	<u>\$ 36,969,457</u>

Noncash capital, financing and investing activities:

Amortization of bond premium	\$ (643,937)
Amortization of bond deferred charges	\$ 669,562
Change in fair value of investments	\$ (499,708)
Capital assets accrued in accounts payable	\$ 713,613

See accompanying notes to the financial statements.

For the Year Ended June 30, 2021

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 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 non-operating 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, 2021. The Policy complies with, or is more restrictive than, the California Government Code (Code). At June 30, 2021 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.

For the Year Ended June 30, 2021

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 Comprehensive Annual Financial Report (AFR) 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 2013 Indenture for the \$124,415,000 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 \$1,314,817 at June 30, 2021. For unpaid violations in excess of 90 days, the receivable is estimated using a four-year average of violations collected and is recorded net of uncollectible accounts as the majority is not considered probable of collection.

For the Year Ended June 30, 2021

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 \$329,454 at June 30, 2021.

An estimated \$6,637,739 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 include toll facility franchise, construction in progress, improvements, equipment, computer hardware, software, furniture and fixtures, 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Type</u>	<u>Useful Life</u>
Improvements	10-30 years
Equipment, furniture and fixtures	3-10 years
Computer hardware and software	3-5 years
Transponders	5-7 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.

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, 2021, 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.

For the Year Ended June 30, 2021

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 2013 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 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 2020-21, \$2,703,948 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.

New Effective Accounting Pronouncements

In fiscal year 2020-21, OCTA implemented the following GASB Statement for the 91 Express Lanes Fund:

GASB Statement No. 84

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds,

For the Year Ended June 30, 2021

(2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement was effective for OCTA's fiscal year ending June 30, 2020, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The implementation of this Statement did not have a material effect on the financial statements of the 91 Express Lanes fund.

GASB Statement No. 90

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

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). This Statement achieves that objective by: (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended, (7) providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement, except for paragraph 11b, are effective for OCTA's fiscal year ending June 30, 2021. The requirement in paragraph 11b is effective for OCTA's fiscal year ending June 30, 2022. GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponed the effective date of paragraphs 13 and 14 of this Statement by one year. The implementation of this Statement, except for paragraphs 11b, 13 and 14, did not have a material effect on the financial statements. OCTA has not determined the effect of the remaining paragraphs of this Statement.

For the Year Ended June 30, 2021

3. Cash and Investments

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

Cash:	
Petty cash	\$ 550
Deposits	2,030,539
Total cash	<u>2,031,089</u>
Investments:	
With OCTA Commingled Investment Pool	216,873,798
With trustee	25,084,637
Total investments	<u>241,958,435</u>
Total cash and investments	<u>\$ 243,989,524</u>

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

Unrestricted cash and investments	\$ 218,685,970
Restricted cash and investments:	
Cash equivalents	25,303,554
Total cash and investments	<u>\$ 243,989,524</u>

As of June 30, 2021, the 91 Express Lanes Fund had the following investments:

Investment	Fair Value	Yield	Interest Rate Range	Maturity Range	Weighted Average Maturity (Years)
OCTA Commingled Investment Pool	\$ 216,873,798	Refer to the OCTA Comprehensive Annual Financial Report for information related to the OCTA Commingled Investment Pool.*			
Held by trustee:					
*Money Market Funds	67	0.010%	0.010%	7/1/21	0.003
*Commercial Paper	25,084,570	0.120% - 0.702%	0.000% - 0.570%	7/06/21-7/13/21	0.027
Total investments	<u>\$ 241,958,435</u>				

Portfolio Weighted Average 1.992

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

As of June 30, 2021, the 91 Express Lanes Fund had \$216,873,798 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, 2021 is uncategorized, not defined as a Level 1, Level 2, or Level 3 input.

For the Year Ended June 30, 2021

Refer to the OCTA Comprehensive Annual Financial Report for fiscal year 2020-21 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, 2021. (NR means Not Rated):

Investments	S&P	Moody's	% of 91 Express
OCTA Commingled Investment Pool	NR	NR	89.634 %
Held by trustee:			
Money Market Funds	AAA	Aaa	0.000 %
Commercial Paper:			
Bayerische Landsbank	NR	P-1	4.749 %
BARC	A-1	P-1	5.617 %
Total			<u>100.000 %</u>

Concentration of Credit Risk

At June 30, 2021, OCTA did not exceed the Policy maximum concentrations as stated below:

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

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

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

- OCTA can purchase all or a portion of the 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.

The following is a summary of the concentration of credit risk by issuer as a percentage of the fair value of the 91 Express Lanes Fund's portfolio at June 30, 2021:

Issuer	Amount	% of 91 Express Lanes Portfolio
BARC (Commercial Paper)	\$ 13,594,156	5.617 %

For the Year Ended June 30, 2021

4. Interfund Activities

Due To Other Funds:

As of June 30, 2021, the 91 EL owes \$4,009,208 to the Orange County Local Transportation Authority (OCLTA) for SR-91 improvement project.

Interfund Transfers:

During fiscal year 2020-21, the 91 EL transferred \$15,577,119 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, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 797,946	\$ 3,983,653	\$ —	\$ 4,781,599
Capital assets, being depreciated				
Improvements	4,037,020	—	(1,567,800)	2,469,220
Communications equipment	5,074,955	—	—	5,074,955
Computer hardware and software	2,783,893	—	(21,616)	2,762,277
Transponders	4,883,853	—	(855,606)	4,028,247
Equipment, furniture and fixtures	106,802	11,453	—	118,255
Toll Facility Franchise	205,263,668	—	—	205,263,668
Total capital assets, being depreciated and amortized	222,150,191	11,453	(2,445,022)	219,716,622
Less accumulated depreciation and amortization for:				
Improvements	(2,143,502)	(1,038,061)	1,567,800	(1,613,763)
Communications equipment	(4,193,681)	(232,392)	—	(4,426,073)
Computer hardware and software	(2,718,133)	(26,318)	21,616	(2,722,835)
Transponders	(3,563,507)	(326,570)	855,606	(3,034,471)
Equipment, furniture and fixtures	(90,837)	(6,234)	—	(97,071)
Toll Facility Franchise	(87,569,149)	(2,586,693)	—	(90,155,842)
Total accumulated depreciation and amortization	(100,278,809)	(4,216,268)	2,445,022	(102,050,055)
Total capital assets, being depreciated and amortized, net	121,871,382	(4,204,815)	—	117,666,567
Total capital assets, net	\$ 122,669,328	\$ (221,162)	\$ —	\$ 122,448,166

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

For the Year Ended June 30, 2021

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.

