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

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

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

Financial Statements

For the Fiscal Year Ended June 30, 2014

Contents

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

Report on the Financial Statements

We have audited the accompanying financial statements of the 91 Express Lanes Fund, an enterprise fund of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 91 Express Lanes Fund and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1, the financial statements present only the 91 Express Lanes Enterprise Fund of OCTA and do not purport to, and do not, present fairly the financial position of OCTA as of June 30, 2014, and the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of OCTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Vavrinek, Trine, Day & Co. LLP

Laguna Hills, California
October 30, 2014

91 Express Lanes Fund
Management's Discussion and Analysis
(unaudited)
For the Fiscal Year Ended June 30, 2014

As management of the 91 Express Lanes Fund (91 EL), an enterprise fund of the Orange County Transportation Authority, we offer readers of the 91 EL financial statements this narrative overview and analysis of the 91 EL's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 9. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- At the end of fiscal year 2013-14, the total net position of the 91 EL was $106,849 and consisted of net investment in capital assets of $23,114; restricted net position of $13,015; and unrestricted net position of $70,720. Net position increased $18,133 during fiscal year 2013-14, which represents an increase of 20% from the fiscal year 2012-13 ending net position. The increase is primarily due to operating revenues in excess of operating expenses offset by bond interest expense.

- In fiscal year 2013-14, total operating revenues increased by $3,322, which represents an 8% increase from the fiscal year 2012-13, primarily due to an increase in the collection of violation fees. Total operating expenses increased by $1,574, which represents a 9% increase from the fiscal year 2012-13, primarily due to an increase in fees paid to the collection agency.

- During the fiscal year 2013-14, OCTA issued $124,415 in Senior Lien Toll Road Revenue Refunding Bonds Series 2013 to refund the outstanding Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003-B-1 and Series 2003-B-2.

Overview of the Financial Statements

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

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

The statement of revenues, expenses and changes in fund net position presents information showing how the 91 EL's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The 91 EL fund financial statements can be found on pages 9-12 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13-29 of this report.

91 Express Lanes Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the 91 EL's financial position. At June 30, 2014, the 91 EL's net position was $106,849, an increase of $18,133 from June 30, 2013. Our analysis below focuses on net position (Table 1) and changes in net position (Table 2) of the 91 EL's financial activities.

Table 1
91 Express Lanes Fund
Net Position

	2014	2013
Current and other assets	$ 80,476	$ 63,054
Restricted assets	23,813	39,018
Capital assets, net	3,094	3,937
Intangible asset – toll road franchise, net	133,215	135,801
Total assets	240,598	241,810
Total deferred outflows of resources	11,020	16,106
Current liabilities	14,681	14,867
Long-term liabilities	130,088	154,333
Total liabilities	144,769	169,200
Net position:		
Invested in capital assets	23,114	14,620
Restricted	13,015	20,383
Unrestricted	70,720	53,713
Total net position	$ 106,849	$ 88,716

Restricted assets decreased by $15,205 due to a decrease in bond cash reserves as a result of the debt refunding. Total liabilities decreased by $24,431 primarily due to the debt refunding.

The 91 EL's net position invested in capital assets was $23,114, compared to $14,620 in 2013. The 91 EL's net position reflects its investment in capital assets (i.e., intangible assets; improvements; communications equipment; computer hardware and software; equipment, furniture and fixtures; and transponders), less any related outstanding debt used to acquire these assets. The 91 EL uses these capital assets to provide improved mobility for 91 EL customers and commuters along the State Route (SR) 91 corridor. The increase of $8,494 in net position invested in capital assets was primarily due to the debt refunding.

Restricted net position, representing resources subject to external restrictions on how they may be used, were 12% and 23% of the total net position at June 30, 2014 and 2013, respectively. The decrease in restricted net position of $7,368 is related to the debt refunding which resulted in a reduction in cash reserve requirements.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position changed from $53,713 at June 30, 2013 to $70,720 at June 30, 2014. This increase of $17,007 was primarily due to operating revenues in excess of operating expenses.

