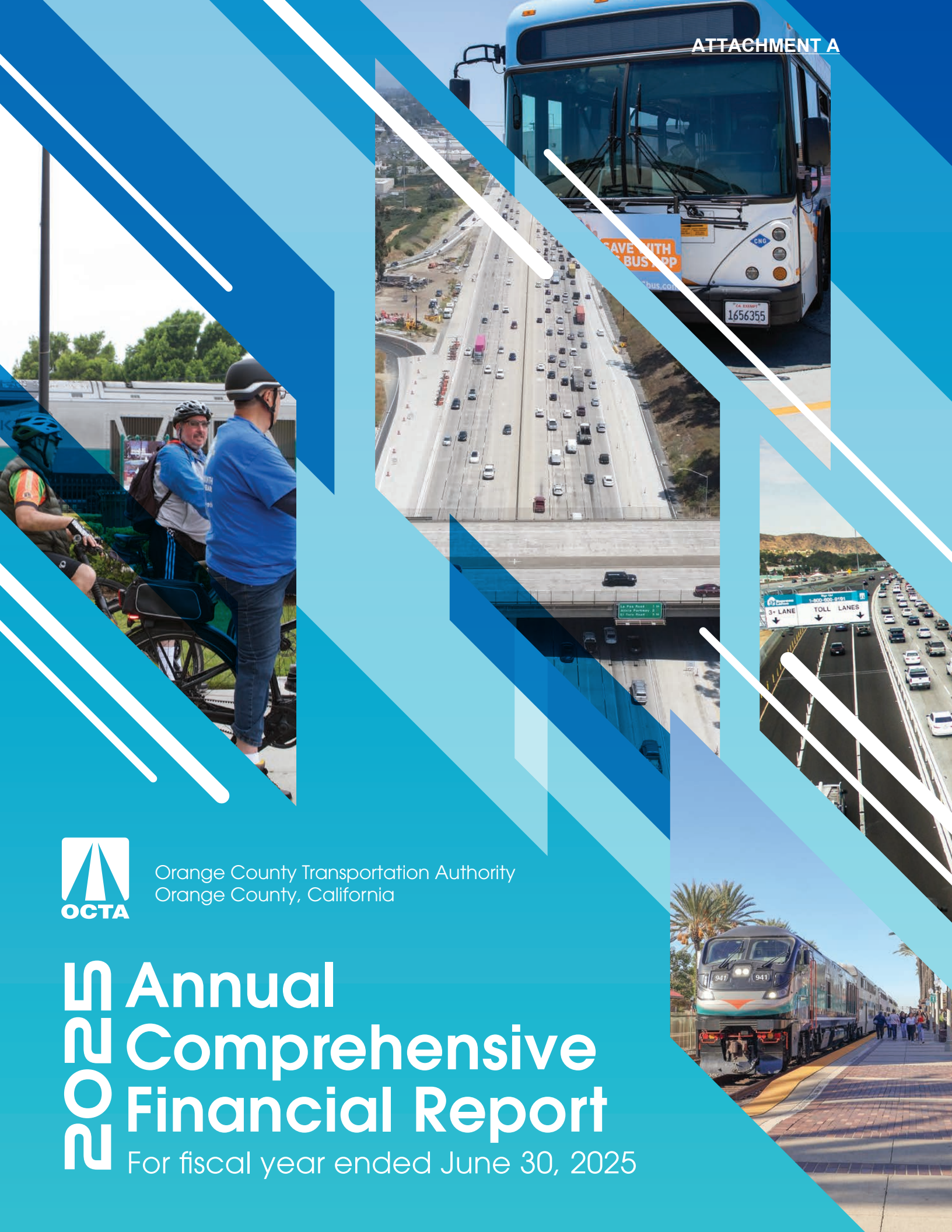




Orange County Transportation Authority
Orange County, California

Annual Comprehensive Financial Report

For fiscal year ended June 30, 2025

2025 Annual Comprehensive Financial Report

For fiscal year ended June 30, 2025

Submitted by:

Darrell E. Johnson

Chief Executive Officer

Finance and Administration Division

Andrew Offelie

Chief Financial Officer

Orange County Transportation Authority
Orange County, California



ORANGE COUNTY TRANSPORTATION AUTHORITY
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS

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

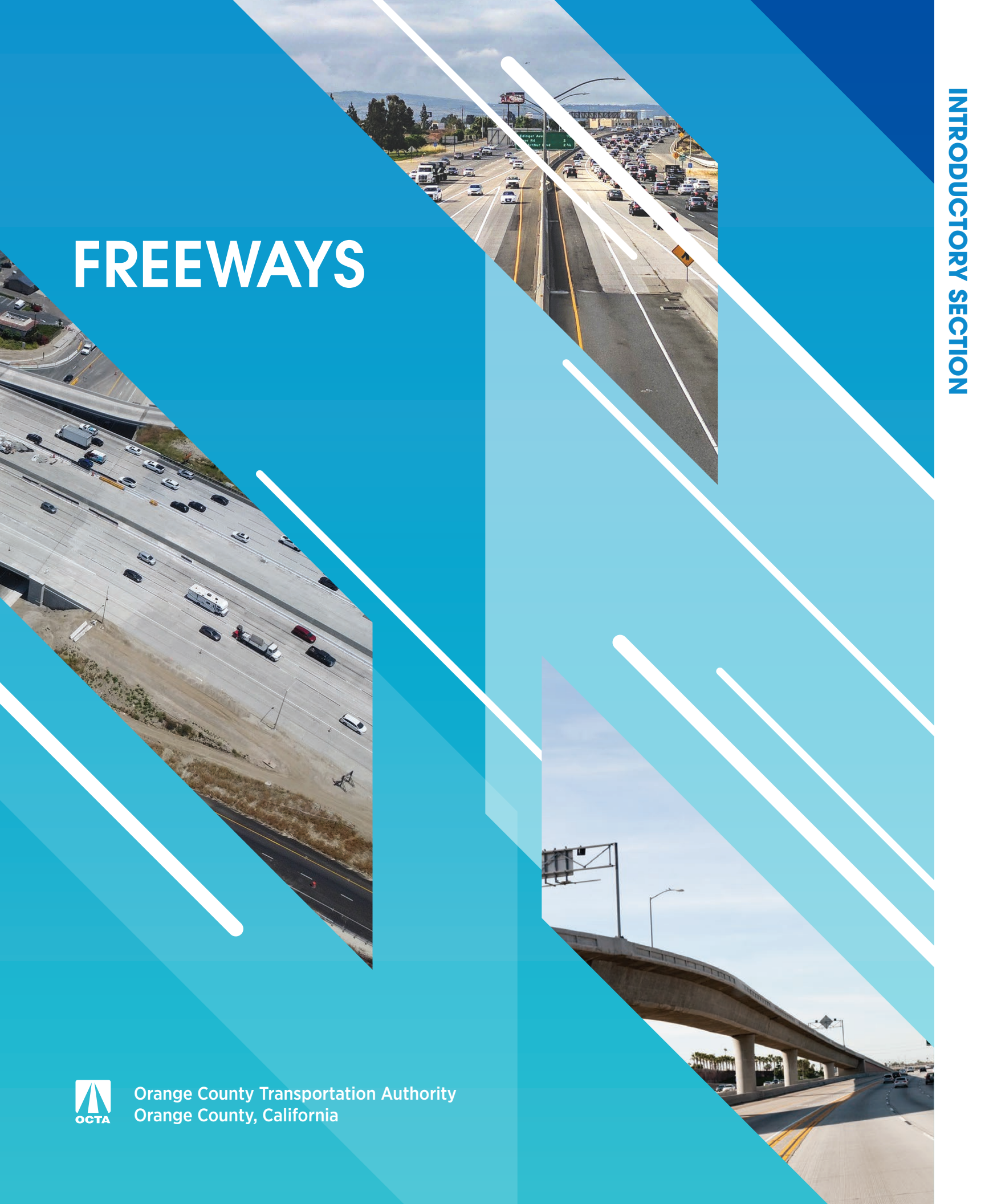
FINANCIAL SECTION (Continued)

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

STATISTICAL SECTION (Unaudited)

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

FREEWAYS



Orange County Transportation Authority
Orange County, California

STREETS AND ROADS



Orange County Transportation Authority
Orange County, California





*AFFILIATED
AGENCIES*

*Orange County
Transit District*

*Local
Transportation
Authority*

*Service Authority
for
Freeway
Emergencies*

*Consolidated
Transportation
Service Agency*

*Congestion
Management
Agency*

November 24, 2025

To the Board of Directors and Citizens of Orange County
Orange County Transportation Authority
550 South Main Street
Orange, CA 92863

We are pleased to present the Annual Comprehensive Financial Report of the Orange County Transportation Authority (OCTA) for the fiscal year (FY) ended June 30, 2025. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

Crowe, LLP has audited OCTA's financial statements and issued an unmodified ("clean") opinion thereon for the FY ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of OCTA

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

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

Annually, OCTA develops a balanced budget for the upcoming FY. The budget details the expected sources and uses of funds. The Board adopts the budget before the beginning of each FY. On June 9, 2025, the Board approved the FY 2025-26 budget. During the FY, all major budget revisions are presented to the Board for consideration and adoption. On a quarterly basis, financial results are provided to the Board, including all significant variances between actual performance and budget in the areas of revenue, staffing, operating expenditures, and capital expenditures.

Orange County Economy

Unemployment Rates

The unemployment rate in Orange County slightly increased from June 2024 and was less than the statewide rate as of June 2025. The unemployment rate in Orange County was 4.5 percent in June 2025, compared to 4.1 percent in June 2024. Statewide unemployment was 5.4 percent, and national unemployment was 4.1 percent as of June 2025.

Between June 2024 and June 2025, total nonfarm employment grew by 11,900 jobs, or 0.7 percent. The largest increase occurred in private education and health services, which added 13,500 jobs. This growth was mainly driven by a rise of 11,900 jobs in healthcare and social assistance, while private educational services added 1,600 jobs. Additionally, three other sectors contributed a combined 7,500 payroll jobs, together accounting for 63 percent of the total year-over-year increase. Among these, leisure and hospitality grew by 3,200 jobs, with the gain

coming from arts, entertainment, and recreation, which saw a boost of 5,100 jobs. However, this was offset by a loss of 1,900 jobs in accommodation and food services. Six industry sectors experienced employment declines, losing a total of 9,100 jobs. Mining and logging showed no payroll changes over the year.

Residential Sector

According to the Census Bureau, the number of single-family building permits in Orange County decreased by 6.5 percent in FY 2024-25 compared to FY 2023-24, while multi-family building permits increased significantly by 58 percent (total permits increased by 28 percent). The median single family home price increased by 4.6 percent in FY 2024-25 compared to FY 2023-24 (the increase was 12.6 percent in FY 2023-24). The median price reached a new high of \$1,470,000 in June 2025. Listings of homes for sales have currently reached over 5,000 units but are still much lower than the three-year average that existed before the Coronavirus (COVID) pandemic due to mortgage rates hovering between 6.7 percent and 7 percent in FY 2024-25. Sales of existing homes increased by 3.1 percent in FY 2024-25 compared to the previous year according to Redfin but continue to be low due to higher prices and high mortgage rates. Listings and sales are expected to be higher in FY 2025-26 as the 30-year mortgage rate edges closer to 6.4 percent.

Sales Tax

According to the forecast from MuniServices, LLC presented to the Finance and Administration Committee in May 2025, sales tax revenue is expected to rise by 0.8 percent for Measure M2 (M2) and 0.5 percent for the Local Transportation Fund (LTF) in FY 2025-26. However, OCTA is taking a conservative approach and projecting no growth for both M2 and LTF in FY 2025-26. Other major revenue sources are expected to increase, such as farebox and Express Lanes revenues.

Long-Term Financial Planning

In an effort to ensure long-term sustainability of transportation programs and services, OCTA updates the Comprehensive Business Plan (CBP) annually and seeks Board approval every two years. The FY 2024-25 CBP was approved by the Board at the December 9, 2024, meeting. The CBP is a financially constrained business planning tool providing a 20-year cash flow for each of OCTA's transportation programs and serves as the baseline for developing the annual budget. The CBP details a comprehensive, multimodal approach ensuring the financial viability of each of OCTA's major programs and is developed consistent with the goals of OCTA's Strategic Plan, Long-Range Transportation Plan, and Next 10 Delivery Plan (Next 10 Plan).

Relevant Financial Policies

OCTA utilizes several financial policies in guiding day-to-day operations and

ensuring long-term financial sustainability. While there are overriding agency-wide financial policies, some financial policies are program-specific.

A brief description of the major financial policies follows below:

Budget Policy

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

Position Control Policy

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

Reserve Policy

OCTA has a Board-adopted Reserve Policy that formalizes OCTA's reserve policies and practices with the goal of keeping programs and projects funded in times of economic uncertainty. This policy was updated in March 2022 to add a long-term operating reserve for the bus program, June 2024 to add three administrative fund reserves, and June 2025 to increase the general liability reserve.

Bus Program

Short-Term Operating Reserve (STOR) Policy

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

Long-Term Operating Reserve (LTOR) Policy

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

CRF Reserve Policy

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

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

91 Express Lanes

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

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

405 Express Lanes

The 405 Express Lanes (EL) maintains five reserve accounts, consisting of two internal reserves established by OCTA and three reserves required under the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement. The type and funding level of the internal reserve accounts will be determined by OCTA after evaluating available revenues following satisfaction of all debt-related funding requirements.

Three reserve accounts are mandated under the TIFIA loan agreement with the United States Department of Transportation. These reserves, the Debt Service Reserve, Operations and Maintenance Reserve, and Major Maintenance Reserve, are held in trust for the benefit of loan repayment. Each reserve account has a required balance determined in accordance with formulas specified in the loan agreement and the governing bond indenture.

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 spans the timeframe FY 2024-25 through FY 2033-34.

In FY 2024-25, OCTA continued to move Orange County forward with M2 projects and other notable accomplishments, including:

- In November 2024, the Board approved the 2024 Next 10 Plan, which incorporated the 2024 M2 sales tax revenue forecast of \$14 billion, updated programmed external revenues, revised bonding assumptions, and refined project schedules and costs. The 2024 update confirmed that the Next 10 Plan and the overall 30-year M2 Program remain deliverable.
- The Measure M2 Taxpayer Oversight Committee determined that OCTA is delivering Measure M2 projects and programs as promised to Orange County voters for the 34th consecutive year.
- Design for both segments of the Interstate 5 (I-5) between Interstate 405 (I-405) and State Route 55 (SR-55) Improvement Project were completed. Both segments are being prepared for construction which is anticipated to begin in early 2026.
- The I-5 (State Route 73 to El Toro Road) South County Improvement Project is one project split into three segments for construction. The middle segment was completed in December 2024, with the remaining two segments anticipated to be complete by fall
- Preparation of the environmental document and project report for the I-5, El Toro Road Interchange Project continued and is anticipated to be complete in December 2026.
- Construction on the SR-55 (I-405 to I-5) Improvement Project continued and is anticipated to be complete in 2027.
- Design for the SR-55 (I-5 to SR-91) Improvement Project began in August 2022 and is anticipated to be complete at the end of 2025.
- Design for State Route 57 (SR-57) Northbound from Orangewood Avenue to Katella Avenue Improvement Project was completed in August 2024 and is being

prepared for construction which is anticipated to begin at the end of 2025.

- The SR-91 (SR-57 to SR-55) Improvement Project is one project split into three segments for the design and construction phases. The easterly segment began construction in February 2025. The westerly segment was advertised for construction in May 2025 and is anticipated to begin construction in late 2025. Design for the middle segment was completed in January 2025 and is being prepared for construction which is anticipated to begin in fall 2026.
- Efforts continued on the Interstate 605, Katella Avenue Interchange to prepare the project for construction. The project was advertised in November 2024, bid opening occurred in January 2025, and the construction contract was awarded and approved in April 2025.
- The 2025 Regional Capacity Program calls for projects approved funding for nine projects totaling more than \$25 million. Since 2011, OCTA has awarded 195 projects totaling more than \$432 million, including \$24 million in leveraged external funding.
- In 2025, \$12 million in funding for six projects was awarded through the Regional Traffic Signal Synchronization Program. To date, OCTA has funded 143 projects totaling nearly \$197 million, including \$40 million in leveraged external funding.
- Through the Local Fair Share Program, 18 percent of M2 net revenues are allocated by formula to eligible local jurisdictions. Over \$73 million was distributed in FY 2024-25 to local jurisdictions to help improve the streets and roads network in addition to local transportation priorities.
- Construction continued on the San Juan Creek Bridge Replacement Project to replace a railroad bridge over San Juan Creek. Construction is anticipated to be completed in 2027.
- Construction on the OC Streetcar continued in the cities of Garden Grove and Santa Ana. Seven of the eight vehicles have been delivered to the Maintenance and Storage Facility, and the streetcar will be open to revenue service in the summer of 2026.
- Allocated approximately \$14.4 million in M2 funds in FY 2024-25 to expand mobility choices for seniors and persons with disabilities under Project U.
- Awarded approximately \$10.7 million through the Environmental Cleanup Program to fund 15 projects focused on removing transportation-related pollutants from roads before they reach waterways and the ocean. Since 2011, OCTA has been awarded 259 projects totaling more than \$75 million.

- Continued evaluation of Battery Electric Bus and Fuel Cell Electric Bus programs.
- Achieved an average weekday boarding amount of more than 127,000 for fixed-route bus ridership.
- Secured a total of \$305 million from state and federal sources to advance immediate coastal stabilization efforts on the rail corridor along sections of the coastline through San Clemente.
- Traffic volumes and toll revenues for the 91 Express Lanes reached record levels, reflecting increased demand and efficiency in corridor management.

Awards and Acknowledgments

For the 15th consecutive year, the National Procurement Institute awarded OCTA the Achievement of Excellence in Procurement® award based on outstanding innovation, professionalism, productivity, e-procurement, and leadership attributes.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OCTA for its Annual Comprehensive Financial Report for the FY ended June 30, 2024. This was the 42nd consecutive year OCTA or its predecessor agency received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe the Annual Comprehensive Financial Report for the FY ended June 30, 2025, continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA, expecting it to be eligible for another certificate.

Respectfully submitted,



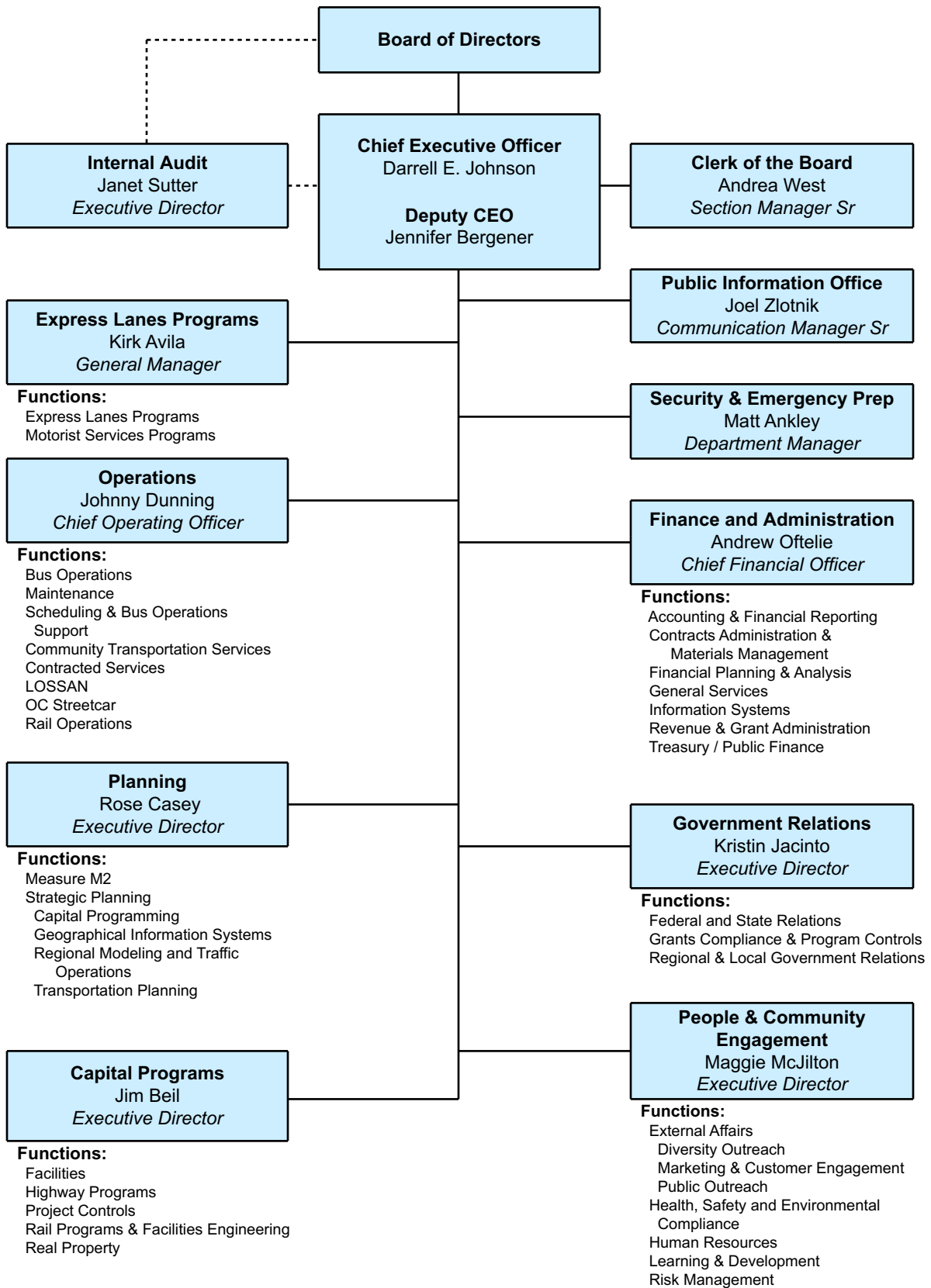
Darrell E. Johnson
Chief Executive Officer



Andrew Oftelie
Chief Financial Officer

ORANGE COUNTY TRANSPORTATION AUTHORITY

ORGANIZATION CHART



2025 BOARD OF DIRECTORS

Doug Chaffee
Chair
Supervisor, 4th District



Jamey M. Federico
Vice Chair
City Member, 5th District



Valerie Amezcua
Director
City Member, 2nd District



Katrina Foley
Director
Supervisor, 5th District



William Go
Director
City Member, 3rd District



Patrick Harper
Director
City Member, 1st District



Michael Hennessey
Director
Public Member



Fred Jung
Director
City Member, 4th District



Stephanie Klopfenstein
Director
City Member, 1st District



Carlos A. Leon
Director
City Member, 4th District



Janet Nguyen
Director
Supervisor, 1st District



Tam T. Nguyen
Director
Public Member



Vicente Sarmiento
Director
Supervisor, 2nd District



John Stephens
Director
City Member, 5th District



Kathy Tavoularis
Director
City Member, 2nd District



Mark Tettermer
Director
City Member, 3rd District



Donald P. Wagner
Director
Supervisor, 3rd District



Lan Zhou
Governor's Ex-Officio Member
Caltrans District 12
District Director

ORANGE COUNTY TRANSPORTATION AUTHORITY

MANAGEMENT STAFF

Darrell E. Johnson	Chief Executive Officer
Jennifer Bergener	Deputy Chief Executive Officer
Andrea West	Section Manager Sr, Clerk of the Board
James Donich	General Counsel

Matt Ankley	Department Manager, Security and Emergency Preparedness
Kirk Avila	General Manager, Express Lanes Programs
Jim Beil	Executive Director, Capital Programs
Rose Casey	Executive Director, Planning
Johnny Dunning	Chief Operating Officer Operations
Kristin Jacinto	Executive Director, Government Relations
Maggie McJilton	Executive Director, People & Community Engagement
Andrew Oftelie	Chief Financial Officer, Finance and Administration
Janet Sutter	Executive Director, Internal Audit
Joel Zlotnik	Strategic Communication Manager Sr, Public Information Office

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



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Orange County Transportation Authority
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

BUS



Orange County Transportation Authority
Orange County, California

RAIL



Orange County Transportation Authority
Orange County, California



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Transportation Authority (OCTA), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of OCTA, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 21 to the financial statements, during the year ended June 30, 2025, OCTA adopted new accounting guidance, GASB Statement No. 101, Compensated Absences, which resulted in a restatement of the July 1, 2024 net position for the following opinion units and related amounts: governmental activities \$5,450,000, business-type activities \$3,875,000, General Fund \$1,591,000, and Orange County Transportation District (OCTD) \$3,875,000. Our opinions are not modified with respect to the above matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OCTA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, Local Transportation Authority Special Revenue Fund, and Local Transportation Special Revenue Fund, and supplemental pension plan trend data and other postemployment benefit data, as listed in the table of contents be presented to supplement the basic financial statements.