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.

6. 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.

For the Year Ended June 30, 2021

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.

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 OCTA 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:

Issuance date	07/30/2013
Closing date	08/08/2013
Original issue amount	\$ 124,415,000
Cash reserve requirements	\$ 21,526,500 *
Cash reserve balance	\$ 25,303,554
Interest rate	2%-5%
Maturity	December 2030
Principal payment date	August 15
Balance as of 06/30/21	\$ 85,265,000
Unamortized premium	\$ 6,090,572
Deferred amount on refunding	\$ (6,332,938)

The Toll Road Revenue Refunding Bonds have ratings of "A1" by Moody's, "A+" from Fitch, and "AA-" by Standard & Poor's.

*Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, three reserve funds are maintained with required balances as follows: Senior Lien Reserve Fund \$8,526,500; Major Maintenance Reserve Fund \$10,000,000; and Operating Reserve Fund \$3,000,000. At June 30, 2021, all reserve requirements have been satisfied.

Annual debt service requirements on the tax-exempt bonds to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 6,750,000	\$ 4,045,825	\$ 10,795,825
2023	7,095,000	3,699,700	10,794,700
2024	7,460,000	3,335,825	10,795,825
2025	7,845,000	2,953,200	10,798,200
2026	8,245,000	2,550,950	10,795,950
2027-2031	47,870,000	6,114,738	53,984,738
Total	\$ 85,265,000	\$ 22,700,238	\$ 107,965,238

For the Year Ended June 30, 2021

Changes in Long-Term Obligations

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Tax-exempt bonds	\$ 91,685,000	\$ —	\$ (6,420,000)	\$ 85,265,000	\$ 6,750,000
Unamortized premium	6,734,509	—	(643,937)	6,090,572	-
Total long-term debt	\$ 98,419,509	\$ —	\$ (7,063,937)	\$ 91,355,572	\$ 6,750,000

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 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, 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 and at least equal to 1.0 times annual debt service on all bonds. 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, 2021, was as follows:

Pledged Revenue	Annual Amount of Net Pledged Revenue	Annual Debt Service Payments	Pledged Revenue Coverage	Required Debt Coverage
91 Express Lanes Net Toll Road Revenue	\$31,734,202	\$10,795,075	2.94	1.3

7. 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. In fiscal year 2018-19, OCTA and RCTC began procurement for a new operating agreement, which

For the Year Ended June 30, 2021

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 in fiscal year 2019-20. In April 2021, OCTA exercised the first of six one-month extension periods for the month of July 2021. OCTA intends to exercise the extension period until the new operating agreement goes into effect, which is anticipated to be in fiscal year 2022. This will help ensure 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.

Purchase Commitments

The 91 Express Lanes has various outstanding contracts. Total purchase commitments at June 30, 2021 were \$80,747,710, 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.

Lease Commitments

The 91 Express Lanes Fund is committed under two non-cancelable leases for office space. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended June 30, 2021 were \$394,833.

Future minimum payments for these leases approximate the following:

For the year ending June 30,		
2022	\$	405,986
2023		417,750
2024		429,535
2025		442,105
2026		455,012
2027-2031		1,958,758
Total	\$	<u>4,109,146</u>

On April 13, 2015, the Board approved a 15-year lease extension for the 91 Express Lanes Anaheim office. On May 23, 2018, the Board approved the relocation of the 91 Express Lanes Customer Service Center in Corona and a ten-year lease agreement with RCTC for the facility. Both leases are shared equally with RCTC per agreement between OCTA and RCTC, entered into in December 2011.

Litigation

In April 2020, the OCTA Board approved a settlement for \$1 million in cash and forgiveness of \$40 million in toll violations and penalties for the In Re Toll Roads Litigation (Plaintiffs) case. The case initially focused on two basic sets of claims. The first related to due process and negligence claims alleging that the procedures used to assess and collect toll violation penalties when drivers use toll roads without paying the required toll are inadequate. The second original claim is that the penalties assessed against toll violators on the 91 Express Lanes is excessive. Over time, the Plaintiffs alleged that OCTA routinely sells and/or provides personally identifiable information of drivers to a host of other entities as part of the operation of the 91 Express Lanes. The parties have obtained court approval of the settlement and given notice of the settlement to the class members. In FY 2019-20, Management recorded a liability of \$1,000,000 for the cash settlement and wrote off approximately \$3,600,000 of violations receivables for the forgiveness of toll violations and penalties. In FY 2020-21, 91 Express Lanes issued a payment of \$217,000 of the \$1,000,000 settlement amount.

For the Year Ended June 30, 2021

8. Effect of New Pronouncements:

GASB Statement No. 87

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

GASB Statement No. 91

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

GASB Statement No. 92

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

GASB Statement No. 94

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

For the Year Ended June 30, 2021

GASB Statement No. 96

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

GASB Statement No. 97

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

**ORANGE COUNTY
TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND**

FINANCIAL STATEMENTS

Year ended June 30, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND

FINANCIAL STATEMENTS
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LTF, of OCTA, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2021, 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.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements as a whole. The schedule of allocations for disbursement is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of allocations for disbursement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021 on our consideration of OCTA's internal control over financial reporting, as it relates to the 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 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 LTF. 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 LTF.