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

Table 2
91 Express Lanes Fund
Changes in Net Position

	2014	2013
Revenues:		
Operating revenues:		
Tolls, fees, and fines	$ 42,610	$ 39,288
Total operating revenues	42,610	39,288
Operating expenses:		
Management and operational services	7,878	7,505
Administrative overhead	2,290	2,168
Other operating expenses	12	7
Insurance claims and premiums	334	312
Professional services	3,885	2,580
General and administrative	348	508
Depreciation and amortization	3,794	3,887
Total operating expenses	18,541	16,967
Operating income	24,069	22,321
Nonoperating revenues (expenses):		
Investment earnings	701	198
Investment loss on derivative instrument	-	1,312
Interest expense	(5,914)	(5,773)
Cost of issuance on long-term debt	(831)	-
Other	108	21
Total nonoperating revenues (expenses)	(5,936)	(4,242)
Income before transfers	18,133	18,079
Transfers to OCTA funds	-	(1)
Changes in net position	18,133	18,078
Total net position—beginning	88,716	70,638
Total net position—ending	$ 106,849	$ 88,716

91 EL's total operating revenues increased by 8%, while total operating expenses increased by 9%. The increase in operating revenues is primarily due to an increase in revenue from toll road fees and collection of violations fees. The increase in operating expenses is primarily attributable to fees paid for collection services and for a study report to improve the pavement condition on the 91 EL.

Capital Assets and Intangible Asset

Capital Assets

As of June 30, 2014, the 91 EL had $3,094 net of accumulated depreciation, invested in a broad range of capital assets including: construction in progress, improvements, computer hardware and software, transponders, and equipment, furniture and fixtures (Table 3). The total decrease in the 91 EL's capital assets for fiscal year 2013-14 was $843, which was primarily due to depreciation.

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

	2014	2013
Construction in progress	10	-
Improvements	1,670	1,855
Communications equipment	-	83
Computer hardware and software	435	927
Transponders	948	1,027
Equipment, furniture, and fixtures	31	45
Total capital assets, net	$ 3,094	$ 3,937

Major capital asset deletions during 2014 included $437 for disposal of transponders. The 91 EL has outstanding capital expenditure commitments, the most significant of which is $1,932 for transponder purchases.

More detailed information about the 91 EL's capital assets is presented in note 4 to the financial statements.

Intangible Asset

Intangible asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**
Toll facility franchise	$ 205,264	$ -	$ -	$ 205,264
Less accumulated amortization	(69,463)	(2,586)	-	(72,049)
Total toll facility franchise, net	$ 135,801	$ (2,586)	$ -	$ 133,215

More detailed information about the 91 EL's intangible asset is presented in note 5 to the financial statements.

Debt Administration

As of June 30, 2014, the 91 EL had $124,415 in tax-exempt bonds outstanding compared to $155,460 at June 30, 2013, as presented in Table 4.

Table 4
91 Express Lanes Fund
Outstanding Debt

	2014	2013
Tax-exempt bonds	$ 124,415	$ 155,460

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

Economic and Other Factors

The 91 EL makes up $42,461 or 3.7% of OCTA's fiscal year 2014-15 revenue budget. In fiscal year 2014-15, toll revenue is forecasted to increase by 10.4% over the fiscal year 2013-14 budget. This increase is due to the lower amounts budgeted in fiscal year 2013-14 to account for the addition of the 5th general purpose lane in the SR-91 corridor. The average long term rate of growth for toll road revenues beyond fiscal year 2014-15 is 5.7%.

The majority of expenses related to the 91 EL within the fiscal year 2014-15 budget are on-going general costs related to day to day operations of the toll facility. Since the 91 EL is a fully electronic toll facility, motorists pay tolls through the convenient use of windshield mounted FasTrak™ transponders that automatically deduct toll charges from a prepaid account. At the end of fiscal year 2013-14, there were 113,672 active customer accounts, with 171,304 transponders assigned to those accounts.