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025 on our consideration of OCTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OCTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCTA's internal control over financial reporting and compliance.


Crowe LLP

Costa Mesa, California
October 31, 2025

ORANGE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)
For the Fiscal Year Ended June 30, 2025

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, 2025. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages iii-x and OCTA's financial statements that begin on page 16. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- As of June 30, 2025, OCTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3,506,266, resulting in a net position. Of this amount, \$1,149,686 or 33% represents net investment in capital assets; \$1,487,497 or 42% is restricted for specific purposes; and the remaining portion represents unrestricted net position of \$869,083 or 25%.
- OCTA's total net position increased \$782,788 during fiscal year 2024-25. The increase in net position from governmental activities of \$661,913 was primarily driven by State capital assistance received through the Transit and Intercity Rail Capital Program (TIRCP) for the OC Streetcar project, along with one-time funding under Senate Bill (SB) 125, which provided additional appropriations to support transit infrastructure, operations, and capital improvements. The net position from business-type activities increased by \$120,875, reflecting the impact of the aforementioned capital and operating grants and contributions, as well as a full year of 405 Express Lanes operations in fiscal year 2024–25 compared to seven months in fiscal year 2023–24. The increase also reflected higher average gross revenue per trip on both the 91 and 405 Express Lanes, resulting in greater charges for services revenue.
- OCTA's governmental funds reported combined ending fund balances of \$1,933,142, an increase of \$557,654 or 40% compared to fiscal year 2023-24. Approximately 69% of the governmental fund balances represent Local Transportation Authority (LTA) amounts available for the Measure M program, including debt service. The increase of governmental fund balances was primarily attributable to the capital and operating grants and contributions described above, as well as interfund transfer to the LTA Fund related to the allocation of TIFIA loan proceeds associated with the construction of the general purpose lane for the I-405 Improvement Project.
- Long-term debt decreased by \$33,308, compared to the prior fiscal year, primarily due to the refunding of 2010 Series A bonds through the issuance of the Measure M2 Sales Tax Revenue Refunding Bonds, Series 2025, and partially offset by the current year's accreted interest added to the TIFIA loan principal.

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 local rail. The government-wide financial statements include only OCTA and its blended component units and can be found on pages 16-17 of this report.

▪ **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of OCTA's funds can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

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

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

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 405 Express Lanes which are considered as major enterprise funds of OCTA. Data from the other nonmajor enterprise funds such as OC Streetcar are presented separate. Additionally, data from the General Liability and Workers' Compensation internal service funds are combined into a single, aggregated presentation. The proprietary fund financial statements can be found on pages 22-28 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-70 of this report.

Other Information is in addition to the basic financial statements and accompanying notes. This report also presents certain required supplementary information concerning OCTA's budgetary results for the General fund and major special revenue funds with appropriated budgets. Additionally, trend data for OCTA's pension plans and other postemployment benefits are included. Required supplementary information can be found on pages 71-76 of this report.

The combining statements of nonmajor governmental funds, nonmajor enterprise fund and internal service funds are presented immediately following the required supplementary information. In addition, budgetary results for the LTA Debt Service fund and nonmajor governmental funds are located in this section. This other supplementary information can be found on pages 77-92 of this report.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2025, OCTA's assets and deferred outflows exceeded liabilities and deferred inflows by \$3,506,266. Our analysis on the following pages focuses on net position (Table 1) and changes in net position (Table 2) of OCTA's governmental and business-type activities.

OCTA's net investment in capital assets was \$1,149,686, compared to \$1,051,734 in fiscal year 2023-24. This net position represents OCTA's investment in capital assets (i.e., construction in progress; land; buildings and improvements; infrastructure, machinery, equipment and furniture; transit vehicles; intangible assets; and transponders), net of any outstanding debt used to finance those assets. These capital assets are essential for providing transit services to the residents and business community of Orange County. The increase of \$97,952 was primarily driven by the acquisition of the OCTA's headquarters building and progress on the OC Streetcar project.

Restricted net position, representing resources subjected to external restrictions on how they may be used, were 42% and 29% of the total net position at June 30, 2025 and 2024, respectively. In fiscal year 2024-25, the restricted net position increased by \$700,265 primarily due to the combination of the increase in the restricted net position from governmental activities of \$598,376 and the increase of \$101,889 for business-type activities. The increase for governmental activities was contributed by the increased in funds restricted to Measure M projects, while the increase in business-type activities was mainly attributable to funds restricted under the SB 125 state grant.

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

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. At the end of fiscal year 2024-25, OCTA's unrestricted net position was \$869,083, a decrease of \$6,104 from the prior fiscal year. This decrease was mainly due to the recognition of revenues previously reported as unavailable in the governmental funds, which were recognized as revenue under the accrual basis in the government-wide financial statements.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 1,421,743	\$ 1,026,450	\$ 1,237,507	\$ 1,268,769	\$ 2,659,250	\$ 2,295,219
Restricted assets	730,628	549,037	154,464	37,135	885,092	586,172
Prepaid retirement	14,798	14,145	25,681	24,589	40,479	38,734
Assets held for resale	15,965	20,615	—	—	15,965	20,615
Capital assets, net	753,785	702,868	940,130	894,267	1,693,915	1,597,135
Total assets	2,936,919	2,313,115	2,357,782	2,224,760	5,294,701	4,537,875
Deferred outflows of resources	45,707	29,372	209,773	153,951	255,480	183,323
Liabilities						
Current liabilities	156,033	162,682	117,711	111,905	273,744	274,587
Long-term liabilities	686,320	714,322	974,446	983,877	1,660,766	1,698,199
Total liabilities	842,353	877,004	1,092,157	1,095,782	1,934,510	1,972,786
Deferred inflows of resources	19,587	12,160	89,818	22,099	109,405	34,259
Net position						
Net investment in capital assets	734,535	681,639	415,151	370,095	1,149,686	1,051,734
Restricted	1,353,926	755,550	133,571	31,682	1,487,497	787,232
Unrestricted	32,225	16,134	836,858	859,053	869,083	875,187
Total net position	\$ 2,120,686	\$ 1,453,323	\$ 1,385,580	\$ 1,260,830	\$ 3,506,266	\$ 2,714,153

OCTA's total revenues increased by 40%, while the total costs of all programs increased by 11%. Major contributing factors for the increase of \$494,041 in total revenues were an increase of \$47,215 in charges for services resulting from toll road revenues, an increase of \$412,012 in grants and contributions, driven largely by the TIRCP funding of \$149,841 for OC Streetcar project reimbursement, and \$262,838 of SB 125 one-time grant funding. In addition, investment earnings increased by \$33,146 due to higher available cash balance and favorable investment performance.

During fiscal year 2024-25, OCTA's total expenses increased \$91,111, primarily due to higher toll road operating costs related to the 405 Express Lanes. The increase reflected a full year of operations in fiscal year 2024–25 compared to only partial months in the prior year and higher management and operational

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

services, professional services, and depreciation and amortization expenses. Approximately 87% of OCTA's program costs were funded either by those who directly benefited from the programs or by other governments providing grants and contributions. The remaining net costs were largely financed through sales tax revenues and investment earnings. Table 2 provides a separate analysis of the operations of governmental and business-type activities.

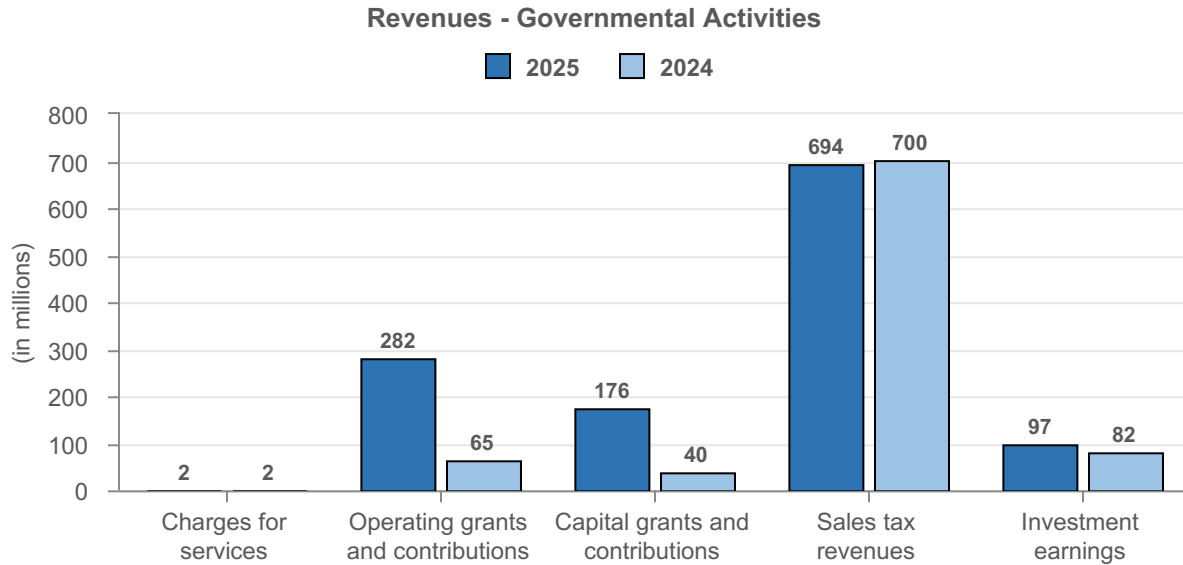
**Table 2
Orange County Transportation Authority
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 1,746	\$ 1,740	\$ 188,010	\$ 140,801	\$ 189,756	\$ 142,541
Operating grants and contributions	281,847	65,287	116,474	62,937	398,321	128,224
Capital grants and contributions	175,563	40,085	54,794	48,357	230,357	88,442
General revenues:						
Sales tax revenues	694,186	700,434	23,585	22,281	717,771	722,715
Investment earnings	97,463	81,699	70,872	53,490	168,335	135,189
Other miscellaneous revenues	7,791	1,064	9,675	9,790	17,466	10,854
Total revenues	1,258,596	890,309	463,410	337,656	1,722,006	1,227,965
Expenses						
General government	119,244	111,528	—	—	119,244	111,528
Measure M program	392,256	371,900	—	—	392,256	371,900
Motorist services	9,977	9,772	—	—	9,977	9,772
Fixed route	—	—	228,591	209,916	228,591	209,916
Paratransit	—	—	127,724	115,153	127,724	115,153
Toll road	—	—	61,243	29,764	61,243	29,764
Local rail	—	—	183	74	183	74
Total expenses	521,477	493,200	417,741	354,907	939,218	848,107
Indirect expense allocation	(65,651)	(61,325)	65,651	61,325	—	—
Increase (decrease) in net position before transfers	802,770	458,434	(19,982)	(78,576)	782,788	379,858
Transfers	(140,857)	(367,030)	140,857	367,030	—	—
Changes in net position	661,913	91,404	120,875	288,454	782,788	379,858
Net position - 6/30/2024, as previously reported	1,453,323	1,361,919	1,260,830	972,376	2,714,153	2,334,295
Change in accounting principle - GASB No. 101	5,450	—	3,875	—	9,325	—
Net position - 6/30/2024, as restated	1,458,773	1,361,919	1,264,705	972,376	2,723,478	2,334,295
Net position - ending	\$2,120,686	\$1,453,323	\$1,385,580	\$1,260,830	\$3,506,266	\$2,714,153

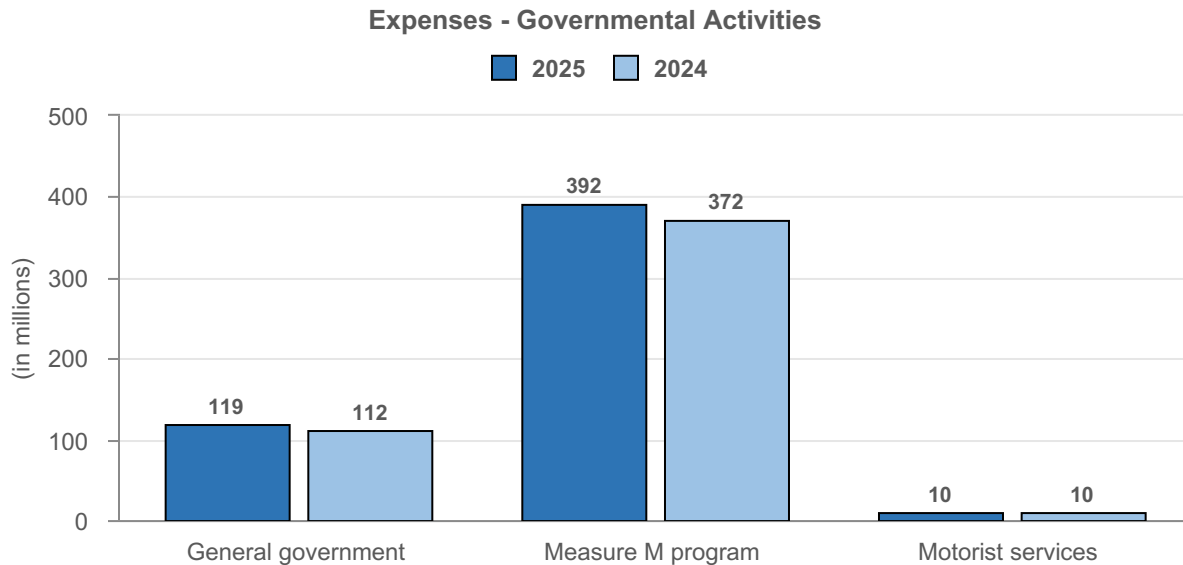
ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Total revenues for OCTA's governmental activities increased \$368,287 primarily due to the TIRCP funding of \$149,841 for OC Streetcar project reimbursement and \$208,765 of SB 125 grant for transit infrastructure, operations, and capital improvements. In addition, an increase of \$15,764 in investment earnings was due to higher available cash balance and favorable investment performance.



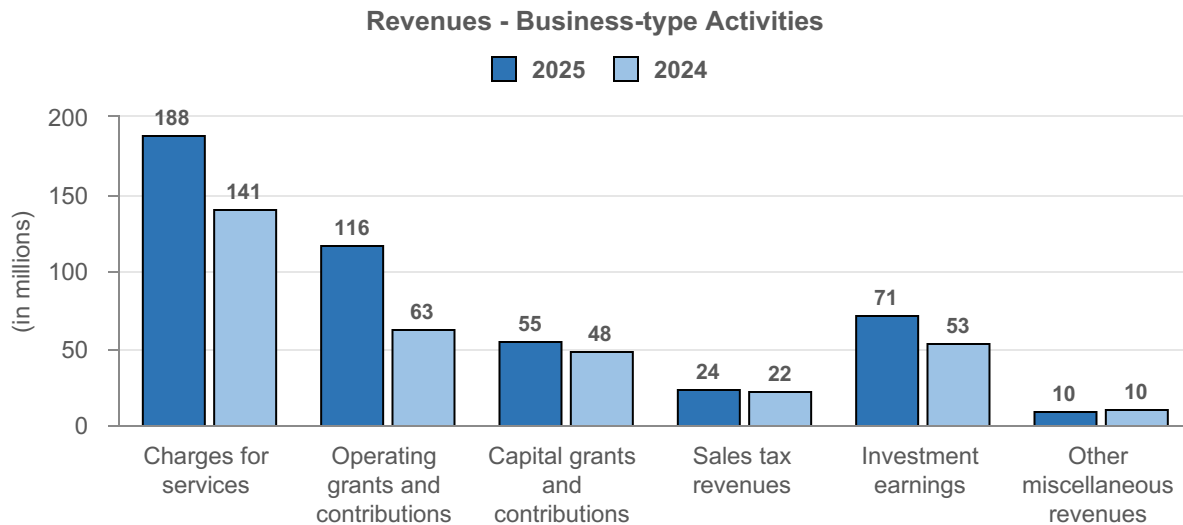
Total expenses for OCTA's governmental activities increased by \$28,277, primarily due to higher contributions to other agencies for reimbursement of transportation projects under the Measure M streets and roads program.



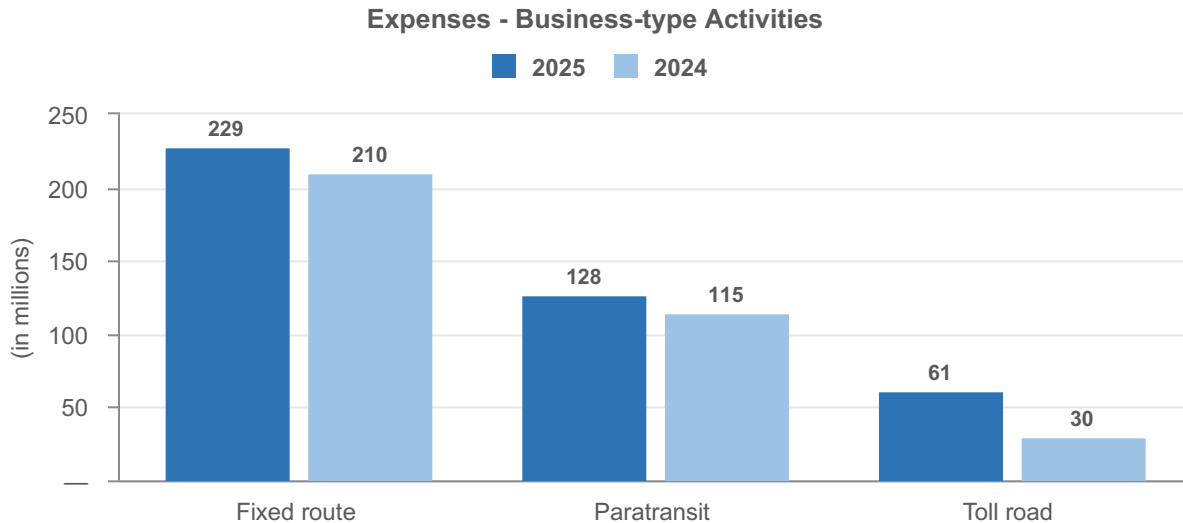
ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

Revenues of OCTA's business-type activities increased by \$125,754 primarily due to an increase of \$17,382 in investment earnings due to the favorable investment performance, an increase of \$47,209 in charges for services from toll road revenues. This was further supported by an increase of \$53,537 in operating grants and contributions relating to transit operations and an increase of \$6,437 in capital grants and contributions.



Total expenses related to business-type activities increased \$62,834 or 18%, primarily due to higher toll road operating costs associated with the 405 Express Lanes. These costs included management and operational services, professional services, and depreciation and amortization expenses, reflecting a full year of operations compared to only partial months in the prior year. In addition, fixed-route and paratransit operating costs also contributed to the increase.



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

As of June 30, 2025, OCTA's governmental funds reported combined ending fund balances of \$1,933,142, an increase of \$557,654 from the prior fiscal year. Approximately 98% of the total fund balance or \$1,749,453 of this amount was restricted, largely for Measure M projects and other transportation-related purposes. Nonspendable fund balance totaled \$26,700, representing amounts not available for spending, such as prepaid retirement costs, other deposits, and prepaid items. The remaining \$813 was unassigned and available for general use.

Key changes in the fund balances of OCTA's major governmental funds are summarized below:

- The General fund increased by \$22,133, primarily due to an interfund transfer of OCTA's reserve balance for the Additional Retiree Benefit Account (ARBA) from the Workers' Compensation fund (Internal Service fund).
- The LTA fund increased by \$484,339, driven by TIRCP reimbursements for the OC Streetcar project, the allocation of TIFIA loan proceeds for general purpose lane construction, and grant funding under SB 125 state grant.
- The LTF fund increased by \$99,048, primarily from sales tax revenues generated under the provisions of the Transportation Development Act (TDA), offset by interfund transfers to the OCTD fund to support transit operations.
- The LTA Debt Service fund decreased by \$5,194, mainly due to the transfer of excess funds to the LTA fund.

Proprietary Funds

The net position of the enterprise funds totaled \$1,352,017 at June 30, 2025 compared to \$1,224,069 at June 30, 2024. Key changes in the net position of OCTA's major proprietary funds are summarized below:

- The OCTD fund net position at June 30, 2025 was \$1,046,206. During fiscal year 2024-25, the total net position increased by \$91,824 or 10%. This growth was primarily driven by higher investment earnings due to favorable market performance, increased operating grants and contributions for transit operations, and higher capital grants and contributions.
- The 91 Express Lanes fund net position for fiscal year 2024-25 increased \$64,087 or 17%. The increase was mainly attributable to operating revenues exceeding expenses, favorable investment earnings, and reduced interfund transfers to the LTA fund related to the SR-91 Improvement Project.
- In contrast, the 405 Express Lanes fund net position for fiscal year 2024-25 decreased \$51,491. The decrease primarily resulted from an interfund transfer to the LTA fund for the allocation of TIFIA loan proceeds associated with the construction of the general purpose lane for the I-405 Improvement Project.

**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 \$7,252 higher than the final budget of \$13,977. This variance was largely attributable to higher-than-budgeted grants and contributions, as well as increased investment earnings resulting from favorable market performance during the fiscal year. The combination of these positive revenue results has strengthened General fund's overall fund balance.

Expenditures

Actual expenditures were \$322 higher than the final budget of \$38,591, reflecting a close alignment with the projected General fund expenditures.

Capital Assets

As of June 30, 2025, OCTA had \$1,693,915, net of accumulated depreciation, invested in a broad range of capital assets including: land, improvements, infrastructure, transit vehicles, machinery, equipment, intangible right-to-use assets, toll facility franchise, and construction in progress (Table 3). During fiscal year 2024-25, OCTA's capital assets increased by \$96,780. Capital assets related to governmental activities increased by \$50,917, primarily attributable to the ongoing construction activities for the OC Streetcar project. Capital assets related to business-type activities increased by \$45,863, largely due to the acquisition of the OCTA's headquarters building.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 172,236	\$ 172,236	\$ 92,452	\$ 57,106	\$ 264,688	\$ 229,342
Land - PPP assets	—	—	29,764	27,438	29,764	27,438
Right-of-way improvements	7,300	7,300	—	—	7,300	7,300
Buildings and improvements	616	538	65,741	51,192	66,357	51,730
Leasehold improvements	—	—	1,416	1,590	1,416	1,590
Infrastructure - PPP assets	—	—	392,395	401,682	392,395	401,682
Transit vehicles	—	—	182,825	182,117	182,825	182,117
Machinery, equipment and furniture	2,222	2,321	37,136	40,975	39,358	43,296
Lease asset - building	15,122	19,343	7,282	7,989	22,404	27,332
Lease asset - equipment	108	209	—	—	108	209
Subscription asset - SBITA	4,157	954	145	341	4,302	1,295
Toll facility franchise	—	—	104,761	107,348	104,761	107,348
Construction in progress	552,024	499,967	26,213	16,489	578,237	516,456
Total capital assets, net	\$ 753,785	\$ 702,868	\$ 940,130	\$ 894,267	\$ 1,693,915	\$ 1,597,135

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

During the fiscal year, major capital asset additions amounted to \$51,457 for the OC Streetcar project and \$54,570 for the acquisition of the OCTA's headquarters building. Significant capital asset deletions consisted of \$29,398 related to retirement of revenue vehicles and \$2,246 for the retirement of Transponders (T21) associated with 91 Express Lanes.

OCTA had outstanding capital expenditure commitments; the most significant of which were \$93,650 for zero-emission and CNG buses, \$191,347 for the I-5 freeway widening construction project, \$116,201 for SR91 and I-405 express lanes toll collection project, \$279,538 for SR-57 improvement projects.

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, 2025, OCTA had \$1,215,907 in long-term debt outstanding compared to \$1,249,215 on June 30, 2024, as presented in Table 4. The decrease of \$33,308 was primarily the result of refunding all outstanding 2010 Series A bonds through the issuance of Measure M2 Sales Tax Revenue Refunding Bonds, Series 2025. This reduction was offset by an increase resulting from the current year's accreted interest being added to the TIFIA loan principal.