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

Crowe LLP

Costa Mesa, California
November 22, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND
BALANCE SHEET
June 30, 2021

ASSETS

Cash and investments	\$ 70,269,480
Interest receivable	117,507
Due from other governments (Note 3)	<u>37,067,730</u>

Total assets	<u><u>\$ 107,454,717</u></u>
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LIABILITIES

Accounts payable	\$ 8,751
Due to other governments (Note 4)	579,621
Due to other OCTA funds (Note 5)	<u>324,083</u>
Total liabilities	912,455

FUND BALANCE

Restricted for transportation programs	<u>106,542,262</u>
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Total liabilities and fund balance	<u><u>\$ 107,454,717</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, 2021

REVENUES

Local transportation sales tax allocations	\$ 179,688,886
Investment income	<u>(546,320)</u>
Total revenues	179,142,566

EXPENDITURES

Current:	
Supplies and services	1,518,663
Contributions to other agencies	<u>2,411,159</u>
Total expenditures	<u>3,929,822</u>

Excess of revenues over expenditures	175,212,744
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OTHER FINANCING USES

Transfers to other OCTA funds (Note 6)	<u>(97,820,944)</u>
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Net change in fund balance	77,391,800
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Fund balance, beginning of year	<u>29,150,462</u>
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Fund balance, end of year	<u><u>\$ 106,542,262</u></u>
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See accompanying notes to financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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, 2021, 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.

(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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 Comprehensive Annual 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, 2021 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 \$37,067,730 represents a TDA receivable due from the State of California.

NOTE 4 – DUE TO OTHER GOVERNMENTS

Due to other governments of \$579,621 represents amounts due to other agencies for use in transit projects.

(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 – DUE TO OTHER OCTA FUNDS

Due to other OCTA funds as of June 30, 2021 consisted of the following:

OCTA for planning and administration	<u>\$ 324,083</u>
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NOTE 6 – TRANSFERS

Transfers to other OCTA funds during the fiscal year ended June 30, 2021 consisted of the following:

OCTD for transit operations	\$ 93,847,722
OCTA for planning and administration	<u>3,973,222</u>
	<u>\$ 97,820,944</u>

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local transportation sales				
tax allocations	\$ 145,778,786	\$ 145,778,786	\$ 179,688,886	\$ 33,910,100
Investment income	<u>21,518</u>	<u>21,518</u>	<u>(546,320)</u>	<u>(567,838)</u>
Total revenues	145,800,304	145,800,304	179,142,566	33,342,262
EXPENDITURES				
Current:				
Supplies and services	1,533,883	1,533,883	1,518,663	15,220
Contributions to other local agencies	<u>2,047,249</u>	<u>2,047,249</u>	<u>2,411,159</u>	<u>(363,910)</u>
Total expenditures	3,581,132	3,581,132	3,929,822	(348,690)
Excess of revenues over expenditures	142,219,172	142,219,172	175,212,744	32,993,572
OTHER FINANCING USES				
Transfers to other OCTA funds	<u>(142,219,172)</u>	<u>(142,219,172)</u>	<u>(97,820,944)</u>	<u>44,398,228</u>
Net change in fund balance	-	-	77,391,800	77,391,800
Fund balance, beginning of year	<u>29,150,462</u>	<u>29,150,462</u>	<u>29,150,462</u>	<u>-</u>
Fund balance, end of year	<u>\$ 29,150,462</u>	<u>\$ 29,150,462</u>	<u>\$ 106,542,262</u>	<u>\$ 77,391,800</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2021

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.

Expenditures exceeded appropriations for contributions to other local agencies in the amount of \$363,910. This was a result of OCTA receiving more sales tax revenue over the 12-month apportionment period than anticipated and contributed to other agencies based on monthly sales tax receipts.

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND
SCHEDULE OF ALLOCATIONS FOR DISBURSEMENT
For the year ended June 30, 2021

<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	\$ -	\$ -	\$ 1,133,841	\$ -	\$ 1,133,841	\$ 662,282
County of Orange	2,996	-	-	-	2,996	2,996
Orange County Transit District	-	-	155,292,221	8,232,951	163,525,172	93,847,722
Orange County Transportation Authority	150,257	3,822,965	-	-	3,973,222	3,973,222
Southern California Association of Governments	-	1,274,322	-	-	1,274,322	1,274,322
Total disbursements	<u>\$ 153,253</u>	<u>\$ 5,097,287</u>	<u>\$ 156,426,062</u>	<u>\$ 8,232,951</u>	<u>\$ 169,909,553</u>	<u>\$ 99,760,544</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, 2021, and the related notes to financial statements, which collectively comprise the LTF's financial statements, and have issued our report thereon dated November 22, 2021. 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.

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 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 the LTF. Accordingly, we do not express an opinion on the effectiveness of OCTA's internal control, as it relates to the 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 may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LTF'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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being more compact.

Crowe LLP

Costa Mesa, California
November 22, 2021

**ORANGE COUNTY
TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND**

FINANCIAL STATEMENTS

Year ended June 30, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND

FINANCIAL STATEMENTS
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the STAF, of OCTA, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2021, 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.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021 on our consideration of OCTA's internal control over financial reporting, as it relates to the 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 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 STAF. 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 STAF.



Crowe LLP

Costa Mesa, California
November 22, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND
BALANCE SHEET
June 30, 2021

ASSETS

Cash and investments	\$ 120,225
Interest receivable	2,018
Due from other governments (Note 3)	<u>8,719,402</u>
 Total assets	 <u><u>\$ 8,841,645</u></u>

LIABILITIES

Due to other OCTA funds (Note 4)	\$ 8,719,402
Due to other governments	<u>13</u>
Total liabilities	8,719,415

FUND BALANCE

Restricted for transportation programs	<u>122,230</u>
 Total liabilities and fund balance	 <u><u>\$ 8,841,645</u></u>

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, 2021

REVENUES

State transit assistance sales tax allocations	\$ 29,751,073
Transportation improvement fee	6,229,748
Interest and investment income	<u>12,922</u>
Total revenues	35,993,743

EXPENDITURES

Current:	
Supplies and services	<u>1,201</u>
Excess of revenues over expenditures	35,992,542

OTHER FINANCING USES

Transfers to other OCTA funds (Note 5)	<u>(35,980,821)</u>
--	---------------------

Net change in fund balance 11,721

Fund balance, beginning of year 110,509

Fund balance, end of year \$ 122,230

See accompanying notes to financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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, 2021, 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.