OCTA, in concert with Caltrans and Riverside County Transportation Commission (RCTC), issued an annual SR 91 Implementation Plan to establish a program of projects eligible for funding by potential excess 91 EL toll revenue and other funds. The total cost for the first set of projects is approximately $99,200. One of these projects is the addition of a westbound auxiliary lane on SR-91 beginning at the northbound SR-55 to the westbound SR-91 connector through the Tustin Avenue interchange. Construction began in fiscal year 2013-14 and is expected to be completed in fiscal year 2015-16. This project requires close coordination with Caltrans in order to minimize impacts to the 91 EL's operations.

Contacting 91 EL's Management

This financial report is designed to provide a general overview of the 91 EL's finances for all those with an interest in the government's finances and to demonstrate the 91 EL's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance and Administration Division at the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584.

91 Express Lanes Fund
(An Enterprise Fund of the Orange County Transportation Authority)
Statement of Net Position
June 30, 2014

Assets		
Current Assets:		
Cash and investments	$	73,508,151
Receivables:		
Interest		81,262
Violations, net		5,507,042
Other, net		1,079,967
Other assets		299,623
Total current assets		80,476,045
Noncurrent Assets:		
Restricted cash and investments:		
Cash equivalents		23,813,056
Capital assets, net:		
Nondepreciable		9,614
Depreciable		3,084,544
Intangible asset - tollroad franchise, net		133,214,675
Total noncurrent assets		160,121,889
Total Assets		240,597,934
Deferred Outflows of Resources		
Deferred charge on refunding		11,019,870
Total Deferred Outflows of Resources		11,019,870
Liabilities		
Current Liabilities:		
Accounts payable		3,017,459
Accrued interest payable		2,201,803
Unearned revenue		4,255,921
Other liabilities		280,452
Bonds payable - due within one year		4,925,000
Total current liabilities		14,680,635
Noncurrent Liabilities:		
Bonds payable - due in more than one year		130,088,131
Total noncurrent liabilities		130,088,131
Total Liabilities		144,768,766
Net Position		
Net investment in capital assets		23,114,096
Restricted for:		
Debt service		6,768
Capital		10,005,972
Operating reserves		3,001,792
Unrestricted		70,720,410
Total Net Position	$	106,849,038

See accompanying notes to the financial statements.

91 Express Lanes Fund
(An Enterprise Fund of the Orange County Transportation Authority)
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2014

Operating revenues:		
Tolls, fees, and fines	$	42,610,409
Operating expenses:		
Management and operational services		7,878,501
Administrative overhead		2,290,301
Other operating expenses		11,645
Insurance claims and premiums		333,566
Professional services		3,885,434
General and administrative		347,956
Depreciation and amortization		3,793,954
Total operating expenses		18,541,357
Operating income		24,069,052
Nonoperating revenues (expenses):		
Investment earnings		700,899
Interest expense		(5,913,676)
Cost of issuance on long-term debt		(831,275)
Other		107,868
Total nonoperating revenues (expenses)		(5,936,184)
Change in net position		18,132,868
Total net position - beginning		88,716,170
Total net position - ending	$	106,849,038

See accompanying notes to the financial statements.

91 Express Lanes Fund
(An Enterprise Fund of the Orange County Transportation Authority)
Statement of Cash Flows
For the Year Ended June 30, 2014

Cash flows from operating activities:		
Receipts from customers and users	$	41,685,887
Payments to suppliers		(12,760,166)
Payments for OCTA interfund services used		(2,290,301)
Miscellaneous revenue received		107,868
Net cash provided by operating activities		26,743,288
Cash flows from capital and related financing activities:		
Principal payment on long-term debt		(20,245,191)
Interest paid on long-term debt		(5,217,134)
Cost of issuance on long-term debt		(469,508)
Acquisition and construction of capital assets		(364,840)
Net cash used for capital and related financing activities		(26,296,673)
Cash flows from investing activities:		
Interest received		711,989
Net cash provided by investing activities		711,989
Net increase in cash and cash equivalents		1,158,604
Cash and cash equivalents at beginning of year		96,162,603
Cash and cash equivalents at end of year	$	97,321,207
Reconciliation of cash and cash equivalents to statement of net assets:		
Cash and investments	$	73,508,151
Restricted cash and investments		23,813,056
Total cash and cash equivalents	$	97,321,207

See accompanying notes to the financial statements.