Table 4
Orange County Transportation Authority
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Sales tax revenue bonds	\$ 529,450	\$ 569,315	\$ —	\$ —	\$ 529,450	\$ 569,315
Toll road revenue refunding bonds	—	—	41,725	47,545	41,725	47,545
TIFIA loan	—	—	644,732	632,355	644,732	632,355
Total long-term debt	\$ 529,450	\$ 569,315	\$ 686,457	\$ 679,900	\$ 1,215,907	\$ 1,249,215

OCTA's long-term debt is rated by Standard & Poor's, Moody's, and Fitch. As of June 30, 2025, the ratings are as follows:

	Standard & Poor's	Moody's	Fitch
Sales tax revenue bonds	AAA	N/A	AA+
Toll road revenue refunding bonds	AA-	Aa3	AA-
TIFIA loan	N/A	Baa2	N/A

More detailed information about OCTA's long-term debt is presented in note 11 to the financial statements.

Economic and Other Factors

The Board of Directors (Board) adopted the fiscal year 2025-26 budget on June 9, 2025. The \$1.74 billion budget was developed in accordance with the goals of the Board and the Chief Executive Officer. This balanced budget is a result of OCTA's ongoing effort to furnish innovative, equitable, and sustainable transportation solutions for the residents and visitors of Orange County.

ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

For the FY 2025-26 budget, OCTA is taking a conservative approach to sales tax assumptions and assuming no growth in the coming year. Sales tax for the Measure M2 (M2) Program is forecasted to be \$432.1 million. Similarly, the quarter-cent Local Transportation Fund sales tax revenue, primarily supporting the bus program, is anticipated to be \$220.2 million.

The M2 Program budget provides a clear path to enhance transportation across our cities and County. The M2 Program supports a balanced system across freeways, transit, streets, roads, and environmental initiatives. The FY 2025-26 budget for the M2 Program includes \$464 million for freeway improvement projects and \$166 million for the maintenance and enhancement of streets and roads. The budget also allocates \$100 million for M2 Transit Programs, which comprises \$38 million to support regional rail services and \$37 million to support local rail.

The FY 2025-26 budget outlines a robust plan for transit services, with a clear focus on enhancements, sustainability, and resilient operations. The budget allocates \$574 million to support the OC Bus Program, supporting up to 1.62 million service hours. Sustainability and resiliency focus is also a cornerstone of the budget, with ongoing investments in zero-emission buses and infrastructure. A capital budget of \$110 million is included for the procurement of seven zero-emission 60-foot buses, bus base and transit center improvements, as well as a communications system upgrade. Additionally, the budget supports ongoing Metrolink service and the launch of the OC Streetcar.

OCTA's express lanes continue to demonstrate solid performance with the 91 Express Lanes effectively moving traffic through the corridor. The budget anticipates traffic volumes to increase by three million trips in FY 2025-26, reaching 23 million trips based on demand. In addition, the 405 Express Lanes are forecasted to reach 67.8 million transactions over the five ingress/egress points in the 405 corridor.

The FY 2025-26 budget is a testament to the Board's Strategic Initiatives and OCTA's dedication to delivering a balanced and sustainable transportation network, ensuring Orange County keeps moving safely and efficiently.

Contacting OCTA's Management

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2025

<i>(amounts expressed in thousands)</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 1,188,155	\$ 1,144,997	\$ 2,333,152
Receivables:			
Interest	10,508	9,858	20,366
Operating grants	58,761	5,889	64,650
Capital grants	5,025	20,415	25,440
Other	1,663	27,367	29,030
Internal balances	(4,067)	4,067	—
Due from other governments	137,859	5,817	143,676
Condemnation deposits	7,883	136	8,019
Lease receivable	2,778	12,013	14,791
Notes receivable	1,402	—	1,402
Inventory	—	5,923	5,923
Restricted cash and investments	730,628	154,464	885,092
Prepaid retirement	14,798	25,681	40,479
Other assets	11,776	1,025	12,801
Assets held for resale	15,965	—	15,965
Capital assets, net:			
Nondepreciable	731,560	148,429	879,989
Depreciable and amortizable	22,225	791,701	813,926
Total assets	2,936,919	2,357,782	5,294,701
Deferred outflows of resources			
Deferred outflows - refunding	23,004	3,655	26,659
Deferred outflows - pensions	22,585	99,683	122,268
Deferred outflows - OPEB	118	—	118
Deferred outflows - PPP	—	106,435	106,435
Total deferred outflows of resources	45,707	209,773	255,480
Liabilities			
Accounts payable	98,413	63,661	162,074
Accrued payroll and related items	3,164	6,044	9,208
Accrued interest payable	8,537	818	9,355
Due to other governments	44,864	7,899	52,763
Unearned revenue	872	38,588	39,460
Total OPEB liability - due within one year	64	138	202
Other liabilities	119	563	682
Noncurrent liabilities:			
Due within one year	27,443	15,510	42,953
Due in more than one year	616,170	824,205	1,440,375
Net pension liability	41,896	132,991	174,887
Total OPEB liability - due in more than one year	811	1,740	2,551
Total liabilities	842,353	1,092,157	1,934,510
Deferred inflows of resources			
Deferred inflows - refunding	—	3,515	3,515
Deferred inflows - pensions	16,908	74,493	91,401
Deferred inflows - OPEB	51	144	195
Deferred inflows - leases	2,628	11,666	14,294
Total deferred inflows of resources	19,587	89,818	109,405
Net position			
Net investment in capital assets	734,535	415,151	1,149,686
Restricted for:			
Measure M projects	596,139	—	596,139
Debt service	18,306	37,178	55,484
Capital and operating reserves	—	15,716	15,716
Capital projects	2,977	—	2,977
Transportation programs	525,163	—	525,163
Pension benefits	55,165	—	55,165
Federal and state grants	156,176	80,677	236,853
Unrestricted	32,225	836,858	869,083
Total net position	\$ 2,120,686	\$ 1,385,580	\$ 3,506,266

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Activities
For the Year Ended June 30, 2025

(amounts expressed in thousands)

Functions/Programs	Program Revenues					Net Revenues (Expenses) and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government								
Governmental activities:								
General government	\$ 119,244	\$ (97,783)	\$ 291	\$ 7,494	\$ 175,563	\$ 161,887	\$ —	\$ 161,887
Measure M program	392,256	31,022	1,455	266,279	—	(155,544)	—	(155,544)
Motorist services	9,977	1,110	—	8,074	—	(3,013)	—	(3,013)
Total governmental activities	521,477	(65,651)	1,746	281,847	175,563	3,330	—	3,330
Business-type activities:								
Fixed route	228,591	57,231	44,233	96,748	54,794	—	(90,047)	(90,047)
Paratransit	127,724	—	8,356	—	—	—	(119,368)	(119,368)
Tollroad	61,243	7,278	135,421	971	—	—	67,871	67,871
Local rail	183	1,142	—	18,755	—	—	17,430	17,430
Total business-type activities	417,741	65,651	188,010	116,474	54,794	—	(124,114)	(124,114)
Total primary government	\$ 939,218	\$ —	\$ 189,756	\$ 398,321	\$ 230,357	\$ 3,330	\$ (124,114)	\$ (120,784)

	Governmental Activities	Business-type Activities	Total
General revenues			
Property taxes	\$ —	\$ 23,585	\$ 23,585
Sales tax revenues	694,186	—	694,186
Investment earnings	97,463	70,872	168,335
Loss on sale of capital assets	(414,550)	(143,578)	(559,000)
Other miscellaneous revenues	8,206	9,819	18,025
Transfers	(140,857)	140,857	—
Total general revenues and transfers	658,583	244,989	903,572
Changes in net position	661,913	120,875	782,788
Net position - 6/30/2024, as previously reported	1,453,323	1,260,830	2,714,153
Change in accounting principle - adoption of GASB No. 101	5,450	3,875	9,325
Net position - 6/30/2024, as restated	1,458,773	1,264,705	2,723,478
Net position - ending	\$ 2,120,686	\$ 1,385,580	\$ 3,506,266

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Balance Sheet - Governmental Funds
June 30, 2025

<i>(amounts expressed in thousands)</i>	General	LTA	LTF	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 40,073	\$ 663,401	\$ 438,110	\$ 18,254	\$ 5,484	\$ 22,833	\$ 1,188,155
Receivables:							
Interest	—	6,814	3,386	52	2	255	10,509
Operating grants	1,559	57,202	—	—	—	—	58,761
Capital grants	129	—	—	—	4,896	—	5,025
Other	616	1,047	—	—	—	—	1,663
Due from other funds	389	8,848	—	—	6,425	88	15,750
Due from other governments	3,525	84,489	37,087	—	—	12,758	137,859
Condemnation deposits	—	7,883	—	—	—	—	7,883
Lease receivable	—	2,778	—	—	—	—	2,778
Notes receivable	—	1,147	—	—	—	255	1,402
Restricted cash and investments	40,367	690,261	—	—	—	—	730,628
Prepaid retirement	14,798	—	—	—	—	—	14,798
Other assets	248	794	—	—	2,977	—	4,019
Total assets	101,704	1,524,664	478,583	18,306	19,784	36,189	2,179,230
Liabilities							
Accounts payable	6,074	71,622	67	—	19,722	929	98,414
Accrued payroll and related items	3,164	—	—	—	—	—	3,164
Compensated absences	1,087	—	—	—	—	—	1,087
Due to other funds	—	8,712	389	—	—	12,258	21,359
Due to other governments	163	44,355	244	—	62	40	44,864
Unearned revenue	654	270	—	—	—	—	924
Other liabilities	48	71	—	—	—	—	119
Total liabilities	11,190	125,030	700	—	19,784	13,227	169,931
Deferred inflows of resources							
Deferred inflows - leases	—	2,628	—	—	—	—	2,628
Unavailable revenue - grants	4,409	61,403	—	—	2,584	—	68,396
Unavailable revenue - others	—	5,133	—	—	—	—	5,133
Total deferred inflows of resources	4,409	69,164	—	—	2,584	—	76,157
Fund balances							
Nonspendable:							
Prepaid retirement	14,798	—	—	—	—	—	14,798
Other deposits and prepaid items	248	8,677	—	—	2,977	—	11,902
Restricted for:							
Measure M projects	—	1,165,617	—	—	—	—	1,165,617
Debt service	—	—	—	18,306	—	—	18,306
Transportation programs	24,318	—	477,883	—	—	17,514	519,715
Motorist services	—	—	—	—	—	5,448	5,448
Pension benefits	40,367	—	—	—	—	—	40,367
SB 125 grant	—	156,176	—	—	—	—	156,176
Unassigned	6,374	—	—	—	(5,561)	—	813
Total fund balances	86,105	1,330,470	477,883	18,306	(2,584)	22,962	1,933,142
Total liabilities, deferred inflows of resources, and fund balances	\$ 101,704	\$ 1,524,664	\$ 478,583	\$ 18,306	\$ 19,784	\$ 36,189	\$ 2,179,230

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, 2025

(amounts expressed in thousands)

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

Total fund balances (page 18)	\$ 1,933,142
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	753,785
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Deferred outflows and inflows of resources related to pensions are not available to pay or due in current period expenditures and, therefore, are not reported in the governmental funds.	
Deferred outflows - pensions	22,585
Deferred inflows - pensions	(16,908)

Deferred outflows and inflows of resources related to OPEB are not available to pay or due in current period expenditures and, therefore, are not reported in the governmental funds.	
Deferred outflows - OPEB	118
Deferred inflows - OPEB	(51)

Long-term debt related liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Deferred outflows - refunding	23,004
Long-term debt and premium	(614,624)
Accrued interest payable	(8,537)

Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Net pension liability	(41,896)
Total OPEB liability	(875)
Lease liabilities	(16,632)
Subscription liabilities	(2,617)
Compensated absences	(5,410)
Other liabilities	4,565

Receivables that are measurable, but not available within the availability period, are reported as deferred inflows of resources in the governmental funds.	73,529
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The effect of the elimination entries between the governmental and the business-type activities and the governmental activities share of the allocation of the profit and loss of the Workers' Compensation Internal Service fund.	1,543
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Net position of governmental activities (page 16)	<u>\$ 2,120,686</u>
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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, 2025

<i>(amounts expressed in thousands)</i>	General	LTA	LTF	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Sales tax revenues	\$ —	\$ 431,843	\$ 218,645	\$ —	\$ —	\$ 43,699	\$ 694,187
Transportation improvement fee	—	—	—	—	—	7,446	7,446
Vehicle registration fees	—	—	—	—	—	3,003	3,003
Fines	124	—	—	—	—	—	124
Contributions from other agencies	6,738	245,622	—	—	—	5,071	257,431
Interest and investment earnings	7,665	61,875	22,395	4,721	504	1,558	98,718
Capital assistance grants	1,990	—	—	—	165,061	—	167,051
Miscellaneous	1,500	1,621	—	—	6,565	—	9,686
Total revenues	18,017	740,961	241,040	4,721	172,130	60,777	1,237,646
Expenditures							
Current:							
General government	13,348	142,492	2,033	—	778	11,130	169,781
Transportation:							
Contributions to other local agencies	973	119,733	3,072	—	—	—	123,778
Capital outlay	3,170	134,598	—	—	52,631	106	190,505
Debt service:							
Principal	—	—	—	21,950	—	—	21,950
Interest	—	—	—	32,906	—	—	32,906
Bond issuance costs	—	816	—	—	—	—	816
Total expenditures	17,491	397,639	5,105	54,856	53,409	11,236	539,736
Excess (deficiency) of revenues over (under) expenditures	526	343,322	235,935	(50,135)	118,721	49,541	697,910
Other financing sources (uses)							
Transfers in	21,607	245,942	—	58,966	28,536	4,910	359,961
Transfers out	—	(105,305)	(136,887)	(14,025)	(149,841)	(94,539)	(500,597)
Proceeds from sale of capital assets	—	4,169	—	—	—	—	4,169
Bond issuance	—	227,565	—	—	—	—	227,565
Bond premium	—	36,413	—	—	—	—	36,413
Payment to refunded bond escrow agent	—	(267,767)	—	—	—	—	(267,767)
Total other financing sources (uses)	21,607	141,017	(136,887)	44,941	(121,305)	(89,629)	(140,256)
Net changes in fund balances	22,133	484,339	99,048	(5,194)	(2,584)	(40,088)	557,654
Fund balances - 6/30/2024, as previously reported	65,563	846,131	378,835	23,500	—	63,050	1,377,079
Change in accounting principle - GASB No. 101	(1,591)	—	—	—	—	—	(1,591)
Fund balances - 6/30/2024, as restated	63,972	846,131	378,835	23,500	—	63,050	1,375,488
Fund balances - ending	\$ 86,105	\$ 1,330,470	\$ 477,883	\$ 18,306	\$ (2,584)	\$ 22,962	\$ 1,933,142

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, 2025

(amounts expressed in thousands)

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

Net change in fund balances - total governmental funds (page 20)	\$	557,654
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Capital assets related expenses or revenues are not included as financial resources or uses in the governmental funds.

Capital outlays		56,108
Proceeds sale of fixed assets		(4,169)
Depreciation and amortization expense		(7,143)

Long-term debt related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

Issuance of new debt		(227,565)
Principal and interest payments		296,474
Premium and deferred loss of refunding amortization		(36,413)

Revenues that are earned but not collected within the availability period have not been recognized in the governmental funds.		(79,188)
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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.		40,724
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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.		65,431
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Change in net position of governmental activities (page 17)	\$	661,913
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See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Statement of Net Position Proprietary Funds June 30, 2025

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor- OC Streetcar	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets						
Cash and investments	\$ 702,356	\$ 365,037	\$ 20,964	\$ —	\$ 1,088,357	\$ 56,641
Receivables:						
Interest	5,995	2,671	722	44	9,432	424
Operating grants	5,889	—	—	—	5,889	—
Capital grants	20,415	—	—	—	20,415	—
Violations, net	—	5,653	3,606	—	9,259	—
Farebox	419	—	—	—	419	—
Other	1,636	1,796	1,488	—	4,920	604
Due from other funds	14,936	—	—	—	14,936	—
Due from other governments	5,678	77	—	62	5,817	—
Condemnation deposits	—	—	136	—	136	—
Lease receivable	4,740	—	—	—	4,740	—
Inventory	5,923	—	—	—	5,923	—
Prepaid retirement	25,681	—	—	—	25,681	—
Other assets	144	—	52	—	196	829
Total current assets	793,812	375,234	26,968	106	1,196,120	58,498
Noncurrent assets						
Restricted cash and investments	83,355	13,403	38,355	19,350	154,463	—
Violations receivable, net	—	7,886	4,280	—	12,166	—
Lease receivable	7,273	—	—	—	7,273	—
Capital assets, net:						
Nondepreciable	112,975	5,625	29,765	65	148,430	—
Depreciable and amortizable	257,637	110,838	423,008	217	791,700	—
Total noncurrent assets	461,240	137,752	495,408	19,632	1,114,032	—
Total assets	1,255,052	512,986	522,376	19,738	2,310,152	58,498
Deferred outflows of resources						
Deferred outflows - refunding	—	3,655	—	—	3,655	—
Deferred outflows - pensions	99,683	—	—	—	99,683	—
Deferred outflows - OPEB	—	—	—	—	—	—
Deferred outflows - PPP	—	—	106,435	—	106,435	—
Total deferred outflows of resources	99,683	3,655	106,435	—	209,773	—

ORANGE COUNTY TRANSPORTATION AUTHORITY

Statement of Net Position Proprietary Funds June 30, 2025

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor- OC Streetcar	Total Enterprise Funds	Internal Service Funds
Liabilities						
Current liabilities						
Accounts payable	\$ 40,234	\$ 8,241	\$ 14,076	\$ 85	\$ 62,636	\$ 1,027
Accrued payroll and related items	6,044	—	—	—	6,044	—
Accrued interest	1	787	30	—	818	—
Due to other funds	479	8,848	—	—	9,327	—
Claims payable	—	—	—	—	—	4,309
Due to other governments	4,463	2,367	1,068	—	7,898	—
Unearned revenue	27,240	10,075	1,272	—	38,587	—
Other liabilities	255	291	46	—	592	—
Compensated absences, current	4,475	—	—	—	4,475	—
Total OPEB liability, current	138	—	—	—	138	—
Long-term debt, current	—	6,115	—	—	6,115	—
Lease liabilities, current	—	411	84	—	495	—
Subscription liabilities, current	87	—	—	—	87	—
Total current liabilities	83,416	37,135	16,576	85	137,212	5,336
Noncurrent liabilities						
Claims payable	—	—	—	—	—	18,057
Compensated absences	3,925	—	—	—	3,925	—
Net pension liability	132,991	—	—	—	132,991	—
Total OPEB liability	1,740	—	—	—	1,740	—
Long-term debt	—	39,000	755,518	—	794,518	—
Lease liabilities	—	1,874	5,676	—	7,550	—
Subscription liabilities	154	—	—	—	154	—
Total noncurrent liabilities	138,810	40,874	761,194	—	940,878	18,057
Total liabilities	222,226	78,009	777,770	85	1,078,090	23,393
Deferred inflows of resources						
Deferred inflows - refunding	—	3,515	—	—	3,515	—
Deferred inflows - pensions	74,493	—	—	—	74,493	—
Deferred inflows - OPEB	144	—	—	—	144	—
Deferred inflows - leases	11,666	—	—	—	11,666	—
Total deferred inflows of resources	86,303	3,515	—	—	89,818	—
Net position						
Net investment in capital assets	365,517	66,837	(17,420)	217	415,151	—
Restricted for:						
Debt service	—	4,576	32,602	—	37,178	—
Capital reserves	—	5,000	—	—	5,000	—
Operating reserves	—	3,000	7,716	—	10,716	—
SGR program	27,684	—	—	—	27,684	—
SB 125 grant	33,643	—	—	19,350	52,993	—
Unrestricted	619,362	355,704	(171,857)	86	803,295	35,105
Total net position	\$1,046,206	\$ 435,117	\$ (148,959)	\$ 19,653	\$1,352,017	\$ 35,105

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, 2025

(amounts expressed in thousands)

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

Total net position (page 23)	\$ 1,352,017
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Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the general liability and workers' compensation internal service funds are included in Business-type activities. Additionally, the effect of the elimination entries between the Governmental and the Business-type activities and the Governmental activities share of the allocation of the profit and loss of the Workers' Compensation Internal Service fund is included in this difference.

33,563

Net position of business-type activities (page 16)	<u>\$ 1,385,580</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, 2025

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor- OC Streetcar	Total Enterprise Funds	Internal Service Funds
Operating revenues						
User fees and charges	\$ 33,612	\$ 75,960	\$ 57,823	\$ —	\$ 167,395	\$ —
Charges for services	3,302	—	—	—	3,302	10,338
Total operating revenues	36,914	75,960	57,823	—	170,697	10,338
Operating expenses						
Wages, salaries and benefits	131,017	—	—	—	131,017	—
Maintenance, parts and fuel	23,239	—	—	—	23,239	—
Contracted operations	116,734	6,878	6,699	—	130,311	—
Administrative services	56,909	4,070	3,209	1,142	65,330	323
Other	8,211	149	16	2	8,378	570
Insurance claims and premiums	—	253	48	—	301	8,886
Professional services	27,118	5,997	10,146	171	43,432	1,883
General and administrative	4,826	331	1,159	3	6,319	—
Depreciation and amortization	33,333	4,981	15,288	6	53,608	—
Total operating expenses	401,387	22,659	36,565	1,324	461,935	11,662
Operating income (loss)	(364,473)	53,301	21,258	(1,324)	(291,238)	(1,324)
Nonoperating revenues (expenses)						
State transit assistance	10,516	—	—	18,755	29,271	—
Federal operating assistance grants	86,184	—	—	—	86,184	—
Property taxes allocated by the County of Orange	23,585	—	—	—	23,585	—
Investment earnings	42,592	19,515	5,494	702	68,303	2,569
Interest expense	(10)	(1,581)	(6,079)	—	(7,670)	—
Other	13,727	968	8	—	14,703	739
Total nonoperating revenues (expenses)	176,594	18,902	(577)	19,457	214,376	3,308
Income (loss) before contributions and transfers	(187,879)	72,203	20,681	18,133	(76,862)	1,984
Capital contributions	54,833	—	—	222	55,055	—
Transfers in	238,946	—	—	1,298	240,244	11,300
Transfers out	(14,076)	(8,116)	(72,172)	—	(94,364)	(16,545)
Changes in net position	91,824	64,087	(51,491)	19,653	124,073	(3,261)
Net position - 6/30/2024, as previously reported	950,507	371,030	(97,468)	—	1,224,069	38,366
Change in accounting principle - GASB No. 101	3,875	—	—	—	3,875	—
Net position - 6/30/2024, as restated	954,382	371,030	(97,468)	—	1,227,944	38,366
Net position - ending	\$1,046,206	\$ 435,117	\$ (148,959)	\$ 19,653	\$1,352,017	\$ 35,105

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, 2025

(amounts expressed in thousands)

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

Net change in fund net position - total enterprise funds (page 25)	\$ 124,073
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Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue of the general liability and workers' compensation internal service funds are included in business-type activities in the Statement of Net Position. Additionally, the effect of allocating the workers' compensation Internal Service Fund loss to the governmental activities is included in this difference.	(3,198)
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Change in net position of business-type activities (page 17)	<u>\$ 120,875</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, 2025