(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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 Comprehensive Annual 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, 2021 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 \$8,719,402 represents a TDA receivable due from the State of California.

NOTE 4 – DUE TO OTHER OCTA FUNDS

Due to other OCTA funds of \$8,719,402 represents a TDA payable due to OCTD.

(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 – TRANSFERS TO OTHER OCTA FUNDS

Transfers to OCTD of \$35,980,821 for the year ended June 30, 2021 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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
State transit assistance sales				
tax allocations	\$ 12,292,474	\$ 12,292,474	\$ 29,751,073	\$ 17,458,599
Transportation improvement fee	15,747,949	15,747,949	6,229,748	(9,518,201)
Interest and investment income	<u>7,919</u>	<u>7,919</u>	<u>12,922</u>	<u>5,003</u>
Total revenues	28,048,342	28,048,342	35,993,743	7,945,401
EXPENDITURES				
Supplies and services	<u>-</u>	<u>-</u>	<u>1,201</u>	<u>(1,201)</u>
Excess of revenues over expenditures	28,048,342	28,048,342	35,992,542	7,944,200
OTHER FINANCING USES				
Transfers to other OCTA funds	<u>(28,048,342)</u>	<u>(28,048,342)</u>	<u>(35,980,821)</u>	<u>(7,932,479)</u>
Net change in fund balance	-	-	11,721	11,721
Fund balance, beginning of year	<u>110,509</u>	<u>110,509</u>	<u>110,509</u>	<u>-</u>
Fund balance, end of year	<u>\$ 110,509</u>	<u>\$ 110,509</u>	<u>\$ 122,230</u>	<u>\$ 11,721</u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND
NOTES TO SUPPLEMENTARY INFORMATION
For the year ended June 30, 2021

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 \$1,201. 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, 2021, and the related notes to financial statements, which collectively comprise the STAF's financial statements, and have issued our report thereon dated November 22, 2021. 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.

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 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 the STAF. Accordingly, we do not express an opinion on the effectiveness of OCTA's internal control, as it relates to the 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 may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the STAF'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
November 22, 2021

**ORANGE COUNTY
TRANSPORTATION AUTHORITY**

**INDEPENDENT AUDITOR'S REPORT ON
PROPOSITION 1B SCHEDULE OF UNSPENT
FUNDS AND CASH DISBURSEMENTS**

Year ended June 30, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY
Orange, California

PROPOSITION 1B SCHEDULE
Year ended June 30, 2021

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**INDEPENDENT AUDITOR'S REPORT ON PROPOSITION 1B SCHEDULE
OF UNSPENT FUNDS AND CASH DISBURSEMENTS**

Board of Directors
Orange County Transportation Authority
Orange, California

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, 2021, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements. We issued our report thereon dated November 22, 2021 which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Proposition 1B Schedule of Unspent Funds and Cash Disbursements is presented for the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Costa Mesa, California
November 22, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY
PROPOSITION 1B SCHEDULE OF UNSPENT FUNDS AND CASH DISBURSEMENTS
Year ended June 30, 2021

	<u>PTMISEA (1)</u>
Unspent Prop 1B funds as of July 1, 2020	\$ 1,496,850
Prop 1B funds received	-
Interest revenue earned on unspent Prop 1B funds	-
Prop 1B disbursements spent	<u>(1,496,850)</u>
Unspent Prop 1B funds as of June 30, 2021	<u>\$ -</u>

(1) Public transportation, modernization, improvement, and service enhancement account

**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, 2021, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements, and have issued our report thereon dated November 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

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, 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*.

OCTA's Response to Findings

OCTA's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. OCTA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being more compact.

Crowe LLP

Costa Mesa, California
November 22, 2021

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

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

Criteria

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

Condition

During the fiscal year, management identified prior year errors in expense accruals related to the Local Transportation Authority (LTA) fund that were not previously corrected. Management inadvertently over accrued two invoices in the prior year for the same transaction. Conversely, management also identified utility construction costs that had been incurred in prior years but had not accrued because invoices had not been timely remitted by the utility companies. As a result of the delay in the receipt of the utility invoices, management estimated an amount to be accrued for utility costs for work performed in prior years. In addition, management updated their estimate for an amount to be accrued for the utility costs for work performed in the current year. The net impact of these transactions was under accruals of expense in the prior year for the LTA fund and governmental activities in the amounts of \$14,433,346 and \$22,249,243, respectively. Management elected to correct the prior year accruals in the current year.

Cause

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

Effect

The net impact of these transactions was under accruals of expenses in the prior year for the LTA fund and governmental activities in the amounts of \$14,433,346 and \$22,249,243, respectively

Recommendation

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

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Management's Response

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

Finding 2021-002 – Preparation of the Schedule of Expenditures of Federal Awards (Significant Deficiency)

Criteria

2 CFR 200.510 (b) requires "...the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the financial statements which must include the total federal awards expended. At a minimum, the schedule must provide total federal awards expended for each individual federal program and the [related] Assistance Listings Number." In addition, the auditee should ensure they have proper internal controls to ensure that the SEFA is fairly stated in relation to the financial statements.

Condition

During our review of the SEFA reconciliation to the OCTA financial statements, management underreported expenditures on the SEFA in the amount of \$18.6M, related to the Federal Transit Cluster. Management inadvertently did not include an adjustment made to the general ledger on the SEFA which resulted in the amount underreported. Crowe proposed and management reflected an \$18.6 million adjustment to increase the expenditures on the SEFA.

