




November 13, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer  For

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

Overview

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

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

Recommendation

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

Background

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

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

Discussion

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

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

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

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

Summary

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

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

Attachments

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

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