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor- OC Streetcar	Total	Internal Service Funds
Cash flows from operating activities						
Receipts from customers and users	\$ 32,682	\$ 73,073	\$ 61,103	\$ —	\$ 166,858	\$ —
Receipts from interfund services provided	—	—	—	—	—	10,347
Payments to suppliers	(189,404)	(11,076)	(20,325)	(166)	(220,971)	(1,817)
Payments to claimants	—	—	—	—	—	(8,902)
Payments to employees	(140,984)	—	—	—	(140,984)	—
Payments for interfund services used	(56,909)	(4,070)	(3,209)	(1,142)	(65,330)	(323)
Advertising revenues received	3,375	—	—	—	3,375	—
Miscellaneous revenues received	15,338	968	9	—	16,315	739
Net cash provided by (used for) operating activities	(335,902)	58,895	37,578	(1,308)	(240,737)	44
Cash flows from noncapital financing activities						
Operating assistance grants received	94,239	—	—	—	94,239	—
Reimbursement from other governments	—	6	—	—	6	—
Property taxes received	23,388	—	—	—	23,388	—
State transit assistance funds received	10,179	—	—	18,693	28,872	—
Transfers from other funds	235,555	—	—	1,307	236,862	11,300
Transfers to other funds	(13,655)	(8,449)	(72,172)	—	(94,276)	(16,545)
Net cash provided by (used for) noncapital financing activities	349,706	(8,443)	(72,172)	20,000	289,091	(5,245)
Cash flows from capital and related financing activities						
Capital grants for acquisition and construction of capital assets	38,064	—	—	—	38,064	—
Receipts from lease agreements	3,420	—	—	—	3,420	—
Arbitrage rebate payment	—	—	(449)	—	(449)	—
Principal payment on long-term debt	—	(5,820)	—	—	(5,820)	—
Interest paid on long-term debt	—	(2,232)	(56)	—	(2,288)	—
Acquisition and construction of capital assets	(86,875)	(964)	(909)	—	(88,748)	—
Net cash used for capital and related financing activities	(45,391)	(9,016)	(1,414)	—	(55,821)	—
Cash flows from investing activities						
Investment earnings	43,123	19,686	5,620	658	69,087	2,802
Net cash provided by investing activities	43,123	19,686	5,620	658	69,087	2,802
Net increase (decrease) in cash and cash equivalents	11,536	61,122	(30,388)	19,350	61,620	(2,399)
Cash and cash equivalents at beginning of year	774,175	317,318	89,707	—	1,181,200	59,040
Cash and cash equivalents at end of year	\$ 785,711	\$ 378,440	\$ 59,319	\$ 19,350	\$1,242,820	\$ 56,641
Reconciliation of cash and cash equivalents to statement of net position:						
Cash and investments	\$ 702,356	\$ 365,037	\$ 20,964	\$ —	\$1,088,357	\$ 56,641
Restricted cash and investments	83,355	13,403	38,355	19,350	154,463	—
Total cash and cash equivalents	\$ 785,711	\$ 378,440	\$ 59,319	\$ 19,350	\$1,242,820	\$ 56,641

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds, Continued
For the Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	405 Express Lanes	Nonmajor- OC Streetcar	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	\$(364,473)	\$ 53,301	\$ 21,258	\$ (1,324)	\$(291,238)	\$ (1,324)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization expense	33,333	2,395	15,288	6	51,022	—
Amortization of toll road franchise agreement	—	2,586	—	—	2,586	—
Other nonoperating revenues	13,727	968	9	—	14,704	—
Insurance recoveries	—	—	—	—	—	739
Change in assets and liabilities:						
Receivables	611	(2,839)	2,434	—	206	(139)
Due from other governments	(144)	—	—	—	(144)	—
Inventory	(281)	—	—	—	(281)	—
Prepaid retirement	(1,092)	—	—	—	(1,092)	—
Other assets	82	10	(18)	—	74	9
Deferred outflows of resources - pensions	(52,707)	—	—	—	(52,707)	—
Accounts payable	(11,185)	1,776	(2,819)	10	(12,218)	66
Accrued payroll and related items	(1,812)	—	—	—	(1,812)	—
Compensated absences	3,203	—	—	—	3,203	—
Claims payable	—	—	—	—	—	693
Due to other governments	2,142	746	581	—	3,469	—
Unearned revenue	—	(220)	820	—	600	—
Other liabilities	253	172	25	—	450	—
Total OPEB liability	(26)	—	—	—	(26)	—
Net pension liability	(17,192)	—	—	—	(17,192)	—
Deferred inflows of resources - pensions	59,635	—	—	—	59,635	—
Deferred inflows of resources - OPEB	24	—	—	—	24	—
Total adjustments	28,571	5,594	16,320	16	50,501	1,368
Net cash provided by (used for) operating activities	\$(335,902)	\$ 58,895	\$ 37,578	\$ (1,308)	\$(240,737)	\$ 44
Noncash capital, financing and investing activities:						
Amortization of bond premium	\$ —	\$ 618	\$ —	\$ —	\$ 618	\$ —
Amortization of deferred loss on refunding 2003 series	—	670	—	—	670	—
Amortization of deferred gain on refunding 2013 series	—	644	—	—	644	—
Addition in other long-term liabilities related to PPP	—	—	2,395	—	2,395	—
Amortization of deferred outflows related to PPP	—	—	2,771	—	2,771	—
Amortization of deferred inflows on refunding	—	—	7,110	—	7,110	—
Capital assets accrued in payables	4,854	2,365	2,191	65	9,475	—
Change in fair value of investments	520	160	125	44	849	235
Interest accretion on TIFIA loan	—	—	12,377	—	12,377	—
Interfund capital assets transfer	—	—	—	222	222	—

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025
(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

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

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

The Orange County Transit District (OCTD), a blended component unit of OCTA, was created by an act of the California State Legislature in 1965 and approved by the voters of Orange County in November 1970. OCTD commenced operating a public transportation system in Orange County in August 1972. OCTD is

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

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 91/405 Express Lanes operations, administers the Measure M program (one-half percent sales tax revenues), coordinates freeway and regional road projects, and serves as the local advocate and facilitator of state and federal transportation funding programs.

Basis of Presentation

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

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

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Interest expense related to the sales tax revenue bonds and commercial paper, the taxable bonds, and advances from OCTA funds is reported as a direct expense of the Measure M program, fixed route, and toll road functions, respectively, as it would be misleading to exclude the interest from direct expenses and the borrowings are considered essential to the creation or continuing existence of these programs. For the year ended June 30, 2025, interest expense (income) of \$26,149 and \$7,670, was included in Measure M and toll road program costs, respectively. Program revenues include: charges to customers or applicants who purchase, use, directly benefit from services or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Sales tax and other revenues are not reported as program revenues and instead, are reported as general revenues.

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

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

OCTA reports the following major governmental funds:

- **General Fund** – This fund is the general operating fund of OCTA. It is used to account for the financial resources of the general government as well as the transit operations of OCTA, except for those required to be accounted for in another fund. Due to the implementation of GASB Statement No. 84, Fiduciary Activities, the Additional Retiree Benefit Account (ARBA) fund and the Scholarship fund, previously reported as fiduciary funds, are reported as part of the General fund effective fiscal year 2020-21.
- **Local Transportation Authority (LTA) Fund** – This special revenue fund accounts for revenues received and expenditures made and is restricted for the implementation of the Orange County Traffic Improvement and Growth Management Plan (Measure M). Funding is provided by a one-half percent sales and use tax assessed for twenty years pursuant to Measure M, which became effective April 1, 1991, and more recently was renewed for an additional 30 years from April 1, 2011 to March 31, 2041. The Measure M ordinance, as approved in an election by the voters of Orange County, requires that sales tax revenues only be expended on projects included in the ordinance. In addition to sales tax proceeds, the LTA fund is supported by other funding sources, including investment income, state and federal grants, other contributions, and miscellaneous revenues. Effective fiscal year 2023-24, the Common Urban Rail Endowment (CURE) fund previously reported under the General fund is presented as part of LTA fund.
- **Local Transportation Fund (LTF)** – This special revenue fund accounts for revenues received and expenditures made and is restricted for use on certain transit projects within Orange County. Funding is generated from a one-quarter percent state sales and use tax pursuant to the California Transportation Development Act (TDA). Expenditures of these monies must be made in accordance with TDA provisions.
- **LTA Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the LTA.
- **General Capital Project Fund** – This fund is used to account for transportation capital projects.

OCTA reports the following major enterprise funds:

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

Additionally, OCTA reports the following fund types:

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

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Measurement Focus and Basis of Accounting

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tolls are collected from customers on a prepaid basis, and unearned tolls are reported as unearned revenue. Toll revenues are recognized when customers utilize the toll road facility. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. Property taxes are recognized as revenues in the year for which they are levied.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of OCTA's proprietary funds are charges to customers for services. Operating revenues relating to the 91 and 405 Express Lanes are presented net of discounts and allowances. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Investments

OCTA maintains cash and investments in accordance with the Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended on July 1, 2024. 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, 2025, the investment portfolios were held by U.S. Bank as custodial bank. Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Cash from other OCTA revenue sources is commingled for investment purposes, with investment earnings allocated to the different accounts based on average daily account balances.

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

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

assets in markets that are not active; Level 3 inputs are unobservable inputs. Most of OCTA's leveled investments are measured using Level 2 inputs.

Investments in U.S. government and U.S. agency securities, medium-term notes, variable and floating rate securities, mortgage and asset-backed securities and corporate notes are carried at fair value based on quoted prices of similar assets, except for money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date, which are carried at amortized cost which approximates fair value. The Orange County Investment Pool (OCIP) is carried at fair value based on the value of each participating dollar as provided by the OCIP. The state managed Local Agency Investment Fund (LAIF) is carried at amortized cost.

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

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

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

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

Cash and Cash Equivalents

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

Receivables

Receivables include an estimate for outstanding unpaid violations of the 91 and 405 Express Lanes that OCTA anticipates to collect. For violations less than 90 days old, the receivable is based on a 12-month average of violations collected during that time and is recorded net of an allowance for uncollectible accounts. For those violations in excess of 90 days, the receivable is estimated using a three-year average of violations collected and is recorded net, as the majority is not considered probable of collection. Additionally, the 91 and 405 Express Lanes records a receivable for amounts owed from customers net of an allowance.

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Since the 405 Express Lanes has only been in operation for less than two years, there is no sufficient collection history to determine the collection percentage. Due to the similarities between the 91 and 405 Express Lanes, OCTA used the collection percentage from the 91 Express Lanes to estimate the outstanding unpaid violations for the 405 Express Lanes for fiscal year 2024-25.

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 fiscal year 2024-25, administrative services of \$100,136 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 \$10,338 to OCTA's operating funds.

Inventory

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

Prepaid Retirement

Orange County Employee Retirement System (OCERS) provides a 7.00% discount to employers for early payment of employer contributions. OCTA elected to prepay employer contributions for fiscal year 2025-26 in order to benefit from this discount. Since OCERS records the prepaid retirement as a liability (unearned contributions) and recognizes them over the periods of the related payroll, the prepaid retirement is reported by OCTA as a prepaid asset in the governmental fund financial statements (modified accrual).

Restricted Cash and Investments

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

In addition, OCTA has restricted investments held by the California Community foundation (CCF). The amount invested in the CCF investment pool is a restricted asset as approved for funding by the OCTA Board of Directors in October of 2014. The CCF is headquartered in Los Angeles, California. CCF is a community foundation and holds a 501(c)3 status, which meets California State Government Code requirements for community foundations. Legislation providing for OCTA to use a qualified organization to hold and manage the endowment is provided in Government Code §§65965-65968. 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

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

stream of distributions that keeps the pace with inflation over time. The pool includes a mix of asset classes including equities, fixed income, hedge funds, real assets and venture capital. The target asset allocation is approximately 50% public equity, 20% fixed income, 15% hedge funds, 10% real assets and 5% private equity and venture capital.

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

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

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

Starting fiscal year 2024-25, restricted cash and investments include amounts received pursuant to Senate Bill (SB) 125. In accordance with the provisions of SB 125, these resources are restricted for the support of transit infrastructure, operations, and capital improvements. Accordingly, such funds are not available to finance the general operating activities and classified as restricted cash and investments

Assets Held for Resale

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

Capital Assets

Capital assets include land, construction in progress, buildings and improvements, infrastructure, machinery, equipment and furniture, transit vehicles, toll facility franchise, transponders, intangible right-to-use lease assets, and intangible right-to-use subscription-based information technology arrangements (SBITA) assets, and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by OCTA as assets with an initial, individual cost of more than \$5 and a useful life exceeding one year. OCTA also capitalizes non-sticker transponder purchases, as they are considered a significant class of assets even though individually their cost is less than \$5. OCTA also capitalizes assets whose individual acquisition costs are less than the threshold for an individual asset, but are significant in aggregate.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the donation date. OCTA also records the

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

value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, Leases. The lease asset is amortized each year over the shorter of lease term or useful life of the asset. In addition, OCTA records the value of intangible right-to-use subscription assets in accordance with GASB Statement No. 96, SBITAs. The subscription asset is amortized year over the shorter of the subscription term or the useful life of the underlying IT assets.

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

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Type	Useful Life
Buildings and improvements	10-30 years
Leasehold improvements	Lease term
Infrastructure - PPP assets	40-50 years
Machinery, equipment and furniture	3-10 years
Transit vehicles	3-18 years
Transponders	5-7 years
Lease assets - building	20-30 years
Lease assets - equipment	3 years
Subscription assets - SBITA	3 years
Toll franchise facility	63 years

Leases

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

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

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

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

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

OCTA is the lessor under a noncancellable land lease. Beginning in fiscal year 2024–25, OCTA also became the lessor of office spaces in its newly acquired headquarters building. OCTA recognizes lease receivable and deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

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

Subscription-Based Information Technology Arrangements (SBITAs)

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

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

Compensated Absences

Vacation, sick leave, and other compensated absences are earned in accordance with OCTA policies and collective bargaining agreements. Effective fiscal year 2024–25, OCTA implemented GASB Statement No. 101, Compensated Absences. Under this guidance, compensated absences are recognized as a liability when earned, provided the leave is attributable to services already rendered, accumulation is permitted, and it is probable that the leave will be used for time off or otherwise paid or settled. The compensated absences liability is measured using the first-in, first-out (FIFO) assumption for leave usage. Under this approach, leave is assumed to be used in the order earned. The liability is calculated based on the pay rates in effect at the financial statement date and includes applicable salary-related payments.

ORANGE COUNTY TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

In the governmental funds, only the portion of compensated absences expected to be liquidated with expendable available financial resources is reported as a fund liability. The long-term liability is reported in the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements include a separate section for deferred outflows of resources. This separate financial statement element; deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. OCTA has four items that qualify for reporting in this category, which are reported in the government-wide statement of net position. The first item is a deferred outflow related to loss on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred outflow related to pensions, which represents OCTA's pension contributions made subsequent to the measurement date, change of assumptions, difference between expected and actual experience, and the net difference between projected and actual earnings on plan investments. The third item is the deferred outflow related to other postemployment benefits (OPEB), which represents the change of assumptions and difference between expected and actual experience. The fourth item is the deferred outflow related to Public-Private Partnerships (PPP) which is measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. This amount is deferred and amortized over the shorter of the PPP term or the useful life of the underlying PPP asset. Refer to note 12 for information related to amortization of deferred outflows of resources related to PPP.

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

Pension

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Other Postemployment Benefits (OPEB)

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

Long-Term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

Risk Management

OCTA accounts for its risk management activities in internal service funds. Separate internal service funds are used for general liability and workers' compensation. Charges by internal service funds to the general fund, certain special revenue funds, and OCTD enterprise fund are based on historical cost information and are adjusted over time, so that internal service fund revenues and expenses are approximately equal. Expenses for the actual or estimated loss from claims are recorded when it is probable that a loss will be incurred and the amount can reasonably be determined. OCTA's risk management activities are a combination of purchased insurance coverage and self-insured risk retention. OCTA's real and personal property, including revenue and non-revenue vehicles, are covered under a commercial property insurance policy. The 91 and 405 Express Lanes enterprise funds have purchased commercial property insurance, including business interruption, earthquake and flood coverage related to the toll facility.

Property Taxes

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

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

Contributions to Other Agencies

Contributions to other agencies primarily represent sales tax revenues received in the LTA fund 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 the LTA fund.

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Net Position

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

- **Net investment in capital assets** – This balance reflects the net position of OCTA that is invested in capital assets, net of related debt. This net position is generally not accessible for other purposes.
- **Restricted net position** – This balance represents net position that is not accessible for general use because their use is subject to restrictions enforceable by third parties. The government-wide statement of net position reports \$1,487,497 of net position restricted by enabling legislation for Measure M projects, debt service, capital/operating reserves, capital projects, transportation programs, pension benefits, and federal/state grants.
- **Unrestricted net position** – This balance represents net position that is available for general use.

Fund Balance Classifications

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

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

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

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

Use of Estimates

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.” The details of this \$753,785 difference are as follows:

Capital assets	\$ 783,124
Less accumulated depreciation	(29,339)
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 753,785</u>

Another element of that reconciliation explains that “Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.” The details of this \$(62,865) difference are as follows:

Net pension liability	\$ (41,896)
Total OPEB liability	(875)
Lease liabilities	(16,632)
Subscription liabilities	(2,617)
Compensated absences	(5,410)
Other assets and liabilities	4,565
Net adjustment to decrease fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ (62,865)</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.

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

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 \$44,796 difference are as follows:

Capital outlays	\$ 56,108
Proceeds sale of fixed assets	(4,169)
Depreciation and amortization expense	(7,143)
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities	\$ 44,796

Another element of that reconciliation states that “Long-term debt related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.” 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 \$32,496 difference are as follows:

Issuance of new debt	\$ (227,565)
Principal and interest payments	296,474
Premium and deferred charge amortization	(36,413)
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities	\$ 32,496

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2025:

Cash	
Deposits	\$ 37,275
Petty cash	7
Total cash	37,282
Investments	
Orange County Treasurer	17,543
LAIF	7,288
Trustee	758,632
Custodian	2,363,414
CA Community Foundation (CCF)	34,085
Total investments	3,180,962
Total cash and investments	\$ 3,218,244

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

Total cash and investments are reported in the following funds:

Unrestricted cash and investments

Governmental funds	\$ 1,188,155
Proprietary funds:	
Enterprise funds	1,088,357
Internal service funds	56,641

Total unrestricted cash and investments	2,333,153
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Restricted cash and investments

Governmental funds	730,628
Proprietary funds:	
Enterprise funds	154,463

Total restricted cash and investments	\$ 885,091
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Total cash and investments	\$ 3,218,244
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As of June 30, 2025, OCTA had the following investments along with weighted average maturity (WAM) information:

Investments	Fair Value	Interest Rate Range (Rounded)	Maturity Range	WAM (Years)
Orange County Investment Pool*	\$ 17,543	3.960% - 4.280%	1 day - 5 years	0.748
Local Agency Investment Fund*	7,288	4.269% - 4.480%	217 - 248 Days	0.679
U. S. Treasuries	1,032,437	0.250% - 4.625%	07/31/25 - 05/31/30	2.512
U. S. Agency Notes	217,584	0.375% - 5.000%	07/01/25 - 01/25/30	1.890
Medium Term Notes	443,691	1.850% - 5.882%	07/01/25 - 06/15/30	2.256
Variable Rate Notes	221,597	1.045% - 6.615%	07/22/26 - 06/25/28	2.775
Mortgage & Asset Backed Securities	331,464	0.680% - 5.900%	05/15/26 - 06/21/30	3.645
Money Market Funds *	717,020	3.960% - 4.250%	07/01/2025	0.003
Municipal Debt	50,286	0.947% - 5.540%	07/01/25 - 06/01/30	2.223
Commercial Paper *	52,220	4.330% - 4.390%	07/07/25 - 08/22/25	0.081
Negotiable CD*	43,915	4.250% - 5.610%	07/07/25 - 02/01/27	0.500
CCF Investment Fund	34,085	NA	NA	NA
Supranational	11,832	3.625% - 4.375%	01/15/27 - 10/16/29	2.712
Total investments	\$ 3,180,962			

Portfolio Weighted	1.892
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* 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

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs - other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are significant unobservable inputs.

As of June 30, 2025, 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	
		Significant Observable Inputs	Significant Unobservable Inputs
Investments by fair value level	Total	(Level 2)	(Level 3)
U.S. Treasuries	\$ 1,032,437	\$ 1,032,437	\$ —
U.S. Agency Notes	217,584	217,584	—
Medium Term Notes	443,691	443,691	—
Mortgage & Asset Backed Securities	331,464	331,464	—
Variable Rate Notes	221,597	221,597	—
Municipal Debt	50,286	50,286	—
CCF Investment Fund	34,085	—	34,085
Supranationals	11,832	11,832	—
Total	\$ 2,342,976	\$ 2,308,891	\$ 34,085

Investments not subject to the fair value hierarchy

Money Market Funds	\$ 717,020
Orange County Investment Pool	17,543
Local Agency Investment Fund	7,288
Commercial Paper	52,220
Negotiable Certificate of Deposit	43,915
Total	837,986
Total investments	\$ 3,180,962

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.

ORANGE COUNTY TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2025, mortgage and asset-backed securities totaled \$331,464. The underlying assets are consumer receivables that include credit cards, auto and home loans. The securities have a fixed interest rate and are rated AA or higher by a nationally recognized statistical rating organizations (NRSROs).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk in terms of 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, 2025, 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, 2025 (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	1.07%
Orange County Investment Pool	NR	NR	0.55%
Local Agency Investment Fund	NR	NR	0.23%
U.S. Treasuries	NR	NR	32.46%
U.S. Agency Notes	NR	NR	6.84%
Medium Term Notes			
Johnson & Johnson	AAA	Aaa	0.03%
Apple Inc.	AA	Aaa	0.20%
Corporate Notes	AA	Aa	3.20%
Corporate Notes	AA	A	0.45%
Corporate Notes	A	Aa	1.75%
Corporate Notes	A	A	7.68%
Sammons Financial Group	A	NR	0.03%
Corporate Notes	BBB	A	0.19%
Corporate Notes	BBB	Baa	0.33%
National Rural Utilities	NR	A	0.09%

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

Investments	S&P	Moody's	% of Portfolio
Mortgage and Asset-Backed Securities			
Securities	AAA	Aaa	2.58%
Securities	AAA	NR	4.34%
Verizon	AA	NR	0.02%
Securities	NR	Aaa	3.37%
Nissan	NR	Aa	0.05%
Autonation	NR	NR	0.06%
Variable Rate Notes			
Federal Home Loan Mortgage Corp	AAA	Aa	0.26%
Federal Home Loan Mortgage Corp	AA	Aaa	0.32%
Notes	AA	Aa	1.67%
Notes	A	Aa	0.69%
Notes	A	A	2.83%
Notes	A	Baa	0.15%
Notes	BBB	A	0.90%
Notes	BBB	Baa	0.10%
Federal Home Loan Mortgage Corp	NR	NR	0.05%
Money Market Funds	AAAm	Aaa	22.54%
Municipal Bonds			
Alabama Federal Aid Hwy	AAA	Aa	0.00%
Los Angeles CA Community College	AA	Aaa	0.10%
Various Agencies	AA	Aa	0.22%
San Francisco City & County Arpts	AA	A	0.03%
Various Agencies	AA	NR	0.17%
Various Agencies	A	Aa	0.18%
Various Agencies	A	A	0.16%
Los Angeles California Municipal	A	NR	0.05%
Various Agencies	NR	Aa	0.67%
Commercial Paper			
Barclays	A-1	P-1	1.64%
Certificate of Deposit			
Bank of Montreal	A	P-1	1.04%
Cooperative Rabobank	A	Aa	0.11%
Various	A	A	0.23%
Supranational			
International Bank	AAA	Aaa	0.37%
Total investments			100%

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Concentration of Credit Risk

At June 30, 2025, OCTA did not exceed the Policy maximum concentrations. Issuer/Counter-Party Diversification Guidelines for All Securities Except U.S. Treasuries and U.S. Government Agency Securities:

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

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

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

There is no issuer exceeding 5% of the fair value of the OCTA's investment portfolio at June 30, 2025.

Investment in State Investment Pool

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

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

Investment in Orange County Investment Pool

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

Investment in CA Community Foundation Investment Pool

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

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

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 2024-25 total \$68,274. A receivable of \$64,650 is outstanding as of June 30, 2025.

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 2024-25 related to capital investments total \$5,793. A receivable of \$25,440 is outstanding as of June 30, 2025.

Local Transportation Fund

In fiscal year 2024-25, 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 2024-25, OCTA became entitled to \$136,887 in LTF revenues. The remaining revenues received by LTF were contributed to other claimants for administration, planning, and operations.

State Transit Assistance Program

State Transit Assistance (STA) revenue is generated by the state sales tax on diesel fuel as specified under the gas tax swap enacted in March 2010. The Road Repair and Accountability Act of 2017, signed into law April 2017, provided additional funding under the State of Good Repair (SGR) Program. This program is funded from a portion of Transportation Improvement Fee on vehicle registrations and provides transit operators in California funding for eligible transit maintenance, rehabilitation, and capital projects. OCTA received \$43,699 and \$7,446 in STA and SGR respectively, in fiscal year 2024-25.