91 Express Lanes Fund
(An Enterprise Fund of the Orange County Transportation Authority)
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2014

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 24,069,052
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation expense	1,207,262
Amortization of Franchise Agreement	2,586,692
Amortization of prepaid expense	282,017
Amortization of prepaid insurance	333,566
Miscellaneous	107,868
Change in assets and liabilities:	
Violations receivables, net	(1,025,641)
Other receivables, net	(10,849)
Other assets	(648,086)
Accounts payable	(203,926)
Due to other governments	(66,635)
Unearned revenue	127,510
Other liabilities	(15,542)
Total adjustments	2,674,236
Net cash provided by operating activities	$ 26,743,288

Noncash capital, financing and investing activities:	
Amortization of bond premium	$ (595,013)
Amortization of bond deferred charges	$ 719,342
Investment earnings	$ 16,051
Activity related to bond refunding directly deposited with trustee:	
2013 Revenue refunding bonds par amount for refunding of Series 2003 bonds	$ 124,415,000
2013 Revenue refunding bonds premium for refunding of Series 2003 bonds	$ 11,161,576
Payment of underwriter's discount	$ 361,767

See accompanying notes to the financial statements.

1. Reporting Entity

On January 3, 2003, the Orange County Transportation Authority (OCTA) purchased from the California Private Transportation Company (CPTC) its interest in a Franchise Agreement for the 91 Express Lanes. See note 5 for further discussion of the service concession arrangement.

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

2. Summary of Significant Accounting Policies

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

Basis of Accounting

The financial statements of the 91 Express Lanes Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, consisting substantially of tolls and fees, are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Toll amounts are collected from customers on a prepaid basis, and unearned tolls are reported as unearned revenue. Toll revenue is recognized when the customers utilize the toll road facility.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the 91 Express Lanes Fund are charges to customers for use of the toll facility. Operating expenses for the 91 Express Lanes Fund include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the 91 Express Lanes Fund's policy to use restricted resources first and then unrestricted resources as they are needed.

Cash and Investments

The 91 Express Lanes Fund participates in OCTA's Commingled Investment Pool. OCTA maintains cash and investments in accordance with the Annual Investment Policy (AIP) adopted initially by OCTA's Board of Directors (Board) on May 8, 1995, and most recently amended on June 10, 2013. The AIP complies with, or is more restrictive than, the California Government Code (Code). At June 30, 2014, the investment portfolios were maintained at MUFG Union Bank, N.A. as custodial bank. OCTA's Commingled Investment Pool is managed by four private sector investment managers. Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Cash from other OCTA revenue sources is commingled for investment purposes in the OCTA Commingled Investment Pool, with investment earnings allocated to the different accounts based on average daily account balances.

Investments in U.S. government and U.S. agency securities, medium-term notes, repurchase agreements, variable and floating rate securities, commercial paper, mortgage and asset-backed securities and corporate notes are carried at fair value based on quoted market prices, except for securities with a remaining maturity of one year or less at purchase date, which are carried at cost. Treasury mutual funds are carried at fair value based on each fund's share price. The Orange County Treasury 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 fair value based on the value of each participating dollar as provided by LAIF.

The AIP 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 instrumentality securities, federal agencies, State of California and local agency obligations, bankers acceptance, commercial paper, negotiable certificates of deposit, repurchase agreements, medium-term maturity corporate securities, money market funds, other mutual funds, mortgage or asset-backed securities, LAIF, OCIP, variable and floating rate securities and bank deposits. Investment agreements are also allowed for bond issues.

All investments are subject to a maximum maturity of five years, unless specific direction to exceed the limit is given by the Board and as permitted by the Code. OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of the AIP.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, OCTA considers all short-term investments with an initial maturity of three months or less to be cash equivalents. All deposits, commercial paper, money market mutual funds, certificates of deposit, and the 91 Express Lanes Fund's share of the OCTA Commingled Investment Pool represent cash and cash equivalents for cash flow purposes.