Cause

Management's review of the SEFA reconciliation did not properly resolve an \$18.6 million reconciling item between the federal grant expenditures reported on the SEFA and federal grant revenues recorded in the general ledger.

Effect

As a result, the expenditures on the SEFA for the Federal Transit Cluster were understated by \$18.6 million.

Recommendation

We recommend that management strengthen their review process over the SEFA to ensure that all expenditures are appropriately reflected and reconcile to the general ledger, which should include a detailed review and approval of any reconciling items.

Management's Response

Management agrees with the recommendation. An in-depth review of the SEFA schedule will be completed by the Accounting department in coordination with the Revenue department to ensure all expenditures are appropriately reflected in the schedule. This review will include a reconciliation of all expenditures reported on the SEFA schedule to the general ledger. Any differences will be resolved before the SEFA schedule is finalized.



December 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: State Route 241/91 Express Lanes Connector Update

Overview

On October 28, 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, staff 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, traffic analysis continues to be performed, and a major milestone was achieved with the design submittal package being provided to various agencies for review.

Recommendation

Receive and file as an information item.

Background

The Foothill/Eastern Transportation Corridor Agency (F/ETCA) is working with the California Department of Transportation (Caltrans), Orange County Transportation Authority (OCTA), and Riverside County Transportation Commission (RCTC) on a project to construct a tolled connector between the State Route 241 (SR-241) Toll Road and the 91 Express Lanes (241/91 EC). As proposed, the project would connect directly with the 91 Express Lanes, approximately two miles west of the Orange County/Riverside County Line.

Since 2017, the agencies have worked together to review the traffic analysis, engineering plans, and ensure coordination with other planned State Route 91 (SR-91) projects. These reviews led to further discussions and negotiations among the chief executive officers/executive directors of OCTA, RCTC, F/ETCA, and Caltrans Districts 8 and

12 (collectively referred to as Agencies), regarding the 241/91 EC project. In late 2019, negotiations reached a consensus point in the form of a 241/91 EC term sheet (Term Sheet), which is included as Attachment A.

The Term Sheet was approved by the respective Boards of Directors (Board) from OCTA, RCTC, and F/ETCA in October and November of 2019. As a partner in this arrangement, Caltrans District 12 also provided a letter of support for the Term Sheet. After approval, the Agencies were tasked to develop detailed agreements related to roles and responsibilities, funding, construction, operations, maintenance, and use of toll revenues. These agreements, once developed, will be subject to approval by each agency's Board.

Discussion

Since the Term Sheet was approved in 2019, senior management staff members (Management Working Group [MWG]) from OCTA, RCTC, F/ETCA, and Caltrans have been meeting regularly to discuss, negotiate, and prepare associated agreements to advance the 241/91 EC project. In addition, the chief executive officers/executive directors of the Agencies have been receiving progress reports via quarterly meetings on the status of the project from the MWG.

Working groups that were formed by the MWG continue to meet on an as-needed basis. These working groups are comprised of agency representatives and consultants and include civil design, concept of operations, toll systems, financial/funding, and dynamic pricing working groups. These working groups are tasked with identifying, addressing, and making recommendations regarding project development, operational, and tolling issues to the MWG. During the past year, the areas of focus for the working groups were toll policy/rates and the design of the 241/91 EC.

Project Update and Schedule

The MWG developed a comprehensive project delivery schedule for the 241/91 EC. The schedule includes the timing of the other SR-91 projects planned for the corridor through the SR-91 Implementation Plan, the 241/91 EC planning documents, design phase and approvals, right-of-way certification, toll collection systems, and construction period.

The first major milestone design submittal (60 percent design submittal package) was provided for review on October 14, 2021, to the Agencies, and the cities of Anaheim, Corona, Orange, and Yorba Linda. The 60 percent design submittal package includes over 1,200 pages of plans and seven technical reports.

Based upon the current schedule, the final design phase is anticipated to last until August 2022, with award of the construction contract expected in September 2023. Construction is anticipated to be completed in late 2026.

Project Cost and Funding

Prior to the 60 percent design, the estimated total project cost was based upon the conceptual design with a preliminary level of engineering. With the 60 percent design submittal, a more detailed construction cost estimate has been completed by the F/ETCA. The project's cost estimate has been revised from \$250 million to \$350 million with an escalated to mid-point of construction estimate at \$380 million. These estimates consider the ongoing cost escalation of both construction materials and labor.

F/ETCA will fund the entire cost of the project with funds on hand unless other funding is secured. It is anticipated that an application for state grant funding will be submitted to pay for a portion of the project costs. Similar to last year, OCTA, RCTC, and Caltrans will jointly apply for SB 1 (Chapter 5, Statutes of 2017) Solutions to Congested Corridors Program funding in 2022.

Progress to Date

Based on the current design, vehicles traveling from the northbound SR-241 to the eastbound 91 Express Lanes and using the 241/91 EC will be required to stay in the 91 Express Lanes until the Interstate 15 (I-15) interchange. At that location, they will have the option to travel north on a newly constructed 91 Express Lanes/I-15 Express Lanes connector to SR-60, travel south on the 91 Express Lanes/I-15 Express Lanes connector to Cajalco Road, or continue on SR-91. Therefore, vehicles using the 241/91 EC will be charged for using a minimum of two toll facilities, one for the 241/91 EC and one for the RCTC segment of the 91 Express Lanes. This trip is currently planned to be combined as one toll rate for the vehicle.

Over the past year, the agencies have been working with a traffic and revenue consultant, Stantec, to forecast projected toll rates and traffic conditions for the SR-91 corridor and SR-241. Preliminary results yielded high toll rates for both the 241/91 EC and the RCTC segment of the 91 Express Lanes. One reason for these high toll rates is the limited capacity on the 91 Express Lanes, specifically for customers traveling eastbound on the SR-91 past I-15. At this point on the RCTC 91 Express Lanes, the number of lanes reduces from two lanes to one lane.