The Low Carbon Transit Operations Program

The Low Carbon Transit Operations Program (LCTOP) is used to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. In fiscal year 2024-25, OCTA received LCTOP funds allocation of \$10,350, which are held in an interest-bearing account. Grant revenue is recognized when all eligibility requirements have been met. As of June 30, 2025, unspent amounts of \$22,028 are reported as unearned revenue until program conditions are satisfied.

State of California under Senate Bill (SB) 125

OCTA receives grant funding from the State of California under Senate Bill (SB) 125, which provides additional appropriations to support transit infrastructure, operations, and capital improvements. These funds are administered through the California State Transportation Agency (CalSTA) and allocated to eligible transit agencies for the purpose of enhancing mobility, reducing greenhouse gas emissions, and improving the state's public transportation systems. In fiscal year 2024-25, OCTA was awarded \$262,838 in SB 125 funding, and these funds are held in an interest-bearing account. As of June 30, 2025, remaining amounts of \$209,171 are reported as restricted cash and investments.

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

5. DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2025 in the fund financial statements are as follows:

	Governmental Funds				Enterprise Funds				
Due From	General	LTA	LTF	Nonmajor Gov Funds	OCTD	91 EL	Nonmajor Enterprise	Total	
Sales taxes	\$ —	\$ 74,525	\$ 37,087	\$ 12,258	\$ —	\$ —	\$ —	\$ 123,870	
Projects	610	8,184	—	—	337	—	—	9,131	
Other	2,915	1,780	—	500	5,341	77	62	10,675	
Total	\$ 3,525	\$ 84,489	\$ 37,087	\$ 12,758	\$ 5,678	\$ 77	\$ 62	\$ 143,676	

Amounts due to other governments as of June 30, 2025 are as follows:

Due To	Governmental Funds				Enterprise Funds				Total
	General	LTA	LTF	General Capital Project	Nonmajor Gov Funds	OCTD	91 EL	405 EL	
Projects	\$ 155	\$ 34,777	\$ —	\$ 62	\$ 40	\$ 4,314	\$ 152	\$ 1,025	\$ 40,525
Other	8	9,578	244	—	—	149	2,215	43	12,237
Total	\$ 163	\$ 44,355	\$ 244	\$ 62	\$ 40	\$ 4,463	\$ 2,367	\$ 1,068	\$ 52,762

6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The composition of interfund balances at June 30, 2025 is as follows:

Due to/from other funds

Payable Funds	Receivable Funds					Total
	General	LTA	General Capital Project	Nonmajor Gov Funds	OCTD	
LTA	\$ —	\$ —	\$ 5,946	\$ 88	\$ 2,678	\$ 8,712
LTF	389	—	—	—	—	389
Nonmajor Gov Funds	—	—	—	—	12,258	12,258
OCTD	—	—	479	—	—	479
91 EL	—	8,848	—	—	—	8,848
Total	\$ 389	\$ 8,848	\$ 6,425	\$ 88	\$ 14,936	\$ 30,686

The due to/from other funds arise due to short-term funding for certain projects, operations, and temporary cash deficit.

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

Interfund transfers

Transfers Out	Transfers In								
	General	LTA	LTA Debt Service	General Capital Project	Nonmajor Gov Funds	OCTD	Nonmajor Enterprise	Internal Service	Total
LTA	\$ —	\$ —	\$ 58,966	\$ 27,547	\$ 4,910	\$ 12,584	\$ 1,298	\$ —	\$ 105,305
LTF	5,062	—	—	—	—	131,823	—	—	136,885
LTA Debt Service	—	14,025	—	—	—	—	—	—	14,025
General Capital Project	—	149,841	—	—	—	—	—	—	149,841
Nonmajor Gov Funds	—	—	—	—	—	94,539	—	—	94,539
OCTD	—	1,788	—	989	—	—	—	11,300	14,077
91 EL	—	8,116	—	—	—	—	—	—	8,116
405 EL	—	72,172	—	—	—	—	—	—	72,172
Internal Service	16,545	—	—	—	—	—	—	—	16,545
Total	\$21,607	\$245,942	\$ 58,966	\$ 28,536	\$ 4,910	\$238,946	\$ 1,298	\$ 11,300	\$611,505

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 payment of long-term obligations, 2) provide resources to fund various project costs such as SR-91 Improvement Project, I-405 Improvement Project, Transportation Security Operations Center (TSOC) construction project and OC Streetcar project 3) to provide funding for operating and capital costs for OCTA bus program, 4) transfer Measure M sales tax revenues to support various services/programs such as fare stabilization program, stationlink services rail feeder, and i-Shuttle project.

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 172,236	\$ —	\$ —	\$ —	\$ 172,236
Right-of-way improvements	7,300	—	—	—	7,300
Construction in progress	499,967	52,559	—	(502)	552,024
Total capital assets, not being depreciated	679,503	52,559	—	(502)	731,560
Capital assets, being depreciated:					
Buildings and improvements	2,003	14	—	144	2,161
Machinery, equipment and furniture	10,270	468	(23)	358	11,073
Lease assets - building	32,006	—	—	—	32,006
Lease assets - equipment	244	—	—	—	244
Subscription asset - SBITA	2,060	5,149	(1,129)	—	6,080
Total capital assets, being depreciated	46,583	5,631	(1,152)	502	51,564

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Less accumulated depreciation for:					
Buildings and improvements	\$ (1,465)	\$ (80)	\$ —	\$ —	\$ (1,545)
Machinery, equipment and furniture	(7,949)	(925)	23	—	(8,851)
Lease assets - building	(12,663)	(4,221)	—	—	(16,884)
Lease assets - equipment	(35)	(101)	—	—	(136)
Subscription assets - SBITA	(1,106)	(1,816)	999	—	(1,923)
Total accumulated depreciation	(23,218)	(7,143)	1,022	—	(29,339)
Total capital assets, being depreciated, net	23,365	(1,512)	(130)	502	22,225
Governmental activities capital assets, net	702,868	51,047	(130)	—	753,785
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	57,106	35,346	—	—	92,452
Land - PPP assets	27,438	2,326	—	—	29,764
Construction in progress	16,489	18,960	—	(9,236)	26,213
Total capital assets, not being depreciated	101,033	56,632	—	(9,236)	148,429
Capital assets, being depreciated and amortized:					
Buildings and improvements	157,364	19,352	—	758	177,474
Leasehold improvements	6,039	2	—	—	6,041
Infrastructure - PPP assets	406,287	—	(1,186)	—	405,101
Transit vehicles	415,013	15,765	(29,398)	8,318	409,698
Machinery, equipment and furniture	116,796	8,651	(5,485)	160	120,122
Lease assets - building	9,601	—	—	—	9,601
Subscription assets - SBITA	680	32	—	—	712
Toll facility franchise	205,264	—	—	—	205,264
Total capital assets, being depreciated and amortized	1,317,044	43,802	(36,069)	9,236	1,334,013
Less accumulated depreciation and amortization for:					
Buildings and improvements	\$ (106,172)	\$ (5,561)	\$ —	\$ —	\$ (111,733)
Leasehold improvements	(4,449)	(176)	—	—	(4,625)
Infrastructure - PPP assets	(4,605)	(8,101)	—	—	(12,706)
Transit vehicles	(232,896)	(23,069)	29,092	—	(226,873)
Machinery, equipment and furniture	(75,821)	(10,408)	3,243	—	(82,986)
Lease assets - building	(1,612)	(707)	—	—	(2,319)
Subscription assets - SBITA	(339)	(228)	—	—	(567)
Toll facility franchise	(97,916)	(2,587)	—	—	(100,503)
Total accumulated depreciation and amortization	(523,810)	(50,837)	32,335	—	(542,312)
Total capital assets, being depreciated and amortized, net	793,234	(7,035)	(3,734)	9,236	791,701
Business-type activities capital assets, net	894,267	49,597	(3,734)	—	940,130
Total capital assets, net	\$1,597,135	\$ 100,644	\$ (3,864)	\$ —	\$1,693,915

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

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

Governmental activities	
General government	\$ 7,073
Measure M program	20
Motorist services	50
Total depreciation expense - governmental activities	7,143
Business-type activities	
Fixed route	30,365
Paratransit	2,968
Tollroad	17,499
Local rail	5
Total depreciation expense - business-type activities	50,837
Total depreciation expense	\$ 57,980

Toll Facility Franchise

On January 3, 2003, OCTA acquired from the California Private Transportation Company (CPTC) its interest in a Franchise Agreement for the operation of a 10-mile toll facility on State Route (SR) 91 between the Orange/Riverside County line and SR-55. This acquisition was authorized by Assembly Bill (AB) 1010 (Correa), enacted in September 2002, which granted OCTA the authority to collect tolls and finance related costs through 2030, while eliminating non-compete provisions that restricted improvements along SR-91. The Franchise Agreement, originally between CPTC and the California Department of Transportation (Caltrans), provided CPTC with the right to develop, construct, and operate the toll facility under a 35-year lease; Caltrans retains legal title to the real property, and no franchise fees or installment payments are owed to Caltrans.

In September 2008, Senate Bill (SB) 1316 (Correa) updated AB 1010, authorizing OCTA to assign its franchise rights and obligations in the Riverside County portion of SR-91 to the Riverside County Transportation Commission (RCTC). This legislation permitted RCTC to expand the corridor by adding toll and general-purpose lanes and extended the maximum franchise term to December 31, 2065. SB 1316 also required OCTA and RCTC to coordinate tolling operations in the event of such an assignment. In December 2011, OCTA Board approved the assignment of franchise rights, interests, and obligations in the Riverside County portion to RCTC, along with the extension of the expiration date to 2065. The Board also approved a cooperative agreement with RCTC governing the joint operation of the 91 Express Lanes extension.

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

8. LEASES

OCTA adopted GASB Statement No. 87, Leases, effective fiscal year 2021-22. Under this Statement, OCTA, as a lessee, is required to recognize a lease liability and an intangible right-to-use lease asset, and as a lessor, OCTA is required to recognize a lease receivable and a deferred inflow of resources.

Lease receivable

OCTA is a lessor in several lease agreements for the use of land and office spaces. The terms of these non-cancellable leases include the contractually specified lease period along with any extension options or termination options OCTA is reasonably certain to exercise.

In FY 2024-25, OCTA maintained 28 active lease agreements. The terms of these leases range from 3 to 20 years with interest rates between 1.91% to 3.69%. As of June 30, 2025, the total lease receivable was \$14,791 and the total deferred inflow of resources was \$14,294. During the fiscal year, OCTA recognized cash receipts of \$4,049 in principal and \$381 in interest.

The following is a schedule of future minimum lease receivable as of June 30, 2025:

Year ending June 30,	Principal	Interest	Total
2026	\$ 5,174	\$ 368	\$ 5,542
2027	3,336	235	3,571
2028	2,360	156	2,516
2029	1,714	94	1,808
2030	1,153	47	1,200
2031-2035	1,048	23	1,071
2036-2040	6	—	6
Total lease receivable	\$ 14,791	\$ 923	\$ 15,714

Lease liabilities

OCTA has entered into non-cancelable lease agreements with various vendors as a lessee for office facilities and leased equipment. The lease terms include the non-cancelable contract periods as well as any extension options that OCTA is reasonably certain to exercise. As of June 30, 2025, the right-to-use lease asset balance was \$41,851 with accumulated amortization of \$19,339.

In FY 2024-25, OCTA had five (5) active leases agreements. The terms of these leases range from 5 to 25 years with interest rates between 1.57% to 6.28%. OCTA recognized \$4,686 and \$719 in principal and interest payments. As of June 30, 2025, the total lease liabilities was \$24,677.

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

The following is a schedule of future minimum lease liabilities as of June 30, 2025:

Year ending June 30,	Principal	Interest	Total
2026	\$ 4,942	\$ 636	\$ 5,578
2027	5,087	548	5,635
2028	5,331	459	5,790
2029	3,477	370	3,847
2030	601	337	938
2031-2035	1,315	1,449	2,764
2036-2040	2,182	924	3,106
2041-2043	1,742	160	1,902
Total lease liabilities	\$ 24,677	\$ 4,883	\$ 29,560

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

OCTA adopted GASB Statement No. 96, SBITAs, effective fiscal year 2022-23. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

In fiscal year 2024-25, OCTA recorded subscription payable comprised of five agreements, which OCTA is a lessee for the use of IT arrangements. As of June 30, 2025, OCTA had a subscription liability in the amount of \$2,858. The value of the right-to-use subscription assets as of the end of the current fiscal year was \$6,792 with accumulated amortization of \$2,490.

The following is a schedule of future minimum subscription liabilities as of June 30, 2025:

Year ending June 30,	Principal	Interest	Total
2026	\$ 1,601	\$ 84	\$ 1,685
2027	1,177	36	1,213
2028	80	2	82
Total subscription liabilities	\$ 2,858	\$ 122	\$ 2,980

10. CLAIMS LIABILITY

OCTA is self-insured for workers' compensation and general liability claims. Workers' compensation claims are self-insured with a maximum amount of \$750,000 per claim with statutory limits. For fiscal year 2023-24 and fiscal year 2024-25, general liability claims are fully self-insured with an adequate funding reserve as required by the OCTA Board of Directors. Actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards. The process used in computing claims liability may not result in an exact amount but are actuarially determined on a yearly basis. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. There are no claims or settlements exceeded insurance coverage for each of the past three fiscal years. Management is of the opinion that the recorded liabilities for OCTA's self-insured claims are adequate.

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

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

	2025	2024
General Liability		
Unpaid claims as of July 1	\$ 6,350	\$ 6,102
Incurred claims (including claims incurred but not reported)	237	143
Payments	(1,538)	(469)
Increase in provision for prior years' events	947	574
Unpaid claims at June 30	5,996	6,350
Workers' Compensation		
Unpaid claims as of July 1	15,323	14,725
Incurred claims (including claims incurred but not reported)	1,157	1,165
Payments	(5,043)	(5,534)
Increase in provision for prior years' events	4,933	4,967
Unpaid claims at June 30	16,370	15,323
Total unpaid claims at June 30	22,366	21,673
Less current portion of unpaid claims	(4,309)	(4,181)
Total long-term portion of unpaid claims	\$ 18,057	\$ 17,492

11. LONG-TERM DEBT

Sales Tax Revenue Bonds

On December 23, 2010, LTA issued \$293,540 of Measure M2 Sales Tax Revenue Bonds, 2010 Series A (Taxable Build America Bonds) and \$59,030 of 2010 Series B (Tax-Exempt Bonds), to finance transportation projects, restructure the Tax-Exempt Commercial Paper Program, and fund capitalized interest and issuance costs. A total of \$75,000 was used to retire outstanding commercial paper.

On February 26, 2019, LTA issued \$376,690 of Measure M2 Sales Tax Revenue Bonds, Series 2019, to finance the I-405 Improvement Project, refund \$43,540 of the 2010 Series A Bonds, and pay issuance costs. The refunding generated net present value savings of \$2,584.

On March 26, 2025, LTA issued \$227,565 of Measure M2 Sales Tax Revenue Refunding Bonds, Series 2025, to refund all outstanding 2010 Series A Bonds under the extraordinary optional redemption provision. The refunding generated gross cumulative cash flow savings of \$13,002 and net present value savings of \$10,505.

The OCTA's outstanding sales tax revenue bonds are limited obligations of the Authority, payable solely from pledged Measure M2 sales tax revenues, and contain a provision that, in the event of default, bondholders may seek legal remedies to compel OCTA to cure the default, which could have finance-related consequences. The sales tax revenue bonds are rated AA+ by Fitch and AAA by Standard & Poor's.

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

A summary of the bonds outstanding is as follows:

	2019 Series B (Tax-Exempt Bonds)	2025 Series (Limited Tax Bonds)
Issuance date	2/12/2019	3/4/2025
Original issue amount	\$ 376,690	\$ 227,565
Original issue premium	69,342	36,413
Net bond proceeds	\$ 446,032	\$ 263,978
Issuance costs	\$ 970	\$ 490
Interest rates	3.00%-5.00%	6.908%
Maturity range	2021-2041	2026-2041
Final maturity	2041	2041
Bonds outstanding	\$ 301,885	\$ 227,565
Plus unamortized premium	49,360	35,814
Total	\$ 351,245	\$ 263,379

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2025, are as follows:

Year ending June 30,	Principal	Interest
2026	\$ 20,395	\$ 24,847
2027	23,650	25,123
2028	24,835	23,940
2029	26,075	22,699
2030	27,380	21,395
2031-2035	158,800	85,074
2036-2041	248,315	44,333
Total	\$ 529,450	\$ 247,411

Toll Road Revenue Refunding Bonds

On August 8, 2013, OCTA issued \$124,415 of Senior Lien Toll Road Revenue Refunding Bonds, Series 2013, to refund the outstanding Series 2003-A, 2003-B-1, and 2003-B-2 Bonds. The refunding reduced total debt service payments and addressed the mandatory tender of the Series 2003-B Bonds.

On July 6, 2023, OCTA issued \$47,545 of Senior Lien Toll Road Revenue Refunding Bonds, Series 2023, to refund the outstanding Series 2013 Bonds. The refunding lowered total debt service payments and generated net present value savings of \$5,521.

OCTA's outstanding Toll Road Revenue Refunding Bonds are limited obligations of the Authority, payable solely from pledged toll revenues, and contain a provision that, in the event of default, bondholders may seek legal remedies to compel OCTA to cure the default, which could have finance-related consequences. The Toll Road Revenue Refunding Bonds are rated Aa3 by Moody's, AA- by Fitch, and AA- by Standard & Poor's.

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

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

	2023 Series (Toll Road Revenue Bonds)
Issuance date	7/6/23
Closing date	7/6/23
Original issue amount	\$ 47,545
Cash reserve requirements*	\$ 12,576
Cash reserve balance	\$ 13,403
Interest rate range	5 %
Maturity	August 2030
Principal payment date	August 15
Bonds outstanding	\$ 41,725
Unamortized premium	\$ 3,391
Gain on refunding (2013 Series)	\$ 3,515
Loss on refunding (2003 Series)	\$ (3,655)

*Pursuant to the 2023 Toll Road Revenue Refunding Bonds Master Indenture of Trust and Supplemental Indentures, the following three reserve funds are required to be maintained: Senior Lien Reserve Fund \$4,576, Major Maintenance Reserve Fund \$5,000 and Operating Reserve Fund \$3,000 At June 30, 2025, all reserve requirements have been satisfied.

Annual debt service requirements on the toll road revenue bonds as of June 30, 2025, are as follows:

Year ending June 30,	Principal	Interest
2026	\$ 6,115	\$ 1,933
2027	6,430	1,620
2028	6,760	1,290
2029	7,105	943
2030	7,465	579
2031	7,850	196
Total	\$ 41,725	\$ 6,561

TIFIA Loan

On September 9, 2021, OCTA and the Department of Transportation Build America Bureau Credit Programs Office (Bureau) executed a TIFIA loan for \$628,930 as a direct borrowing with an interest rate of 1.95%. The proceeds financed a portion of the costs for the I-405 Improvement Project.

During the construction of the I-405 Improvement Project, and for a period of up to five years following the substantial completion, interest on the TIFIA loan is accreted and added to the initial TIFIA loan. The loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent that additional funds are available. Annual debt service payment will commence on June 1, 2028 through June 1, 2058.

The TIFIA loan is secured solely by toll revenues of the I-405 Express Lanes, which commenced operations in December 2023. The loan is non-recourse debt and is issued on a senior lien basis. The

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

credit rating on the TIFIA loan is Baa2 (Moody's). The legal documents for the TIFIA loan contain provisions with finance-related consequences, that if an event of default occurs and continues, the trust estate shall be under the control of the trustee. Also, under the TIFIA Loan Agreement interest increases to the Default Rate, and the US Department of Transportation has the option of holding up loan disbursements. The OCTA's legal documents also contain acceleration clauses, whereas the OCTA's obligations shall automatically become due and payable.

In accordance with the projected TIFIA loan maturity schedule, the annual debt service requirements from fiscal year 2028 to maturity for the TIFIA loan payable throughout the term of the loan are as follows:

Year ending June 30,	Principal	Interest	Total
2028	—	6,589	6,589
2029	—	13,159	13,159
2030	—	13,177	13,177
2031-2035	23,603	65,435	89,038
2036-2040	75,106	60,130	135,236
2041-2045	101,791	51,514	153,305
2046-2050	133,743	40,093	173,835
2051-2055	171,839	25,248	197,087
2056-2058	169,671	6,367	176,038
Total	\$ 675,753	\$ 281,712	\$ 957,464

*Total reflects future accreted interest capitalized to the principal balance.

Changes in Long-Term Debt

Long-term debt activity for the year ended June 30, 2025, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Sales tax revenue bonds	\$ 569,315	\$ 227,565	\$ (267,430)	\$ 529,450	\$ 20,395
Unamortized premium	52,512	36,412	(3,750)	85,174	—
Total governmental activities	621,827	263,977	(271,180)	614,624	20,395
Business-type activities:					
Toll road revenue bonds	47,545	—	(5,820)	41,725	6,115
Unamortized premium	4,009	—	(618)	3,391	—
Subtotal for toll road revenue refunding bonds	51,554	—	(6,438)	45,116	6,115
TIFIA loan principal	613,711	—	—	613,711	—
TIFIA loan accreted interest	18,644	12,377	—	31,021	—
Subtotal for TIFIA loan	632,355	12,377	—	644,732	—
Total business-type activities	\$ 683,909	\$ 12,377	\$ (6,438)	\$ 689,848	\$ 6,115

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

Arbitrage Rebate

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

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

Pledged Revenue

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

Debt service payments as a ratio of the pledged gross revenue, less certain expenditures/expenses as required by the debt agreement, for the year ended June 30, 2025, are indicated in the following table and OCTA is in compliance with the ratio per the debt agreement:

Pledged Revenues	Annual Amount of Net Pledged Revenues	Annual Debt Service Payments	Pledged Revenue Coverage
Measure M2 net sales tax revenues	\$ 335,762	\$ 54,856	6.12
91 EL net toll road revenues	77,270	8,052	9.60
405 EL net toll road revenues	41,692	—	—

12. PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS (PPP)

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

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

With the implementation of GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, OCTA has identified this arrangement as a PPP. On December 1, 2023, the I-405 Improvement Project reached substantial completion and the 405 Express Lanes opened to public use. The value of the Toll Facility associated with the PPP arrangement recognized on December 1, 2023 was \$431,959. As of June 30, 2025, OCTA has recognized a liability measured based

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

on the estimated carrying value of the Toll Facility at the end of the 40-year term for \$110,815 and deferred outflows of resources related to the I-405 Improvement Project in the amount of \$106,435.

13. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2025, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities					
Compensated absences*	\$ 8,898	\$ —	\$ (2,402)	\$ 6,496	\$ 1,087
Rent holiday	3,839	4,436	(5,031)	3,244	—
Lease liabilities	20,872	—	(4,240)	16,632	4,447
Subscription liabilities	357	4,057	(1,797)	2,617	1,514
Long-term debt - sales tax revenue bonds	621,827	263,977	(271,180)	614,624	20,395
Total governmental activities	655,793	272,470	(284,650)	643,613	27,443
Business-type activities					
Claims payable	21,673	7,274	(6,581)	22,366	4,309
Compensated absences*	9,072	—	(672)	8,400	4,475
Lease liabilities	8,492	(781)	334	8,045	495
Subscription liabilities	253	33	(45)	241	87
PPP and other long-term liabilities	108,391	2,424	—	110,815	29
Long-term debt - toll road revenue bonds	51,554	—	(6,438)	45,116	6,115
Long-term debt - TIFIA loan	632,355	12,377	—	644,732	—
Total business-type activities	\$ 831,790	\$ 21,327	\$ (13,402)	\$ 839,715	\$ 15,510

*The change in the compensated absences liability is presented as a net of change.

14. PENSION PLAN

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

A summary of pension amounts for OCTA's plan at June 30, 2025 is presented below:

	OCERS
Deferred outflows of resources – pensions	\$ 122,268
Net pension liability	174,887
Deferred inflows of resources – pensions	91,401
Pension expenses	23,559

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Orange County Employees Retirement System

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

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, 2025 was 33.41% of total covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. OCTA's contributions to OCERS were \$33,339 for the year ended June 30, 2025.