Given these constraints, RCTC and Caltrans District 8 worked toward identifying a solution for this area. This solution extends a second eastbound 91 Express Lane from the diverge point of the north and south Express Connectors west of I-15 to the beginning of the existing high-occupancy vehicle (HOV) lane east of I-15, a distance of approximately two miles. These improvements are expected to help relieve the traffic issues on the eastbound 91 Express Lanes past I-15. These improvements are anticipated to be completed in the second half of 2023.

In addition to the eastbound 91 Express Lanes improvements past I-15, another option being evaluated for the eastbound trip is to include an egress point for 241/91 EC customers. This exit point would occur at the existing egress and ingress point (commonly referred to as the mixing bowl area) for 91 Express Lanes customers using the Orange and Riverside County segments. This would decouple the toll rates for the two facilities and allow SR-241 customers wanting to use exits in the City of Corona the ability to use the 241/91 EC.

With these changes (RCTC 91 Express Lanes improvements and the 241/91 EC egress), the agencies have requested that Stantec provide new forecasts for the toll rates for the 241/91 EC, the RCTC 91 Express Lanes, and also provide data and travel statistics on the general-purpose lanes and 91 Express Lanes in both Orange and Riverside Counties. These new forecasts will also include information on incorporating ramp metering for the 241/91 EC to control the number of vehicles entering the 91 Express Lanes.

Over the past year, agency representatives began working on several documents for the 241/91 EC. These documents include a Four-Party Master Agreement, Operating Agreement, application for AB 194 (Chapter 687, Statutes of 2015) tolling authority, and a project risk registry. These documents and agreements will be finalized as decisions are made regarding the final design of the project.

Next Steps

The Agencies will continue to work through various items to retain consistency with the Term Sheet adopted by the Agencies and the overarching mission of ensuring that traffic flowing into the 91 Express Lanes from the 241/91 EC does no harm to the overall SR-91 corridor and operations of the general purpose lanes. Over the next several months, the Agencies will continue to work with Stantec on traffic modeling for the project. In addition, the Agencies will continue to discuss and prepare associated agreements to advance the project forward.

Summary

Staff is providing the Board of Directors with an update on the progress of the 241/91 Express Lanes connector project.

Attachment

- A. SR-241/91 Express Lanes Connector Term Sheet, September 12, 2019

Prepared by:



Kirk Avila
General Manager,
Express Lanes Programs
(714) 560-5674

SR-241 / 91 Express Connector Term Sheet

SEPTEMBER 12, 2019

Program of Projects

- 91 Corridor program of projects and sequencing¹
 - 15/91 EB/NB Express Lanes Connector (ELC)
 - SR-91 WB Corridor Operations Project (COP)
 - SR-91/SR-71 EB/NB Connector²
 - SR-241/91 Express Connector (EC)
- All parties agree to work together to resolve geometric and operations issues between 91 COP, SR-241 / 91 EC, and future 6th Lane with the mutual goal of minimizing cost, scope, schedule and construction impacts to all projects.
 - The SR-91 COP schedule will not be delayed.

Project Approval / Environmental Documentation (PA/ED)

- TCA to deliver the SR-241/91 EC PA/ED. TCA and Caltrans will update the environmental document with consideration of the comments received.
- Caltrans shall not finalize / approve PA/ED until RCTC and OCTA have had a 30-day opportunity to review response to comments. Caltrans shall not sign the Notice of Determination or Record of Decision any sooner than January 2, 2020.
- OCTA to process the Federal Transportation Improvement Program (FTIP) amendment for SR-241/91 EC for Right-of-Way (ROW) and Construction phases immediately following RCTC and OCTA having had a 30-day opportunity to review response to comments.

Project Delivery

- TCA to complete final design of SR-241/91 EC with Caltrans oversight.
- Caltrans has final design approval of SR-241/91 EC.

¹ See Appendix A for SR-91 Projects Sequencing Priorities dated September 12, 2019.

² SR-241/91 EC is not dependent upon completion of SR-71/SR-91 Interchange Improvements.

- TCA will provide OCTA and RCTC ample opportunity to review and concur with all aspects of the final design. OCTA and RCTC shall focus on the interface of the SR-241/91 EC with the existing 91 Express Lanes facility and agreed upon projects in the attached SR-91 Projects Sequencing Priorities.
- Caltrans and TCA shall consider all reasonable comments and requests from OCTA and RCTC, and OCTA and RCTC comments and requests to Caltrans and TCA shall be fair and reasonable.
- Caltrans District 12 to Advertise, Award, Administer (AAA) construction phase.

SR-241/91 EC Capital and Support Funding

- TCA to fund 100% of Plan, Specification and Estimate (PS&E), ROW, and Construction including tolling infrastructure.
- Project will not be financed.
- OCTA, RCTC, TCA and Caltrans to seek eligible funds from external discretionary and/or competitive non-TCA funds (i.e. SB1).
 - TCA funds to be reduced by receipt of any external discretionary and/or competitive non-TCA funds.
 - Attempts to seek external discretionary and/or competitive non-TCA funds would not delay the project.

Roadway Maintenance Responsibility

- Caltrans to be responsible for performing maintenance of all improvements constructed as part of SR-241/91 EC (roadway, structures, etc.).
- Maintenance requirements to be funded from SR-241/91 EC toll revenues.

Toll Revenues

- Parties to receive toll revenue from SR-241/91 EC equal to percentage of capital and support funding provided (e.g., 100% of capital and support funding = 100% EC toll revenue, 80% of capital and support funding = 80% EC toll revenue).
- Term of tolling shall be consistent with latest sunset date for existing 91 Express Lanes, TCA agreements or any subsequent amendments in the future.
- 91 Express Lanes to be paid/reimbursed for any 91 Express Lanes operating cost or maintenance cost incurred, if any.
- Use of toll revenues shall be consistent with AB 194, modified as follows:
 - A. Repayment of funds with interest, excluding external discretionary funds, used to construct the SR-241/91 EC. Interest rate will be based upon the Surplus

Money Investment Fund rate as defined in the California Streets and Highway Code.