Long-term liabilities for pensions are not reported in the governmental fund financial statements because they are not expected to be liquidated with expendable available financial resources. In prior years, these liabilities have typically been liquidated by the General Fund, through the recognition of expenditures for employer contributions as they become due, and by the OCTD proprietary fund, consistent with where payroll expenditures are recorded.

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

As of June 30, 2025, OCTA reported a liability of \$174,887 for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2025, and determined by rolling forward the total pension liability (TPL) as of December 31, 2024 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

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

Section 31581.2 are considered employee contributions and are not included in the proportionate share calculation.

At December 31, 2024, OCTA's proportion was 4.36%, which was a decrease of 0.02% from its proportion measured as of December 31, 2024. For the year ended June 30, 2025, OCTA recognized pension expense of \$23,559. At June 30, 2025, 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	\$ 18,869	\$ —
Net difference between projected and actual earnings on plan investments	66,477	—
Difference between expected and actual experience	31,060	75,888
Changes of assumptions	5,862	15,513
Total	\$ 122,268	\$ 91,401

Deferred outflows of resources related to contributions subsequent to the measurement date but before reporting period of \$18,869 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows/outflows of resources related to changes of assumptions and difference between expected and actual experience will be recognized as pension expense over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS which is 5.41 years determined as of December 31, 2024. In addition, the net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis beginning with the year in which they occur.

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

Year ended June 30,	Increase (Decrease) in Pension Expense
2026	\$ 1,714
2027	21,001
2028	(8,021)
2029	(3,182)
2030	486
Total	\$ 11,998

Actuarial Assumptions

Following are the key methods and assumptions used for the TPL as of December 31, 2024:

Actuarial Experience Study	Three year period ending December 31, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.00% net of plan investment expenses, including inflation
Discount Rate	7.00%
Inflation Rate	2.50%
Cost of Living Adjustment	2.75% of retirement income
Projected Salary Increases	3.90% to 10.25%; vary by service, including inflation

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

Mortality Assumptions: The underlying mortality assumptions used in the TPL at December 31, 2024 were based on the results of the actuarial experience study for the period January 1, 2020 through December 31, 2022 using the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021, with age adjustments, and adjusted separately for healthy and disabled.

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rate of return (expected returns, net of inflation, beginning with December 31, 2024, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return by weighting the expected arithmetic real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses (beginning with December 31, 2024, including only investment consulting fees, custodian fees, and other miscellaneous investment expenses).

For the prior year, these rates are before deducting investment management expenses while beginning December 31, 2024, they are after deducting applicable investment management expenses. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2024:

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

Discount Rate: The discount rate used to measure the TPL was 7.00% as of December 31, 2024. 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

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

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, 2024.

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

	1% Decrease	Current Rate	1% Increase
OCTA's Proportionate Share of the NPL	\$ 347,541	\$ 174,887	\$ 33,694

Pension Plan Fiduciary Net Position

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

OCTA 401(a) Defined Contribution Plan

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

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

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

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

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

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

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

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

The 401(a) Plan is entirely funded by employer contributions. For the year ended June 30, 2025, OCTA contributed \$2,468 to the 401(a) Plan.

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

15. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Effective July 1, 2018, Coach Operators became eligible to participate in the Other Postemployment Benefits (OPEB) plan sponsored and administered by OCTA. Previously, only Unrepresented Administrative Employees and Transportation Communications International Union Employees were eligible to continue participating in the group healthcare insurance program after retirement until age 65 for retirees who retire directly from OCTA. Unrepresented Administrative Employees and Transportation Communications International Union Employees in OCERS Plan A and B must be at a minimum of age 50 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 52 with at least five years of OCTA service to meet eligibility requirements. Coach Operators in OCERS Plan A and B must be at a minimum of age 55 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 55 with at least five years of OCTA service for eligibility.

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 GASB-compliant trust.

OCTA allows retirees to participate in the same medical plan as active employees at the same premium rates. The retiree pays the full premium for retiree, spouse and dependents. OCTA does not provide any cash subsidy towards retiree medical benefits. 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, 2025, the implied subsidy was determined as part of the June 30, 2025 actuarial valuation. The estimated implied subsidy at June 30, 2025 was \$184.

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

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

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

Total OPEB liability

OCTA's total OPEB liability (TOL) of \$2,753 was measured as of June 30, 2025 and was determined by an actuarial valuation as of January 1, 2024. Standard actuarial update procedures were used to project/discard from valuation to measurement dates.

Actuarial assumptions and other inputs: The TOL of \$2,753 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	5.20 %
Healthcare Cost Trend Rates:	
2024 – 2025 Current Year Trend	7.00 %
2029 Trend	5.40 %
Decrement	0.10 %
Ultimate Trend	4.00 %
Year Ultimate Trend is Reached	2029
Salary Increases	3.25 %
Inflation Rate	2.50 %

Actuarial assumptions used in the January 1, 2024 valuation were based on a review of plan experience during the period January 1, 2022 to December 31, 2023. The discount rate was based on the index provided by Fidelity General Obligation AA 20 Years Municipal Index based on the 20 year AA municipal bond rate as of June 30, 2025, an increase from the discount rate used for fiscal year ended June 30, 2024 of 3.97%. Mortality rates were based on the PUB-2010 Mortality Tables, projected generationally with the two-dimensional mortality MP-2021 improvement scale.

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at 6/30/2024	\$ 2,791
Changes for the current year:	
Service cost	219
Interest	116
Differences between expected and actual experience	—
Changes in assumptions or other inputs	(189)
Benefit payments	(184)
Net changes	(38)
Balance at 6/30/2025	\$ 2,753

Long-term liabilities for OPEB are not reported in the governmental fund financial statements because they are not expected to be liquidated with expendable available financial resources. In prior years, these liabilities have typically been liquidated by the General fund, through the recognition of expenditures for employer contributions as they become due, and by the OCTD proprietary fund, consistent with where payroll expenditures are recorded.

**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 5.20%, as well as what OCTA's TOL would be if it was calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 2,906	\$ 2,753	\$ 2,603

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the TOL of OCTA, calculated using an initial trend rate of 7.00%, as well as what OCTA's TOL would be if it was calculated using a trend rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 2,467	\$ 2,753	\$ 3,085

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

For the year ended June 30, 2025, OCTA recognized OPEB expense of \$243. At June 30, 2025, 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	\$ 42	\$ 25
Changes of assumptions or other inputs	76	170
Total	\$ 118	\$ 195

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
2026	\$ (11)
2027	(16)
2028	(12)
2029	(8)
2030	(24)
Thereafter	(6)
Total	\$ (77)

16. PURCHASE COMMITMENTS

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

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

Total commitments at June 30, 2025 are as follows:

	Total Purchase Commitments	Reserve for Encumbrances	Unencumbered Purchase Commitments
Governmental funds			
General	\$ 118,726	\$ 21,713	\$ 97,013
LTA	1,119,434	112,642	1,006,792
LTF	96	—	96
Nonmajor governmental funds	122,830	31,315	91,515
Total governmental funds	1,361,086	165,670	1,195,416
Proprietary funds			
OCTD	655,142	184,988	470,154
91 EL	62,975	402	62,573
405 EL	260,328	1,673	258,655
Nonmajor enterprise fund	48,115	804	47,311
Internal service funds	568	214	354
Total proprietary funds	1,027,128	188,081	839,047
Total	\$ 2,388,214	\$ 353,751	\$ 2,034,463

17. OTHER COMMITMENTS AND CONTINGENCIES

Litigation

In March 2022, Walsh Construction Company filed a claim related to the construction of the OC Streetcar Project. The plaintiff alleges that unforeseen soil conditions, unforeseen utility conflicts, inadequate design, and other actions attributable to OCTA and its consultants resulted in construction delays and damages. During fiscal year 2023–24, OCTA made a partial settlement payment. The remaining exposure was estimated to be \$40,000, and trial has been set for May 2026.

In August 2025, Siemens Mobility filed a claim arising from a contract dispute related to the delivery of streetcar vehicles. Siemens has alleged contractual damages for unplanned costs associated with delays on the OC Streetcar project and unpaid change orders for additional scope. The potential exposure is estimated to be up to \$3,000. As of June 30, 2025, no litigation has been filed.

Federal Grants

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

18. JOINT VENTURE

OCTA is one of five members of the Southern California Regional Rail Authority (SCRRA), a joint powers authority (JPA) created in 1992. The SCRRA's board consists of one member from the Ventura County Transit Commission (VCTC); two each from OCTA, the San Bernardino County Transportation Authority (SBCTA) and the Riverside County Transportation Commission (RCTC); and four members from the Los

ORANGE COUNTY TRANSPORTATION AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

Angeles County Metropolitan Transportation Authority (LACMTA). SCRRA is responsible for maintaining and operating a regional commuter rail system (Metrolink) in five southern California counties. As a member of the agency, OCTA makes annual capital and operating contributions for its pro rata share of rail lines serving Orange County. OCTA made \$50,904 contributions during fiscal year 2024-25 for its share of Metrolink capital and operating costs since SCRRA received awards directly from the FTA for OCTA's share. Separate financial statements are prepared by, and available from, SCRRA, which is located at 900 Wilshire Blvd., Ste. 1500, Los Angeles, CA 90017.

OCTA is one of 11 members of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency, a JPA created in 1989 and amended in 2013. The purpose of the JPA is to oversee passenger rail service and improvements in the rail corridor between San Diego, Los Angeles and San Luis Obispo. The LOSSAN's board consists of two members appointed by the LACMTA; two members appointed by OCTA; one member appointed by RCTC; one member appointed by VCTC; one member appointed by the Santa Barbara County Association of Governments; one member appointed by the San Luis Obispo Council of Governments and the following three agencies receive one member appointment but only two votes – the San Diego Metropolitan Transit System, the North County Transit District, and the San Diego Association of Governments. OCTA was selected as the managing agency for LOSSAN and is responsible for the ongoing coordination and service integration efforts. Administrative support is funded by the member agencies. OCTA charged \$5,039 to LOSSAN for administrative support during fiscal year 2024-25. Separate financial statements are prepared by, and available from, LOSSAN at the Orange County Transportation Authority located at 550 South Main Street, Orange, CA 92868.

19. FUNDS DEFICIT

The construction of the I-405 Express Lanes, including two new general purpose lanes, was completed, and the Express Lanes were opened to the public in December 2023. As of June 30, 2025, the 405 Express Lanes Fund, an enterprise fund, reported a net position deficit of \$(148,959). The deficit primarily resulted from interfund transfers to the LTF fund for the I-405 Improvement Project related to the general purpose lane construction, which were financed through the TIFIA loan held by the 405 Express Lanes fund. In addition, during the construction period and for up to five years following substantial completion, interest on the TIFIA loan is accreted and added to the principal balance. This accretion further contributed to the fund deficit. The deficit is expected to be funded through toll revenues and related fees.

The net investment in capital assets of \$(17,420) represents the portion of net position related to I-405 Express Lanes capital assets, offset by associated liabilities and deferred inflows of resources arising from construction, acquisition, or improvements. The unrestricted net position of \$(171,857) represents the remainder of net position not classified as net investment in capital assets and relates to non-capital assets and liabilities.

At June 30, 2025, the General Capital Project fund reported a deficit fund balance of \$(2,584). The deficit resulted from project expenditures made in advance of reimbursements. The deficit is expected to be eliminated upon receipt of financing sources from the LTA Fund in the subsequent fiscal year.

20. EFFECT OF NEW PRONOUNCEMENTS

GASB Statement No. 101 – Compensated Absences

In June 2022, GASB issued Statement No. 101, Compensated Absences. The primary objective of this Statement is to better align the recognition and measurement of compensated absences with the definitions of liabilities and accounting principles established in the GASB Conceptual Framework. The Statement requires governments to recognize a liability for compensated absences when the leave is

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

attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid to employees. The provisions of this Statement are effective for fiscal years beginning after December 15, 2023. OCTA implemented the requirements of this standard in fiscal year 2024–25 and reported the adoption as a change in accounting principle. Additional information is presented in note 21 to the financial statements.

GASB Statement No. 102 – Certain Risk Disclosures

In April 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide financial statement users with essential information about risks that could affect a government's ability to meet its obligations. Specifically, it requires disclosures related to certain concentrations and constraints that limit a government's ability to raise resources or reduce spending, if those risks are known to the government prior to the issuance of the financial statements, are currently vulnerable to the risk, and it is at least reasonably possible that an event associated with the risk could occur in the near term. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The implementation of this Statement did not have a material effect on the financial statements.

21. CHANGE IN ACCOUNTING PRINCIPLE - GASB NO. 101

In fiscal year 2024-25, OCTA implemented the provisions of GASB Statement No. 101, Compensated Absences, which establishes recognition and measurement requirements for certain types of leave benefits provided to employees. Prior to the adoption of GASB Statement No. 101, OCTA recognized compensated absences liability primarily for leave balances that were payable upon termination. Under GASB Statement No. 101, the government is required to recognize a liability for compensated absences that are attributable to services already rendered, are accumulated, and are more likely than not to be used for time off or otherwise paid to employees.

The adoption of GASB Statement No. 101 represents a change in accounting principle, which has been applied retrospectively in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections. Beginning balances for the government-wide financial statements as of July 1, 2024 have been restated to reflect the cumulative effect of applying GASB Statement No. 101.

The effect of this change resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

	6/30/2024		6/30/2024	
	As Previously Reported	Change in Accounting Principle	As Restated	
Government-wide				
Governmental activities	\$ 1,453,323	\$ 5,450	\$ 1,458,773	
Business-type activities	1,260,830	3,875	1,264,705	
Total primary government	\$ 2,714,153	\$ 9,325	\$ 2,723,478	
Governmental funds				
General	\$ 65,563	\$ (1,591)	\$ 63,972	
Proprietary funds				
OCTD	\$ 950,507	\$ 3,875	\$ 954,382	

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund (Budgetary Basis)
For the Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines	\$ 162	\$ 162	\$ 124	\$ (38)
Contributions from other agencies	10,589	10,589	9,058	(1,531)
Interest and investment earnings	2,872	2,872	7,665	4,793
Capital assistance grants	275	275	2,882	2,607
Miscellaneous	79	79	1,500	1,421
Total revenues	13,977	13,977	21,229	7,252
Expenditures				
Current:				
General government:				
Salaries and benefits	80,896	80,995	74,644	6,351
Supplies and services	62,890	63,014	55,101	7,913
Interfund reimbursements	(115,678)	(115,678)	(100,136)	(15,542)
Transportation:				
Contributions to other local agencies	1,478	1,423	1,027	396
Capital outlay	8,687	8,837	8,277	560
Total expenditures	38,273	38,591	38,913	(322)
Deficiency of revenues under expenditures	(24,296)	(24,614)	(17,684)	6,930
Other financing sources (uses)				
Transfers in	5,115	5,115	21,607	16,492
Total other financing sources	5,115	5,115	21,607	16,492
Net change in fund balances	\$ (19,181)	\$ (19,499)	\$ 3,923	\$ 23,422
Reconciliation to GAAP:				
Net change in fund balances (budgetary basis)			\$ 3,923	
Less: Estimated revenues for encumbrances outstanding at June 30				3,212
Add: Current year encumbrances outstanding at June 30				21,422
Net change in fund balances (GAAP basis)			\$ 22,133	

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Authority Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2025

<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 revenues	\$ 441,875	\$ 441,875	\$ 431,843	\$ (10,032)
Contributions from other agencies	152,502	152,502	254,830	102,328
Interest and investment earnings	41,376	41,376	61,875	20,499
Miscellaneous	3,327	3,327	1,621	(1,706)
Total revenues	639,080	639,080	750,169	111,089
Expenditures				
Current:				
General government: supplies and services	218,115	218,861	176,592	42,269
Transportation:				
Contributions to other local agencies	214,082	213,006	119,742	93,264
Capital outlay	431,484	540,180	217,662	322,518
Debt service:				
Bond issuance costs	—	—	816	(816)
Total expenditures	863,681	972,047	514,812	457,235
Excess (deficiency) of revenues over (under) expenditures	(224,601)	(332,967)	235,357	568,324
Other financing sources (uses)				
Transfers in	61,697	61,697	245,942	184,245
Transfers out	(134,026)	(134,026)	(105,305)	28,721
Proceeds from sale of capital assets	—	—	4,169	4,169
Bond issuance	—	—	227,565	227,565
Bond premium	—	—	36,413	36,413
Payment to refunded bond escrow agent	—	—	(267,767)	(267,767)
Total other financing sources (uses)	(72,329)	(72,329)	141,017	213,346
Net change in fund balances	\$ (296,930)	\$ (405,296)	\$ 376,374	\$ 781,670
Reconciliation to GAAP:				
Net change in fund balances (budgetary basis)			\$ 376,374	
Less: Estimated revenues for encumbrances outstanding at June 30				9,208
Add: Current year encumbrances outstanding at June 30				117,173
Net change in fund balances (GAAP basis)			\$ 484,339	

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Fund (Budgetary Basis)
For the Year Ended June 30, 2025

<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 revenues	\$ 222,153	\$ 222,153	\$ 218,645	\$ (3,508)
Interest and investment earnings	1,891	1,891	22,395	20,504
Total revenues	224,044	224,044	241,040	16,996
Expenditures				
Current:				
General government: supplies and services	2,545	2,545	2,033	512
Transportation:				
Contributions to other local agencies	3,105	3,105	3,072	33
Total expenditures	5,650	5,650	5,105	545
Excess of revenues over expenditures	218,394	218,394	235,935	17,541
Other financing uses				
Transfers out	(218,394)	(218,394)	(136,887)	81,507
Total other financing uses	(218,394)	(218,394)	(136,887)	81,507
Net change in fund balances	\$ —	\$ —	\$ 99,048	\$ 99,048

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Supplemental Pension Plan and OPEB Plan Trend Data
June 30, 2025

(amounts expressed in thousands)

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the NPL	4.400 %	4.288 %	3.842 %	3.581 %	4.415 %	4.419 %	4.353 %	4.283 %	4.436 %	4.377 %
Proportionate share of the NPL	\$174,887	\$207,825	\$207,133	\$73,424	\$186,024	\$224,285	\$230,261	\$230,261	\$230,261	\$250,193
Covered payroll	\$119,099	\$111,089	\$105,542	\$97,538	\$102,500	\$101,980	\$97,230	\$94,528	\$94,507	\$93,110
Proportionate share of the NPL as a percentage of its covered payroll	146.84 %	187.08 %	196.26 %	75.28 %	181.49 %	219.93 %	277.48 %	224.40 %	243.64 %	268.71 %
Plan fiduciary net position as a percentage of the total pension liability	86.21 %	82.82 %	81.45 %	91.45 %	81.69 %	76.67 %	70.03 %	74.93 %	71.16 %	67.10 %

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*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 36,996	\$ 32,883	\$ 33,932	\$ 31,794	\$ 29,175	\$ 27,801	\$ 24,690	\$ 24,811	\$ 23,900	\$ 26,347
Contributions in relation to the actuarially determined contributions	36,996	32,883	33,932	31,794	29,175	27,801	24,690	24,811	23,900	26,347
Contribution excess (deficiency)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 93,110	\$111,089	\$ 98,906	\$ 95,163	\$ 92,887	\$ 92,496	\$ 87,887	\$ 86,117	\$ 86,925	\$ 97,616
Contributions as a percentage of covered payroll	39.73%	29.60%	34.31%	33.41%	31.41%	30.06%	28.09%	28.81%	27.50%	26.99%

Change of assumptions

For fiscal year 2024-25, the inflation rate remained unchanged at 2.50% (retiree cost-of-living assumption maintained at 2.75%). Projected salary increases changed to 4.00% - 11.00%. Mortality assumptions were based on the Pub-2010 General Health Employee Amount-Weighted Above-Median Mortality Table.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Supplemental Pension Plan and OPEB Plan Trend Data
June 30, 2025

(amounts expressed in thousands)

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 2,791	\$ 2,516	\$ 2,508	\$ 2,414	\$ 2,301	\$ 2,927	\$ 1,432	\$ 745
Changes for the year:								
Service cost	219	213	189	192	185	152	112	40
Interest	116	102	94	48	58	104	48	28
Differences between expected and actual experience	—	62	—	—	—	(869)	12	651
Changes in assumptions or other inputs	(189)	85	(94)	35	60	172	(4)	40
Plan change	—	—	—	—	—	—	1,419	—
Benefit payments	(184)	(187)	(181)	(181)	(190)	(185)	(92)	(72)
Total OPEB liability - ending	\$ 2,753	\$ 2,791	\$ 2,516	\$ 2,508	\$ 2,414	\$ 2,301	\$ 2,927	\$ 1,432
Covered employee payroll	\$ 104,568	\$ 86,100	\$ 94,180	\$ 85,148	\$ 82,937	\$ 82,050	\$ 70,204	\$ 42,366
Total OPEB liability as a percentage of covered employee payroll	2.63%	3.24%	2.67%	2.95%	2.91%	2.80%	4.17%	3.38%

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

Notes to the schedule for OPEB Plan

Funding policy: OCTA funds the benefits on a pay-as-you-go basis. No assets are accumulated in a GASB-compliant 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 2024-25, the discount rate used to measure the TOL was 5.20%, an increase from the discount rate of 3.97% for fiscal year 2023-24.

ORANGE COUNTY TRANSPORTATION AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025
(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 2025 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 2024-25 for the General fund and the major special revenue funds. In the Local Transportation Authority (LTA) and Local Transportation Fund (LTF), sales tax revenues fell short of budget by \$10,032 and \$3,508, respectively, due to economic slowdown in consumer spending.

In fiscal year 2014-15, the CURE fund was consolidated with the General fund as it no longer met the definition of a special revenue fund. In fiscal year 2023-24, the CURE fund was closed out and the remaining balances were transferred to the LTA fund.