- B. The development, maintenance, repair, rehabilitation, improvement, reconstruction, administration, and operation of improvements constructed as part of SR-241/91 EC, including toll collection and enforcement.
- C. Reserves for the purposes specified in subparagraph (B).
- D. All remaining revenue generated by the toll facility shall be used in the corridors from which the revenue was generated pursuant to an expenditure plan developed by the sponsoring agency.
- E. The expenditure plan shall be incorporated as part of the TCA Capital Improvement Plan (CIP) and be adopted annually by the TCA Board of Directors. TCA shall submit the CIP to OCTA for consistency review with the Regional Transportation Plan and related programs.
- F. The administrative expenses related to operation of SR-241/91 EC facility shall not exceed 3 percent of the toll revenues.

241 / 91 EC Operations

- OCTA/RCTC to operate the SR-241/91 EC including calculating and posting dynamic pricing, traffic/incident monitoring via CCTV in the Traffic Operations Center, management of SR-241/91 EC closures, dispatch of CHP and tow trucks for incidents, creation and processing of toll transactions, revenue collection, violation processing, etc.
- Additional operations terms will be included in an operations term sheet and will also be memorialized in a future operating agreement between TCA, OCTA, and RCTC.

APPENDIX A

SR 91 PROJECTS SEQUENCING PRIORITIES

1. 15/91 Express Lanes Connector

- Design-Build Request for Proposals (RFP) Due – November 2019
- Design-Build Contract – March 2020
- Design-Build Notice to Proceed – Spring 2020
- Open to Traffic – End of 2022

2. SR-91 Corridor Operations Project

- PA/ED – October 2019
- Construction Advertisement – March 2020
- Open to Traffic – End of 2021

3. SR-71/SR-91 Interchange Improvements

- Environmental Document and Re-evaluation – Completed
- Ready to List Target – 2021 Design update needed due to new structures standards
- Open to Traffic – Early 2023

3. SR-241 / SR-91 Express Connector

- PA/ED – November 2019
- Construction – Notice to Proceed for construction in early 2023, or sooner if mutually agreed to based on a technical review of construction staging, traffic handling / lane closure for SR-241/91 EC and 15/91 ELC. This effort will not impact the delivery of the 15/91 ELC which is the priority.

Related Project Responsibilities

- Caltrans District 8 to be the lead Caltrans district for all RCTC-led projects.
 - District 12 coordinates through District 8 on all issues related to Geometric Approval Drawings (GAD), operations, etc.
- Caltrans District 12 to be lead Caltrans district for all OCTA-led and TCA-led projects.
 - District 8 coordinates through District 12 on all issues related to GAD, operations, etc.

Other Items

- Team will continue to work together to evaluate the Westbound Third Express Lane and if determined to be necessary, implementation will be jointly developed.
- SR-71/SR-91 Interchange Improvements and SR-241/91 EC are not contingent upon each other. Specifically, completion of the SR-71/SR-91 Interchange Improvements are not required prior to the SR-241/ 91 EC going to construction.
- 6th General Purpose Lane Addition (SR-241 to SR-71)
 - Team would work together to investigate the feasibility of the addition, including the potential of an interim option.

State Route 241/91 Express Lanes Connector Update

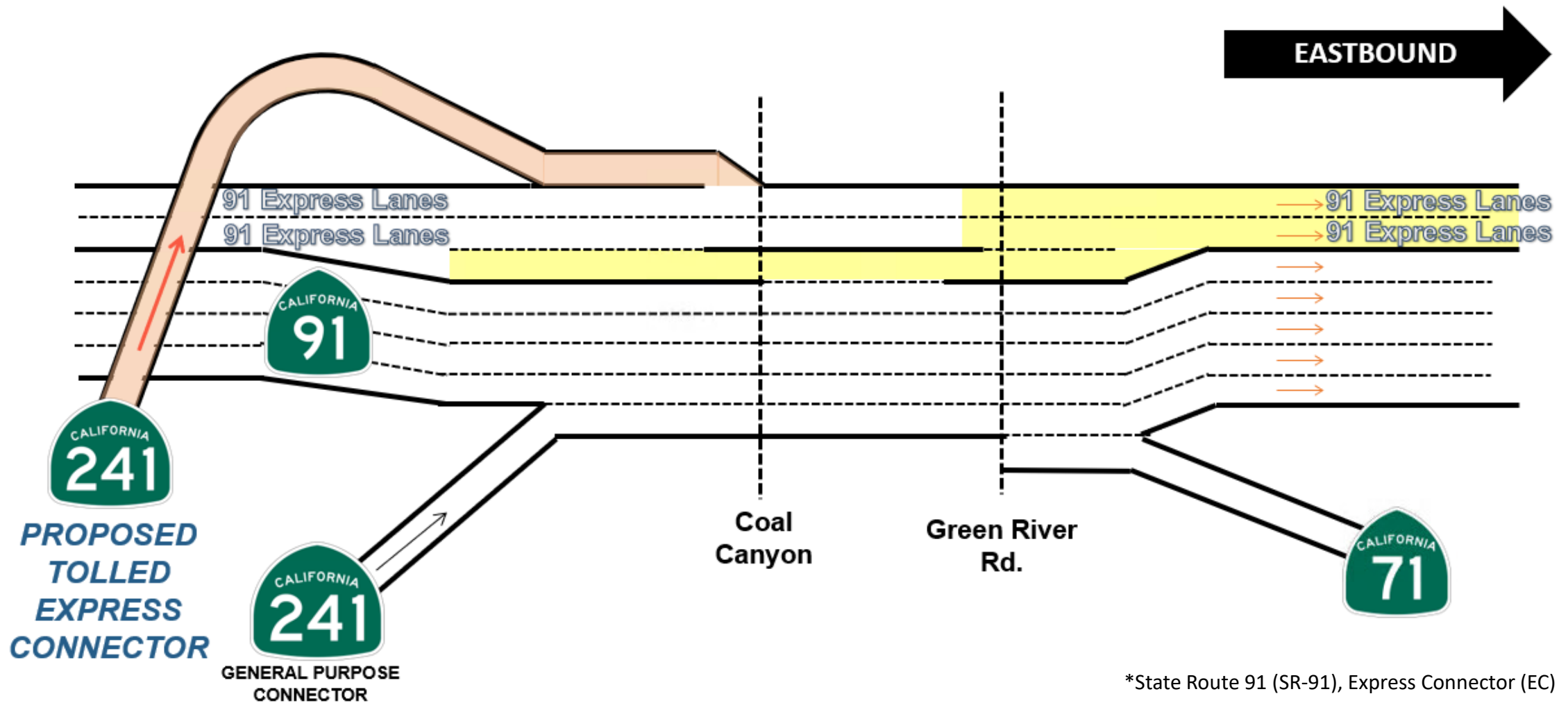
Background

- Bidirectional single lane median-to-median connector between State Route 241 and 91 Express Lanes
- 241/91 Express Lanes Connector will be tolled in both directions
- Term Sheet detailing future implementation approved by the Boards of Directors of the Orange County Transportation Authority, Riverside Transportation Commission, and the Transportation Corridor Agencies (with a letter of support from Caltrans District 12)

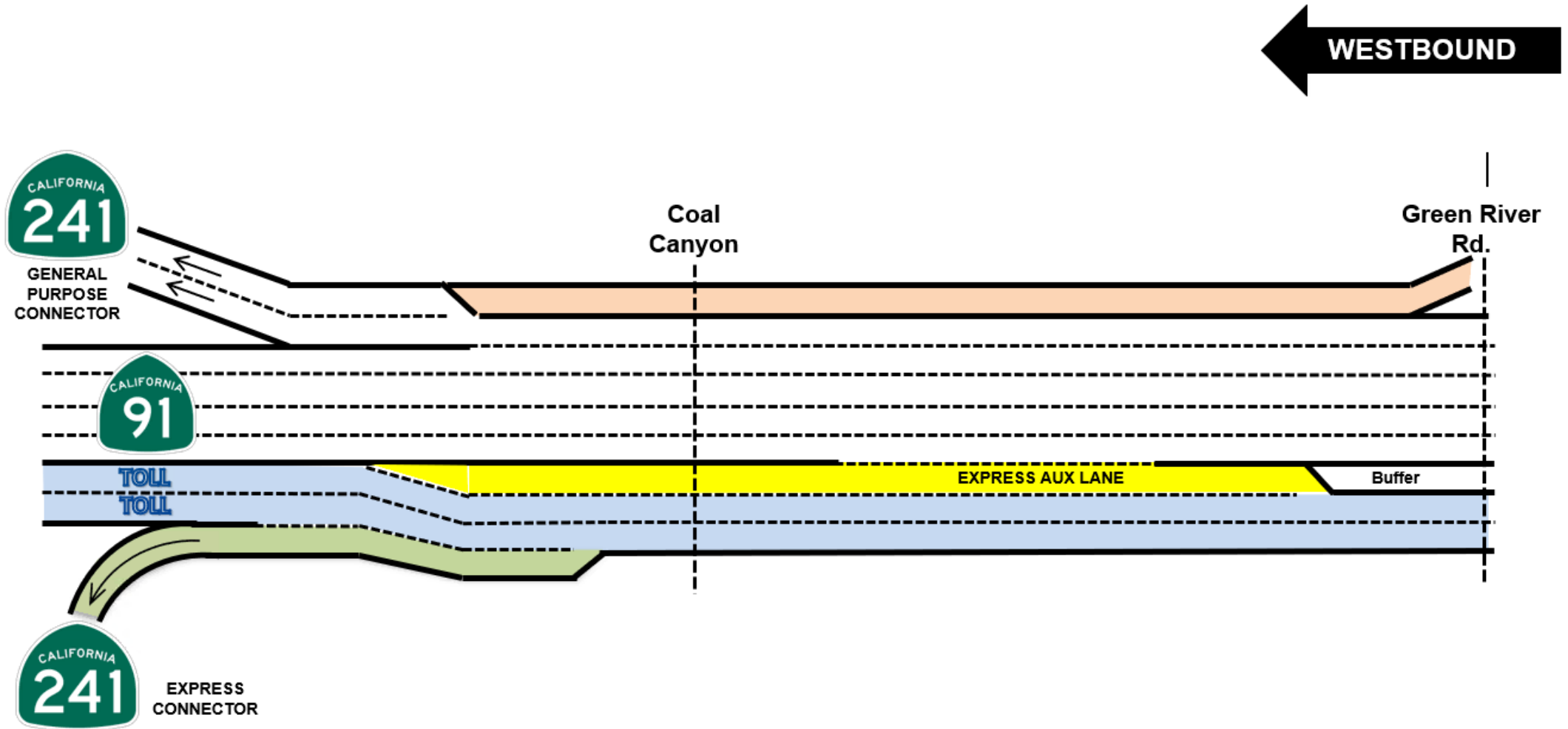


Transportation Corridor Agencies (TCA), California Department of Transportation (Caltrans),
Riverside Transportation Commission (RCTC)

SR-91 Eastbound Configuration with 241/91 EC



SR-91 Westbound Configuration with 241/91 EC



Project Update

- 60 percent design submittal package provided for review
- Updated estimated costs to \$350-\$380 million, funded by TCAs
- Traffic modeling and analysis continues
- Improvements on the eastbound 91 Express Lanes east of Interstate 15 approved by RCTC
- Agencies reviewing potential 241/91 EC eastbound egress option
- Schedule updated to reflect late 2026 completion

Next Steps

- Continue regular agency meetings
- Submit application for state grant funding for the project
- Continue drafting Master Four-Party Agreement and other interagency operations agreements
- Complete final design
- Submit AB 194 application for tolling authority
- Return to the Board of Directors in 2022 with a project update