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
June 30, 2025
(amounts expressed in thousands)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025

<i>(amounts expressed in thousands)</i>	Special Revenue			Total Nonmajor Governmental Funds
	OCUTT	SAFE	STAF	
Assets				
Cash and investments	\$ 15,543	\$ 5,820	\$ 1,470	\$ 22,833
Receivables:				
Interest	156	64	35	255
Due from other funds	88	—	—	88
Due from other governments	—	501	12,257	12,758
Notes receivable	255	—	—	255
Total assets	16,042	6,385	13,762	36,189
Liabilities				
Accounts payable	32	897	—	929
Due to other funds	—	—	12,258	12,258
Due to other governments	—	40	—	40
Total liabilities	32	937	12,258	13,227
Fund balances				
Restricted for:				
Transportation programs	16,010	—	1,504	17,514
Motorist services	—	5,448	—	5,448
Total fund balances	16,010	5,448	1,504	22,962
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,042	\$ 6,385	\$ 13,762	\$ 36,189

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	Special Revenue			Total Nonmajor Governmental Funds
	OCUTT	SAFE	STAF	
Revenues				
Sales tax revenues	\$ —	\$ —	\$ 43,699	\$ 43,699
Transportation improvement fee	—	—	7,446	7,446
Vehicle registration fees	—	3,003	—	3,003
Contributions from other agencies	—	5,071	—	5,071
Interest and investment earnings	948	233	377	1,558
Total revenues	948	8,307	51,522	60,777
Expenditures				
Current:				
General government: supplies and services	88	11,036	6	11,130
Capital outlay	—	106	—	106
Total expenditures	88	11,142	6	11,236
Excess (deficiency) of revenues over (under) expenditures	860	(2,835)	51,516	49,541
Other financing sources (uses)				
Transfers in	—	4,910	—	4,910
Transfers out	—	—	(94,539)	(94,539)
Total other financing sources (uses)	—	4,910	(94,539)	(89,629)
Net change in fund balances	860	2,075	(43,023)	(40,088)
Fund balances - beginning	15,150	3,373	44,527	63,050
Fund balances - ending	\$ 16,010	\$ 5,448	\$ 1,504	\$ 22,962

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Local Transportation Authority Debt Service Fund (Budgetary Basis)
For the Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and investment earnings	\$ 6,658	\$ 6,658	\$ 4,721	\$ (1,937)
Total revenues	6,658	6,658	4,721	(1,937)
Expenditures				
Debt service:				
Principal payments on long-term debt	21,950	21,950	21,950	—
Interest on long-term debt	32,924	32,924	32,906	18
Total expenditures	54,874	54,874	54,856	18
Deficiency of revenues under expenditures	(48,216)	(48,216)	(50,135)	(1,919)
Other financing sources (uses)				
Transfers in	54,874	54,874	58,966	4,092
Transfers out	(6,658)	(6,658)	(14,025)	(7,367)
Total other financing sources	48,216	48,216	44,941	(3,275)
Net change in fund balances	\$ —	\$ —	\$ (5,194)	\$ (5,194)

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Orange County Unified Transportation Trust Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and investment earnings	\$ 94	\$ 94	\$ 948	\$ 854
Total revenues	94	94	948	854
Expenditures				
Current:				
General government: supplies and services	1,135	1,135	88	1,047
Total expenditures	1,135	1,135	88	1,047
Excess (deficiency) of revenues over (under) expenditures	(1,041)	(1,041)	860	1,901
Net change in fund balances	\$ (1,041)	\$ (1,041)	\$ 860	\$ 1,901

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Service Authority for Freeway Emergencies Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2025

	Budgeted Amounts			
(amounts expressed in thousands)	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Vehicle registration fees	\$ 2,900	\$ 2,900	\$ 3,003	\$ 103
Contributions from other agencies	10,579	10,579	5,071	(5,508)
Interest and investment earnings	88	88	233	145
Miscellaneous	3	3	—	(3)
Total revenues	13,570	13,570	8,307	(5,263)
Expenditures				
Current:				
General government: supplies and services	12,265	12,265	11,076	1,189
Capital outlay	805	805	132	673
Total expenditures	13,070	13,070	11,208	1,862
Excess (deficiency) of revenues over (under) expenditures	500	500	(2,901)	(3,401)
Other financing sources				
Transfers in	5,863	5,863	4,910	(953)
Total other financing sources	5,863	5,863	4,910	(953)
Net change in fund balances	\$ 6,363	\$ 6,363	\$ 2,009	\$ (4,354)
Reconciliation to GAAP:				
Net change in fund balances (budgetary basis)			\$	2,009
Less: Estimated revenues for encumbrances outstanding at June 30				—
Add: Current year encumbrances outstanding at June 30				66
Net change in fund balances (GAAP basis)			\$	2,075

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
State Transit Assistance Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>			
	Original	Final	Actual Amounts	Variance with Final Budget
<i>(amounts expressed in thousands)</i>				
Revenues				
Sales tax revenues	\$ 50,986	\$ 50,986	\$ 43,699	\$ (7,287)
Transportation improvement fee	7,084	7,084	7,446	362
Interest and investment earnings	628	628	377	(251)
Total revenues	58,698	58,698	51,522	(7,176)
Expenditures				
Current:				
General government: supplies and services	24	24	6	18
Total expenditures	24	24	6	18
Excess of revenues over expenditures	58,674	58,674	51,516	(7,158)
Other financing uses				
Transfers out	(58,674)	(58,674)	(94,539)	(35,865)
Total other financing uses	(58,674)	(58,674)	(94,539)	(35,865)
Net change in fund balances	\$ —	\$ —	\$ (43,023)	\$ (43,023)

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
General Capital Project Fund (Budgetary Basis)
For the Year Ended June 30, 2025

<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	\$ —	\$ —	\$ 504	\$ 504
Capital assistance grants	24,209	24,209	166,256	142,047
Miscellaneous	—	—	6,565	6,565
Total revenues	24,209	24,209	173,325	149,116
Expenditures				
Current:				
General government: supplies and services	33,145	33,143	3,170	29,973
Transportation:				
Contributions to other local agencies	1,945	1,947	—	1,947
Capital outlay	91,540	117,844	84,421	33,423
Total expenditures	126,630	152,934	87,591	65,343
Excess (deficiency) of revenues over (under) expenditures	(102,421)	(128,725)	85,734	214,459
Other financing sources				
Transfers in	59,770	59,770	28,536	(31,234)
Total other financing sources	59,770	59,770	(121,305)	(181,075)
Net change in fund balances	\$ (42,651)	\$ (68,955)	\$ (35,571)	\$ 33,384
Reconciliation to GAAP:				
Net change in fund balances (budgetary basis)				\$ (35,571)
Less: Estimated revenues for encumbrances outstanding at June 30				1,195
Add: Current year encumbrances outstanding at June 30				34,182
Net change in fund balances (GAAP basis)				\$ (2,584)

**ORANGE COUNTY TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
June 30, 2025
(amounts expressed in thousands)**

NONMAJOR ENTERPRISE FUND

OC Streetcar Fund – This fund is established to account for the operations of the OC Streetcar which is planned to be operative in fiscal year 2025-26. The funding sources for the operation will be Measure M program, Congestion Mitigation and Air Quality (CMAQ) program, fare collections, and local city match.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Net Position
Nonmajor Enterprise Fund
June 30, 2025

<i>(amounts expressed in thousands)</i>	OC Streetcar	Total Nonmajor Enterprise Funds
Assets		
Current assets		
Receivables:		
Interest	\$ 44	\$ 44
Due from other governments	62	62
Total current assets	106	106
Noncurrent assets		
Restricted cash and investments	19,350	19,350
Capital assets, net:		
Nondepreciable	65	65
Depreciable and amortizable	217	217
Total noncurrent assets	19,632	19,632
Total assets	19,738	19,738
Liabilities		
Current liabilities		
Accounts payable	85	85
Total current liabilities	85	85
Total liabilities	85	85
Net position		
Net investment in capital assets	282	282
Restricted	19,350	19,350
Unrestricted	21	21
Total net position	\$ 19,653	\$ 19,653

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenses and Charges in Net Position
Nonmajor Enterprise Fund
For the Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	OC Streetcar	Total Nonmajor Enterprise Funds
Operating revenues		
Charges for services	\$ —	\$ —
Total operating revenues	<u>—</u>	<u>—</u>
Operating expenses		
Administrative services	1,142	1,142
Other	2	2
Professional services	171	171
General and administrative	3	3
Depreciation and amortization	6	6
Total operating expenses	<u>1,324</u>	<u>1,324</u>
Operating loss	<u>(1,324)</u>	<u>(1,324)</u>
Nonoperating revenues (expenses)		
State transit assistance	18,755	18,755
Investment earnings	702	702
Total nonoperating revenues	<u>19,457</u>	<u>19,457</u>
Income before contributions and transfers	<u>18,133</u>	<u>18,133</u>
Transfers in	1,298	1,298
Change in net position	<u>19,653</u>	<u>19,653</u>
Total net position - beginning	<u>—</u>	<u>—</u>
Total net position - ending	<u><u>\$ 19,653</u></u>	<u><u>\$ 19,653</u></u>

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Cash Flows
Nonmajor Enterprise Fund
For the Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	OC Streetcar	Total Nonmajor Enterprise Funds
Cash flows from operating activities		
Payments to suppliers	\$ (166)	\$ (166)
Payments for interfund services used	(1,142)	(1,142)
Net cash used for operating activities	(1,308)	(1,308)
Cash flows from noncapital financing activities		
State transit assistance funds received	18,693	18,693
Transfers from other funds	1,307	1,307
Net cash provided by noncapital financing activities	20,000	20,000
Cash flows from capital financing activities		
Acquisition and construction of capital assets	—	—
Net cash used for capital financing activities	—	—
Cash flows from investing activities		
Investment earnings	658	658
Net cash provided by investing activities	658	658
Net increase in cash and cash equivalents	19,350	19,350
Cash and cash equivalents at beginning of year	—	—
Cash and cash equivalents at end of year	\$ 19,350	\$ 19,350
Reconciliation of operating loss to net cash provided by (used for) operating activities		
Operating loss	\$ (1,324)	(1,324)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	6	6
Change in assets and liabilities:		
Accounts payable	10	10
Total adjustments	16	16
Net cash used for operating activities	\$ (1,308)	\$ (1,308)

ORANGE COUNTY TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
June 30, 2025
(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, 2025

<i>(amounts expressed in thousands)</i>	General Liability	Workers' Compensation	Total Internal Service Funds
Assets			
Current assets			
Cash and investments	\$ 33,470	\$ 23,171	\$ 56,641
Receivables:			
Interest	219	205	424
Other	304	300	604
Other assets	5	824	829
Total current assets	33,998	24,500	58,498
Total assets	33,998	24,500	58,498
Liabilities			
Current liabilities			
Accounts payable	423	604	1,027
Claims payable	1,199	3,110	4,309
Total current liabilities	1,622	3,714	5,336
Noncurrent liabilities			
Claims payable	4,797	13,260	18,057
Total noncurrent liabilities	4,797	13,260	18,057
Total liabilities	6,419	16,974	23,393
Net position			
Unrestricted	27,579	7,526	35,105
Total net position	\$ 27,579	\$ 7,526	\$ 35,105

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	General Liability	Workers' Compensation	Total Internal Service Funds
Operating revenues			
Charges for services	\$ 3,431	\$ 6,907	\$ 10,338
Total operating revenues	3,431	6,907	10,338
Operating expenses			
Administrative services	238	85	323
Other	34	536	570
Insurance claims and premiums	2,283	6,603	8,886
Professional services	1,355	528	1,883
Total operating expenses	3,910	7,752	11,662
Operating loss	(479)	(845)	(1,324)
Nonoperating revenues (expenses)			
Investment earnings	1,191	1,378	2,569
Other	463	276	739
Total nonoperating revenues	1,654	1,654	3,308
Income before contributions and transfers	1,175	809	1,984
Transfers in	11,300	—	11,300
Transfers out	—	(16,545)	(16,545)
Change in net position	12,475	(15,736)	(3,261)
Total net position - beginning	15,104	23,262	38,366
Total net position - ending	\$ 27,579	\$ 7,526	\$ 35,105

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	General Liability	Workers' Compensation	Total Internal Service Funds
Cash flows from operating activities			
Receipts from interfund services provided	\$ 3,439	\$ 6,908	\$ 10,347
Payments to suppliers	(1,168)	(649)	(1,817)
Payments to claimants	(2,901)	(6,001)	(8,902)
Payments for interfund services used	(238)	(85)	(323)
Miscellaneous revenue received	463	276	739
Net cash provided by (used for) operating activities	(405)	449	44
Cash flows from noncapital financing activities			
Transfers from other funds	11,300	—	11,300
Transfers to other funds	—	(16,545)	(16,545)
Net cash provided by (used for) noncapital financing activities	11,300	(16,545)	(5,245)
Cash flows from investing activities			
Investment earnings	1,224	1,578	2,802
Net cash provided by investing activities	1,224	1,578	2,802
Net increase (decrease) in cash and cash equivalents	12,119	(14,518)	(2,399)
Cash and cash equivalents at beginning of year	21,351	37,689	59,040
Cash and cash equivalents at end of year	\$ 33,470	\$ 23,171	\$ 56,641
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating loss	\$ (479)	\$ (845)	\$ (1,324)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Insurance recoveries	463	276	739
Change in assets and liabilities:			
Other receivables	(230)	91	(139)
Other assets	8	1	9
Accounts payable	187	(121)	66
Claims payable	(354)	1,047	693
Total adjustments	74	1,294	1,368
Net cash provided by operating activities	\$ (405)	\$ 449	\$ 44
Noncash capital, financing and investing activities:			
Change in fair value of investments	\$ 32	\$ 203	\$ 235

91 & 405 EXPRESS LANES



Orange County Transportation Authority
Orange County, California

VANPOOL



Orange County Transportation Authority
Orange County, California



ORANGE COUNTY TRANSPORTATION AUTHORITY

STATISTICAL SECTION

June 30, 2025

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

CONTENTS

Page

Financial Trends 96

These schedules contain trend information to help the reader understand how OCTA's financial performance and well-being have changed over time.

Revenue Capacity 101

These schedules contain information to help the reader assess OCTA's most significant local revenue source, the sales tax.

Debt Capacity 106

These schedules present information to help the reader assess the affordability of OCTA's current levels of outstanding debt and OCTA's ability to issue additional debt in the future.

Demographic and Economic Information 109

These schedules offer demographic and economic indicators to help the reader understand the environment within which OCTA's financial activities take place.

Operating Information 112

These schedules contain service and infrastructure data to help the reader understand how the information in OCTA's financial report relates to the services OCTA provides and the activities it performs.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 1

Net Position by Component, Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting - in thousands)		As of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Governmental activities											
Net investment in capital assets	\$ 185,209	\$ 202,587	\$ 211,433	\$ 262,985	\$ 340,129	\$ 433,782	\$ 501,053	\$ 582,156	\$ 681,639	\$ 734,535	
Restricted	545,220	621,580	565,653	677,934	626,302	545,091	735,780	773,909	755,550	1,353,926	
Unrestricted	67,517	29,578	37,947	(14,857)	(49,044)	(23,655)	18,118	5,854	16,134	32,225	
Total governmental activities net position	797,946	853,745	815,033	926,062	917,387	955,218	1,254,951	1,361,919	1,453,323	2,120,686	
Business-type activities											
Net investment in capital assets	300,737	389,791	339,677	320,212	303,484	287,575	306,992	302,428	370,095	415,151	
Restricted	13,075	13,199	16,776	18,229	25,156	31,268	29,252	28,432	31,682	133,571	
Unrestricted	305,689	323,682	439,737	487,407	547,164	583,939	482,767	641,516	859,053	836,858	
Total business-type activities net position	619,501	726,672	796,190	825,848	875,804	902,782	819,011	972,376	1,260,830	1,385,580	
Primary government											
Net investment in capital assets	485,946	592,378	551,110	583,197	643,613	721,357	808,045	884,584	1,051,734	1,149,686	
Restricted	558,295	634,779	582,429	696,163	651,458	576,359	765,032	802,341	787,232	1,487,497	
Unrestricted	373,206	353,260	477,684	472,550	498,120	560,284	500,885	647,370	875,187	869,083	
Total primary government net position	\$ 1,417,447	\$ 1,580,417	\$ 1,611,223	\$ 1,751,910	\$ 1,793,191	\$ 1,858,000	\$ 2,073,962	\$ 2,334,295	\$ 2,714,153	\$ 3,506,266	

Source: Accounting and Financial Reporting Department

Notes:

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 activities net position is mainly due to capital grants and contributions and taxes. The increase in business-type activities net position is mainly due to operating grants and contributions.

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

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

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

In fiscal year 2024-25, the increase in governmental activities net position is mainly due to TIRCP capital assistance for OC Streetcar project and SB 125 one-time funding.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 2

Changes in Net Position, Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting - in thousands)

For the Year Ended June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 95,155	\$ 94,929	\$ 80,877	\$ 88,394	\$ 89,868	\$ 87,346	\$ 89,924	\$ 104,701	\$ 111,528	\$ 119,244
Measure M program	272,627	280,154	439,279	390,253	453,965	534,584	543,991	482,865	371,900	392,256
Motorist services	6,355	5,826	5,725	6,359	7,724	7,092	8,284	8,206	9,772	9,977
Commuter rail	34,004	39,736	414	117	454	47	194	15	—	—
Total governmental activities expenses	408,141	420,645	526,295	485,123	552,011	629,069	642,393	595,787	493,200	521,477
Business-type activities:										
Fixed route	208,851	204,969	208,167	230,256	201,819	174,441	179,877	210,789	209,916	228,591
Paratransit	63,071	64,594	67,883	71,104	88,086	75,431	88,131	99,541	115,153	127,724
Tollroad	25,120	38,455	25,672	26,491	29,239	30,137	30,162	15,409	29,764	61,243
Taxicab administration	567	524	385	348	160	86	—	—	—	—
Local rail	—	—	—	6	7	28	51	107	74	183
Total business-type activities expenses	297,609	308,542	302,107	328,205	319,311	280,123	298,221	325,846	354,907	417,741
Total primary government expenses	705,750	729,187	828,402	813,328	871,322	909,192	940,614	921,633	848,107	939,218
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,180	730	842	855	872	1,113	1,094	935	694	291
Other activities	1,087	1,104	1,544	968	1,197	1,149	1,373	1,257	1,046	1,455
Operating grants and contributions	125,220	92,486	98,233	83,458	78,703	74,365	63,978	61,774	65,287	281,847
Capital grants and contributions	3,897	17,602	7,679	19,994	37,921	65,919	65,949	47,923	40,085	175,563
Total governmental activities program revenues	131,384	111,922	108,298	105,275	118,693	142,546	132,394	111,889	107,112	459,156
Business-type activities:										
Charges for services:										
Fixed route	50,197	42,753	40,821	41,067	39,747	22,380	37,647	38,580	39,939	44,233
Tollroad	52,240	56,005	57,615	57,417	43,944	45,353	64,848	61,376	93,335	135,421
Other activities	8,650	8,656	8,280	8,727	7,654	2,193	4,824	6,183	7,527	8,356
Operating grants and contributions	65,226	74,966	74,236	87,667	64,917	164,819	258,866	77,750	62,937	116,474
Capital grants and contributions	35,848	89,740	17,849	11,172	4,747	7,154	10,568	84,923	48,357	54,794
Total business-type activities program revenues	212,161	272,120	198,801	206,050	161,009	241,899	376,753	268,812	252,095	359,278
Total primary government program revenues	\$ 343,545	\$ 384,042	\$ 307,099	\$ 311,325	\$ 279,702	\$ 384,445	\$ 509,147	\$ 380,701	\$ 359,207	\$ 818,434

(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 2

Changes in Net Position, Last Ten Fiscal Years, *continued*

(accrual basis of accounting - in thousands)

	For the Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Indirect expenses allocation:										
Governmental activities	\$ (37,748)	\$ (41,045)	\$ (43,163)	\$ (44,411)	\$ (46,890)	\$ (48,485)	\$ (52,347)	\$ (55,455)	\$ (61,325)	\$ (65,651)
Business-type activities	37,748	41,045	43,163	44,411	46,890	48,485	52,347	55,455	61,325	65,651
Net revenues (expenses)										
Governmental activities	(239,009)	(267,678)	(374,834)	(335,437)	(386,428)	(438,038)	(457,652)	(428,442)	(324,763)	3,330
Business-type activities	(123,196)	(77,467)	(146,469)	(166,566)	(205,192)	(86,709)	26,185	(112,489)	(164,137)	(124,114)
Total primary government net expenses	(362,205)	(345,145)	(521,303)	(502,003)	(591,620)	(524,747)	(431,467)	(540,931)	(488,900)	(120,784)
General Revenues and Transfers										
Governmental activities:										
Sales tax revenues	476,368	475,863	515,475	546,912	518,933	554,785	679,399	718,022	700,434	694,186
Investment earnings	19,447	9,807	12,609	48,527	55,593	21,334	(27,383)	38,383	81,699	97,463
Other miscellaneous revenues	918	99	133	233	159	2,028	1,360	826	1,064	8,206
Transfers	(152,899)	(162,292)	(191,734)	(149,206)	(196,930)	(117,292)	104,009	(221,821)	(367,030)	(140,857)
Total governmental activities	343,834	323,477	336,483	446,466	377,755	460,855	757,385	535,410	416,167	658,583
Business-type activities:										
Property taxes	14,098	14,943	15,995	16,971	17,829	18,648	19,646	21,155	22,281	23,585
Investment earnings	7,672	2,332	2,892	24,654	29,285	4,859	(32,167)	14,586	53,490	70,872
Other miscellaneous revenues	791	5,071	5,604	5,393	11,104	7,685	6,574	8,292	9,790	9,819
Transfers	152,899	162,292	191,734	149,206	196,930	117,292	(104,009)	221,821	367,030	140,857
Total business-type activities	175,460	184,638	216,225	196,224	255,148	148,484	(109,956)	265,854	452,591	244,989
Total primary government	519,294	508,115	552,708	642,690	632,903	609,339	647,429	801,264	868,758	903,572
Changes in net position										
Governmental activities	104,825	55,799	(38,351)	111,029	(8,673)	22,817	299,733	106,968	91,404	661,913
Business-type activities	52,264	107,171	69,756	29,658	49,956	61,775	(83,771)	153,365	288,454	120,875
Total primary government	\$ 157,089	\$ 162,970	\$ 31,405	\$ 140,687	\$ 41,283	\$ 84,592	\$ 215,962	\$ 260,333	\$ 379,858	\$ 782,788

Source: Accounting and Financial Reporting Department

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 3

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

(modified accrual basis of accounting - in thousands)

	As of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 11,862	\$ 20,672	\$ 11,699	\$ 13,717	\$ 12,746	\$ 13,763	\$ 13,282	\$ 12,802	\$ 14,334	\$ 15,046
Restricted	23,548	22,992	23,189	23,101	23,517	44,642	40,881	41,994	44,060	64,685
Assigned	14,453	—	2,413	8,740	11,562	14,735	25,759	28,218	—	—
Unassigned	—	(17,135)	—	(2,217)	—	—	(2)	—	7,169	6,374
Total general fund	49,863	26,529	37,301	43,341	47,825	73,140	79,920	83,014	65,563	86,105
All Other Governmental Funds										
Nonspendable	12,519	7,177	12,144	15,772	12,230	17,507	39,222	25,887	21,843	11,654
Restricted	862,565	953,569	892,703	1,337,025	1,252,083	1,155,000	1,314,797	1,343,802	1,300,225	1,684,768
Assigned:										
Transportation capital projects	8,682	1,158	—	2,521	—	—	—	—	—	—
Unassigned	—	—	(6,917)	(883)	(2,024)	(3,562)	(7,658)	(10,171)	(10,552)	(5,561)
Total all other governmental funds	\$ 883,766	\$ 961,904	\$ 897,930	\$1,354,435	\$1,262,289	\$1,168,945	\$1,346,361	\$1,359,518	\$1,311,516	\$1,690,861

Source: Accounting and Financial Reporting Department

Notes:

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

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

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

In fiscal year 2024-25, the increase in restricted fund balance of General Fund was due to interfund transfer to ARBA reserve fund from Workers' Compensation (Internal Service Fund)

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 4

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

(modified accrual basis of accounting - in thousands)

For the Year Ended June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Sales tax revenues	465,830	486,401	507,584	554,804	518,933	554,785	679,399	718,022	700,433	694,187
Transportation improvement fee	—	—	5,673	5,603	5,823	6,230	7,581	6,619	7,115	7,446
Vehicle registration fees	3,401	2,960	2,941	2,978	2,773	3,099	2,896	2,952	3,013	3,003
Fines	220	205	201	200	245	125	182	163	145	124
Contributions from other agencies	103,532	87,870	92,239	67,550	96,817	84,483	51,603	77,858	40,691	257,431
Interest and investment income	18,917	11,894	12,253	48,528	53,209	23,840	(29,596)	41,529	83,578	98,718
Capital assistance grants	3,220	14,552	7,541	14,171	29,102	45,999	46,975	42,384	31,948	167,051
Miscellaneous	5,090	8,060	6,361	3,649	1,425	3,250	2,365	2,555	2,074	9,686
Total revenues	600,210	611,942	634,793	697,483	708,327	721,811	761,405	892,082	868,997	1,237,646
Expenditures										
Current:										
General government	126,370	116,183	110,973	110,537	106,911	114,120	101,883	122,642	144,832	169,781
Transportation:										
Contributions to other local agencies	124,230	146,199	109,767	114,543	97,116	103,286	104,090	105,526	105,389	123,778
Capital outlay	103,441	106,921	250,292	235,559	354,492	430,188	435,542	372,308	262,322	190,505
Debt service:										
Principal	7,210	7,475	7,775	8,165	8,530	8,065	8,455	19,935	20,920	21,950
Interest	21,614	21,343	21,059	20,677	35,615	35,777	35,808	34,949	33,956	32,906
Bond issuance costs	—	—	—	826	—	—	—	—	—	816
Total expenditures	382,865	398,121	499,866	490,307	602,664	691,436	685,778	655,360	567,419	539,736
Excess of revenues over expenditures	217,345	213,821	134,927	207,176	105,663	30,375	75,627	236,722	301,578	697,910
Other financing sources (uses):										
Transfers in	56,722	74,074	46,148	155,033	137,216	99,830	217,996	122,116	189,244	359,961
Transfers out	(209,621)	(236,366)	(237,882)	(304,239)	(334,146)	(217,122)	(113,987)	(343,936)	(556,275)	(500,597)
Proceeds from sale of capital assets	3,010	3,275	3,605	3,605	3,605	3,866	4,560	1,349	—	4,169
Bond issuance	—	—	—	376,690	—	—	—	—	—	227,565
Bond premium	—	—	—	69,342	—	—	—	—	—	36,413
Payment to refunded bond escrow agent	—	—	—	(45,062)	—	—	—	—	—	(267,767)
Total other financing sources (uses)	(149,889)	(159,017)	(188,129)	255,369	(193,325)	(113,426)	108,569	(220,471)	(367,031)	(140,256)
Net changes in fund balances	67,456	54,804	(53,202)	462,545	(87,662)	(83,051)	184,196	16,251	(65,453)	557,654
Debt service as a percentage of noncapital expenditures	7.7 %	7.6 %	5.9 %	6.6 %	8.4 %	7.3 %	6.8 %	9.6 %	11.8 %	11.3 %

Source: Accounting and Financial Reporting Department

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 5

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

(accrual basis of accounting - in thousands)

Program Revenues	For the Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
Governmental activities:										
General government	\$ 8,963	\$ 22,323	\$ 18,830	\$ 27,932	\$ 46,179	\$ 76,165	\$ 77,831	\$ 54,580	\$ 49,165	\$ 183,348
Measure M program	111,050	76,881	81,902	67,979	63,996	59,115	48,550	48,894	51,512	267,734
Motorist services	5,648	5,575	5,492	8,755	8,516	7,251	5,968	8,222	6,435	8,074
Commuter rail	5,723	7,143	2,074	609	2	15	45	194	—	—
Total governmental activities	131,384	111,922	108,298	105,275	118,693	142,546	132,394	111,890	107,112	459,156
Business-type activities:										
Fixed route	123,504	173,107	105,539	108,244	107,503	193,353	306,103	200,782	149,316	195,775
Paratransit	28,080	40,777	33,882	38,859	7,496	2,192	4,824	6,183	7,527	8,356
Tollroad	60,059	57,816	59,069	58,576	45,835	46,342	65,826	61,847	95,252	136,392
Taxicab administration	518	420	311	371	175	12	—	—	—	—
Local rail	—	—	—	—	—	—	—	—	—	18,755
Total business-type activities	212,161	272,120	198,801	206,050	161,009	241,899	376,753	268,812	252,095	359,278
Total primary government	\$ 343,545	\$ 384,042	\$ 307,099	\$ 311,325	\$ 279,702	\$ 384,445	\$ 509,147	\$ 380,702	\$ 359,207	\$ 818,434

Source: Accounting and Financial Reporting Department

Notes:

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

In fiscal year 2017-18, the decrease in Fixed route was 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 was primarily due to the COVID-19 pandemic.

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

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

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

In fiscal year 2024-25, the increase in governmental and business-type activities was due to TIRCP grant funding and SB 125 grant appropriations.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 6

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

(accrual basis of accounting - thousands)

For the Year Ended June 30,	Sales and Use Tax Revenues	
2016	\$	476,368
2017		475,863
2018		515,475
2019		546,912
2020		518,933
2021		554,785
2022		679,399
2023		718,022
2024		700,434
2025		694,186
Change		
2016 - 2025		45.7 %

Source: Accounting and Financial Reporting Department

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

<i>(amounts expressed in thousands)</i>	Calendar Year										(a)
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Clothing and Clothing Accessories Stores	\$4,173,147	\$4,179,348	\$4,420,905	\$4,501,642	\$3,445,233	\$5,265,145	\$5,645,156	\$5,510,685	\$5,480,352	\$5,071,076	
General Merchandise Stores	5,266,498	5,314,636	5,424,321	5,561,761	5,214,858	6,114,659	6,661,626	6,433,829	6,411,992	5,844,540	
Food and Beverage Stores	2,315,300	2,399,937	2,460,590	2,483,191	2,630,703	2,705,682	2,843,138	2,851,552	2,882,548	2,413,398	
Food Services and Drink Places	7,561,709	7,953,351	8,195,164	8,559,216	6,232,835	8,795,493	10,252,167	10,807,335	11,173,431	11,099,434	
Home Furnishings and Appliance Stores	3,082,463	3,074,257	3,037,974	2,907,710	2,578,348	3,104,704	3,116,190	2,946,553	2,893,222	2,953,804	
Building Material & Garden Equipment & Supplies Dealers	2,961,129	3,106,396	3,184,381	3,174,208	3,539,541	3,817,836	4,006,427	3,930,919	3,886,178	3,827,530	
Motor Vehicle and Parts Dealers	8,648,763	8,927,827	9,408,045	9,646,527	9,482,960	11,324,257	11,775,654	11,056,748	10,817,359	11,157,918	
Gasoline Stations	3,489,276	3,745,819	4,203,824	4,142,023	2,670,300	4,110,466	5,137,709	4,536,118	4,259,440	3,974,956	
Other Retail Group	5,318,826	5,562,771	5,742,982	6,158,835	8,462,565	8,412,348	8,661,056	9,248,654	9,015,794	8,571,896	
All other outlets	20,241,650	20,883,715	21,390,429	22,553,862	19,576,172	24,603,345	29,927,949	29,976,022	29,517,095	28,433,942	
Total	\$63,058,761	\$65,148,057	\$67,468,615	\$69,688,975	\$63,833,515	\$78,253,935	\$88,027,072	\$87,298,415	\$86,337,411	\$83,348,494	

Measure M Ordinance direct sales tax rate	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %
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Sources: California State Board of Equalization for data prior to 2015; California Department of Tax and Fee Administration for data starting 2015

Note:

(a) Taxable Sales reported for year 2025 includes actual data for the first and second quarters.

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

Calendar Year	Measure M Direct rate	County of Orange	
2016	0.50%	7.50%	
2017	0.50%	7.25%	(a)
2018	0.50%	7.25%	
2019	0.50%	7.25%	
2020	0.50%	7.25%	
2021	0.50%	7.25%	
2022	0.50%	7.25%	
2023	0.50%	7.25%	
2024	0.50%	7.25%	
2025	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 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
(Unaudited)
(amounts express in thousands)

City	Calendar Year 2024			Calendar Year 2015		
	Taxable Sales	Rank	Percentage of Total	Taxable Sales	Rank	Percentage of Total
Aliso Viejo	\$ 799,471	22	1.11 %	\$ 413,924	28	0.76 %
Anaheim	9,276,492	1	12.93 %	6,652,443	1	12.24 %
Brea	2,094,134	12	2.92 %	1,787,851	11	3.29 %
Buena Park	2,938,057	9	4.10 %	1,791,525	10	3.30 %
Costa Mesa	6,395,035	3	8.91 %	4,765,158	3	8.77 %
Cypress	1,138,168	18	1.59 %	1,081,002	16	1.99 %
Dana Point	572,671	26	0.80 %	476,437	26	0.88 %
Fountain Valley	1,328,517	16	1.85 %	1,018,126	18	1.87 %
Fullerton	2,455,842	11	3.42 %	1,779,283	12	3.27 %
Garden Grove	2,469,321	10	3.44 %	1,854,811	9	3.41 %
Huntington Beach	3,987,633	6	5.56 %	3,207,380	6	5.90 %
Irvine	7,892,635	2	11.00 %	5,382,441	2	9.90 %
La Habra	1,132,607	19	1.58 %	890,346	19	1.64 %
La Palma	222,878	32	0.31 %	232,481	32	0.43 %
Laguna Beach	562,412	27	0.78 %	449,732	27	0.83 %
Laguna Hills	521,597	28	0.73 %	493,928	25	0.91 %
Laguna Niguel	1,183,840	17	1.65 %	1,043,562	17	1.92 %
Laguna Woods	98,695	33	0.14 %	83,454	33	0.15 %
Lake Forest	1,482,559	15	2.07 %	1,252,190	15	2.30 %
Los Alamitos	304,762	31	0.42 %	262,993	31	0.48 %
Mission Viejo	1,813,197	13	2.53 %	1,541,617	13	2.84 %
Newport Beach	3,768,852	7	5.25 %	3,034,392	7	5.58 %
Orange	4,758,804	5	6.63 %	3,574,281	5	6.57 %
Placentia	663,537	25	0.92 %	563,396	23	1.04 %
Rancho Santa Margarita	708,013	23	0.99 %	562,087	24	1.03 %
San Clemente	1,020,544	21	1.42 %	711,739	20	1.31 %
San Juan Capistrano	1,036,398	20	1.44 %	704,052	21	1.30 %
Santa Ana	4,964,322	4	6.92 %	3,954,541	4	7.27 %
Seal Beach	418,223	30	0.58 %	355,989	29	0.65 %
Stanton	463,285	29	0.65 %	350,479	30	0.64 %
Tustin	3,032,799	8	4.23 %	2,034,806	8	3.74 %
Villa Park	25,013	34	0.03 %	20,067	34	0.04 %
Westminster	1,508,565	14	2.10 %	1,418,002	14	2.61 %
Yorba Linda	700,057	24	0.98 %	619,436	22	1.14 %
Total	71,738,935		100 %	54,363,951		100 %
Unincorporated Cities	14,598,478			7,552,268		
Total Orange County	\$ 86,337,413			\$ 61,916,219		

Source: California Department of Tax and Fee Administration, www.cdtfa.ca.gov
Note: The most current data available is for 2024.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 10

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

(amounts expressed in thousands except per capita)

As of June 30,	Governmental Activities			Business-Type Activities					Primary Government	Percentage of Personal Income	Per Capita
	Sales Tax Revenue Bonds	Lease Liabilities	Subscription Liabilities	Toll Road Revenue Bonds	TIFIA Loan	Lease Liabilities	Subscription Liabilities	PPP Liabilities			
2016	\$ 327,894	\$ —	\$ —	\$ 123,725	\$ —	\$ —	\$ —	\$ —	\$ 451,619	0.23 %	142.06
2017	319,817	—	—	117,796	—	—	—	—	437,613	0.22 %	136.72
2018	311,440	—	—	111,627	165,988	—	—	—	589,055	0.28 %	182.87
2019	704,094	—	—	105,173	294,762	—	—	—	1,104,029	0.50 %	342.60
2020	691,810	—	—	98,420	303,422	—	—	—	1,093,652	0.46 %	342.37
2021	680,592	—	—	91,356	312,329	—	—	—	1,084,277	0.42 %	343.80
2022	668,985	28,483	—	83,962	—	3,394	—	—	784,824	0.30 %	248.19
2023	645,899	24,634	623	76,223	620,189	8,914	276	—	1,376,758	0.49 %	438.31
2024	621,827	20,872	357	51,555	632,355	8,491	253	108,391	1,444,101	n/a	458.32
2025	614,624	16,632	2,617	45,116	644,732	8,046	241	110,815	1,442,823	n/a	454.37

Source: Accounting and Financial Reporting Department

Notes:

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

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

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

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

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

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

In fiscal year 2024-25, OCTA issued Measure M2 Sales Tax Revenue Refunding Bonds, Series 2025, to refund all outstanding 2010 Series A 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 (Unaudited)

(amounts expressed in thousands)

Measure M Ordinance No. 3 (Measure M2) LTA Fund		Toll Road Revenue Bonds 91 EL Fund		TIFIA Loan 405 EL Fund	
Legal Debt Margin Calculation for Fiscal Year 2025		Legal Debt Margin Calculation for Fiscal Year 2025		Legal Debt Margin Calculation for Fiscal Year 2025	
Debt service	\$ 54,856	Debt service	\$ 8,052	Debt service	\$ —
Debt coverage (130 % of debt service)	71,313	Debt coverage (130 % of debt service)	10,467	Debt coverage (135 % of debt service)	—
Sales tax revenues	428,184	Toll revenues	95,325	Toll revenues	64,228
Less: local fair share & other expenses	(92,422)	Less: operating expenses	(18,055)	Less: operating expenses	(22,537)
Net sales tax revenues	335,762	Net toll revenues	77,270	Net toll revenues	41,691
Legal debt margin	\$ 264,449	Legal debt margin	\$ 66,802	Legal debt margin	\$ 41,691

For Year Ended June 30,	Measure M Ordinance No. 3 (Measure M2) LTA Fund				Toll Road Revenue Bonds 91 EL Fund				TIFIA Loan 405 EL Fund			
	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	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit
2016	\$ 237,151	\$ 29,021	\$ 208,130	12.2 %	\$ 35,576	\$ 14,035	\$ 21,541	39.5 %	\$ —	\$ —	\$ —	n/a
2017	239,727	29,244	210,483	12.2 %	25,002	14,039	10,963	56.2 %	—	—	—	n/a
2018	249,427	29,080	220,347	11.7 %	42,211	14,034	28,177	33.2 %	—	—	—	n/a
2019	258,085	37,434	220,651	14.5 %	49,624	14,035	35,589	28.3 %	—	—	—	n/a
2020	252,570	57,360	195,210	22.7 %	37,268	14,037	23,231	37.7 %	—	—	—	n/a
2021	262,280	56,992	205,288	21.7 %	31,735	14,034	17,701	44.2 %	—	—	—	n/a
2022	330,050	56,974	273,076	17.3 %	37,145	14,122	23,023	38.0 %	—	—	—	n/a
2023	349,480	71,349	278,131	20.4 %	51,439	14,034	37,406	27.3 %	—	—	—	n/a
2024	340,336	71,334	269,002	21.0 %	73,485	13,354	60,131	18.2 %	4,577	—	4,577	— %
2025	335,762	71,313	264,449	21.2 %	77,270	10,467	66,802	13.5 %	41,691	—	41,691	— %

Source: Treasury and Accounting and Financial Reporting Departments

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 12

Pledged Revenue Coverage, Last Ten Fiscal Years (Unaudited)
(amounts expressed in thousands)

Measure M2 Sales Tax Revenue Bonds LTA Fund						Toll Road Revenue Bonds 91 EL Fund					TIFIA Loan 405 EL Fund				
For the Year Ended June 30,	Sales Tax Revenues	Less: Fair Share & Other Expenses	Debt Service		Coverage	Toll Road Revenue	Less: Operating Expenses	Debt Service		Coverage	Toll Road Revenue	Less: Operating Expenses	Debt Service		Coverage
			Principal	Interest				Principal	Interest				Principal	Interest	
2016	\$ 300,602	\$ (63,451)	\$ 7,210	\$ 15,114	10.62	\$ 54,267	\$ (18,691)	\$ 5,075	\$ 5,721	3.30	—	—	—	—	n/a
2017	305,057	(65,330)	7,475	15,020	10.66	56,835	(31,833)	5,285	5,514	2.32	—	—	—	—	n/a
2018	316,093	(66,666)	7,775	14,594	11.15	58,613	(16,403)	5,525	5,270	3.91	—	—	—	—	n/a
2019	328,892	(70,807)	8,165	20,629	8.96	64,932	(15,308)	5,810	4,986	4.60	—	—	—	—	n/a
2020	322,448	(69,878)	8,530	35,592	5.72	52,313	(15,045)	6,110	4,688	3.45	—	—	—	—	n/a
2021	332,888	(70,608)	8,065	35,774	5.98	46,463	(14,729)	6,420	4,375	2.94	—	—	—	—	n/a
2022	419,531	(89,481)	8,455	35,371	7.53	57,626	(20,481)	6,750	4,046	3.44	—	—	—	—	n/a
2023	442,081	(92,601)	19,935	34,949	6.37	64,827	(13,388)	7,095	3,700	4.77	—	—	—	—	n/a
2024	433,919	(93,583)	20,920	33,952	6.20	88,794	(15,309)	7,460	2,812	7.15	22,651	(18,074)	—	—	n/a
2025	428,184	(92,422)	21,950	32,906	6.12	95,325	(18,055)	5,820	2,232	9.60	64,228	(22,537)	—	—	n/a

Source: Accounting and Financial Reporting Department

Notes:

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

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

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

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

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

In fiscal year 2024-25, toll road revenue for both the 91 and 405 Express Lanes increased primarily due to higher average gross revenue per trips. Additionally, reported revenues for the 405 Express Lanes reflected only seven months of operations, whereas fiscal year 2024-25 included a full year of operations.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 13

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

Calendar Year	Population (a)	Personal Income (millions) (b)	Per Capita Personal Income (c)	Median Age (d)	School Enrollment (e)	Unemployment Rate (f)
2016	3,179,122	\$ 194,224	\$ 61,184	37.30	493,030	4.4 %
2017	3,200,748	202,337	63,510	37.50	490,430	3.8 %
2018	3,221,103	210,649	66,056	37.80	485,835	3.2 %
2019	3,222,498	221,785	69,616	38.10	478,823	3.0 %
2020	3,194,332	239,165	75,074	38.30	473,612	13.6 %
2021	3,153,764	257,606	81,505	38.50	456,572	6.5 %
2022	3,162,245	264,973	84,109	38.70	448,729	2.9 %
2023	3,141,065	278,761	88,897	39.70	441,249	3.7 %
2024	3,150,835	n/a	n/a	n/a	437,276	4.0 %
2025	3,175,427	n/a	n/a	n/a	429,869	4.5 %

Notes:

n/a - data not available

Estimates for personal income and per capita personal income for 2016-2023 were revised for new estimates.

Sources:

- (a) July 1 estimates for 2016-2017 and January 1 estimate for 2018-2025 from California Department of Finance, <http://www.dof.ca.gov/>
- (b) U.S. Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/>
- (c) U.S. Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/>
- (d) U.S. Census Bureau, <https://data.census.gov/table>
- (e) California Department of Education, <http://www.cde.ca.gov/>
- (f) CA Employment Development Department, <http://www.labormarketinfo.edd.ca.gov/>

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 14

Principal Employers, Current Year and Nine Years Ago (Unaudited)

Employer	Calendar Year 2025				(b)	Calendar Year 2015				(b)
	Employees	(a)	Rank	Percentage of Total County Employment		Employees	(a)	Rank	Percentage of Total County Employment	
Walt Disney Co.	36,000		1	2.30 %		27,000		1	1.76 %	
University of California, Irvine	34,085		2	2.18 %		22,385		2	1.46 %	
Providence	25,155		3	1.61 %		n/a		n/a	n/a	
County of Orange	18,000		4	1.15 %		18,135		3	1.18 %	
Kaiser Permanente	10,293		5	0.66 %		7,000		5	0.46 %	
Hoag Memorial Hospital Presbyterian	8,081		6	0.52 %		n/a		n/a	n/a	
Allied Universal	7,214		7	0.46 %		n/a		n/a	n/a	
Albertsons Southern CA Division	7,152		8	0.46 %		n/a		n/a	n/a	
Memorial Care Health System	6,326		9	0.40 %		5,650		8	0.37 %	
CHOC Hospital	5,555		10	0.36 %		n/a		n/a	n/a	
Boeing Co.						12,227		4	0.80 %	
St. Joseph Health System						6,890		6	0.45 %	
Bank of America Corp.						5,500		9	0.36 %	
Walmart Inc.						6,000		7	0.39 %	
Target Corp.						5,400		10	0.35 %	
Total County Employment	1,564,300					1,530,800				

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

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

Note: Due to unavailability of 2016 data, 2015 is reported

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 15

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

	Full-Time Equivalent Employees as of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	238.0	239.0	240.5	247.5	243.0	246.0	250.5	260.5	264.0	271.5
Measure M program	39.5	39.0	39.0	40.5	41.5	39.5	38.0	38.0	38.0	34.0
Motorist services	4.0	4.0	5.0	5.0	5.0	5.0	3.0	3.0	2.0	3.0
Commuter rail	10.5	11.0	8.0	7.0	6.0	7.0	6.0	6.0	6.0	6.0
Fixed route	1,020.0	981.0	906.5	964.0	990.5	972.5	886.0	888.0	887.0	958.5
Paratransit	5.0	7.5	7.5	6.5	8.5	7.5	7.5	8.0	9.0	7.0
Tollroad	3.0	3.0	3.5	3.5	3.5	3.5	3.5	6.0	6.5	6.5
Taxicab administration	4.0	3.0	2.0	2.0	1.0	—	—	—	—	—
LOSSAN	6.0	7.0	8.0	11.0	14.0	14.0	15.0	15.0	16.0	15.0
Total	1,330.0	1,294.5	1,220.0	1,287.0	1,313.0	1,295.0	1,209.5	1,224.5	1,228.5	1,301.5

Source: Financial Planning & Analysis Department

Notes:

In fiscal year 2016-17, the decrease of full-time equivalent positions in Fixed Route was due to service reductions.

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

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

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

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

In fiscal year 2024-25, the increase of full-time equivalent positions in Fixed Route was due to the availability and increased hiring of qualified Coach Operators.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 16

Operating Indicators by Function/Program (Unaudited)

	For the Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measure M2 program (in thousands)										
Freeways	\$ 68,486	\$ 100,729	\$ 251,130	\$ 204,726	\$ 295,020	\$ 355,936	\$ 399,043	\$ 310,105	\$ 327,460	\$ 174,924
Streets and roads	163,699	138,273	106,691	110,412	105,555	92,472	60,180	94,112	97,981	119,911
Transit	22,464	16,516	20,419	173,782	74,815	68,617	143,009	68,792	124,541	110,857
Environmental cleanup	9,578	10,189	6,409	7,117	2,656	1,499	1,938	1,347	2,763	3,440
Total program expenses	\$ 264,227	\$ 265,707	\$ 384,649	\$ 496,037	\$ 478,046	\$ 518,524	\$ 604,170	\$ 474,356	\$ 552,745	\$ 409,132
Motorist services										
Calls made from call boxes*	1,717	1,363	1,246	1,049	250	345	392	332	268	223
Vehicles assisted by FSP	68,678	62,527	54,136	52,673	56,374	60,062	67,224	59,129	55,375	64,535
511 Motorist Assistance Calls*	4,023	4,120	3,888	4,298	3,531	2,898	3,528	4,441	3,974	3,508
Commuter rail										
Weekday trips	54	54	54	54	54	41	45	45	45	58
Annual boardings	4,198,189	4,477,735	5,069,929	5,073,474	3,874,618	797,715	1,592,803	1,983,306	2,407,622	2,988,147
Fixed route										
Annual boardings	43,202,265	39,903,682	39,272,747	37,846,066	30,800,075	19,880,122	26,680,576	31,191,444	34,978,231	36,939,206
Vehicle revenue hours	1,618,070	1,629,802	1,602,192	1,626,394	1,443,821	1,210,496	1,378,707	1,534,698	1,450,826	1,625,032
Miles of fixed route	2,045	1,820	1,801	1,762	1,792	1,562	1,587	1,546	1,544	1,523
Paratransit										
Annual boardings	1,779,530	1,864,312	1,647,378	1,667,292	1,268,429	485,746	837,644	1,031,899	1,137,743	1,223,120
Vehicle revenue hours	754,004	780,798	744,746	756,391	603,477	312,776	461,261	559,776	631,095	663,785
Eligible riders	32,173	32,871	32,735	32,744	31,812	28,851	28,248	27,710	27,512	28,121
Tollroad										
Annual drivers trips	13,772,971	14,384,133	16,719,371	17,546,304	14,990,602	15,359,785	19,810,256	19,736,624	29,823,225	39,375,444
Taxicab administration										
Permits Issued	1,855	1,521	1,214	971	437	—	—	—	—	—

*Starting in FY2019-20, the reported call count includes only valid calls and excludes test calls.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 17

Capital Asset Statistics by Function/Program (Unaudited)

	For the Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fixed route										
Bus bases	5	5	5	5	5	5	5	5	5	5
Large revenue vehicles	537	517	492	498	505	495	508	416	428	449
Small revenue vehicles	18	11	35	43	24	38	36	19	14	14
Paratransit										
Paratransit vehicles	248	248	248	248	248	245	245	254	247	244
Tollroad										
Transponders in use	182,522	196,997	213,993	225,621	208,656	163,235	145,393	128,715	127,904	104,311

Source: Various departments within the Orange County Transportation Authority

Note:

In fiscal year 2017-18, the decreases in Fixed Route large vehicles was due to the change in service levels, while 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 was related to a decrease in service levels due to COVID-19 pandemic. Additionally, the balance was adjusted to reflect only transponders that were considered capital asset, the newly assigned 6C transponders are considered to be inventory.

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

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

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

In fiscal year 2024-25, the increase in Fixed Route large revenue vehicles was resulted from acquisitions of zero-emission buses,



2025 Annual Comprehensive Financial Report

For fiscal year ended June 30, 2025



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