Restricted Cash and Investments

Investments set aside in the Senior Lien Reserve Fund, Major Maintenance Reserve Fund, and Operating Reserve Fund are pursuant to terms of the 2013 Indenture for the $124,415,000 Toll Road Revenue Refunding Bonds and their use is limited by applicable debt covenants.

Permitted investments per the debt covenants include: government obligations, State of California and local agency obligations, bankers acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, money market funds, other mutual funds, investment agreements, OCIP, and variable and floating rate securities.

Receivables

Violations receivables include an estimate for outstanding unpaid violations that the 91 Express Lanes Fund anticipates to collect. For violations less than 90 days old, the receivable is based on a twelve-month average of violations collected, and is recorded net of an allowance for uncollectible accounts of $584,226 at June 30, 2014. For unpaid violations in excess of 90 days, the receivable is estimated using a 3-year average of violations collected and is recorded net of uncollectible accounts as the majority is not considered probable of collection.

Other receivables include amounts due from other California toll road agencies related to their customers' use of the 91 Express Lanes, as well as amounts owed from customers, net of an allowance for uncollectible accounts of $339,720 at June 30, 2014.

An estimated $3.6 million of violation and customer receivables are not expected to be collected within one year. The 91 Express Lanes utilizes an outside collection agency to assist in the recovery of unpaid customer balances and violations exceeding 90 days.

Other Assets

Other assets include prepaid expenses and refundable deposits.

Capital Assets

Capital assets include construction in progress, improvements, equipment, computer hardware, software, furniture and fixtures, and transponders. Capital assets are defined by the 91 Express Lanes Fund as assets with an initial, individual cost of more than $5,000 and a useful life in excess of one year. It is also the 91 Express Lanes Fund's policy to capitalize transponder purchases, as they are considered a significant class of assets even though individually under $5,000. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized.

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

Capital Asset Type	Useful Life
Improvements	10-30 years
Equipment, furniture and fixtures	3-10 years
Computer hardware and software	3-5 years
Transponders	5 years

Intangible Asset – Toll Facility Franchise

OCTA purchased the interest in the franchise agreement for the toll facility from CPTC on January 3, 2003. The toll facility franchise is amortized over the remaining life of the franchise agreement through December 2065.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. OCTA only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Risk Management

The 91 Express Lanes Fund purchases commercial property insurance including business interruption, earthquake and flood coverage related to the toll facility. Additionally, the 91 Express Lanes Fund participates in OCTA's self-insurance general liability program. Liability claims are resolved by OCTA and are an expense of the 91 Express Lanes Fund.

Net Position

Net position represents the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources and is classified into three categories:

- *Net investment in capital assets* - Reflects net position of the 91 Express Lanes Fund invested in capital assets net of related debt. This net position is not accessible for other purposes.

- *Restricted net position* - Represents net position not accessible for general use, with the use subject to restrictions enforceable by third parties. The statement of net position includes restricted net position for the portion of debt attributable to unspent proceeds, restricted by the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust for debt service, capital, and operating expenses.

- *Unrestricted net position* - Represents net position available for general use.

Use of Estimates

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

New Effective Accounting Pronouncements

In fiscal year 2014, OCTA implemented the following GASB Statements:

GASB Statement No. 66

In March 2012, GASB issued Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement is effective for OCTA's fiscal year ending June 30, 2014. There was no current effect on the financial statements as a result of implementing this statement.

GASB Statement No. 67

In June 2012, GASB issued Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement is effective for OCTA's fiscal year ending June 30, 2014 and does not apply to the 91 Express Lanes.

GASB Statement No. 70

In April 2013, GASB issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. Additionally, this statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This statement is effective for OCTA's fiscal year ending June 30, 2014. There was no current effect on the financial statements as a result of implementing this statement.

3. Cash and Investments

Cash and investments are comprised of the following at June 30, 2014:

Deposits:	
Petty cash	$ 550
Deposits	167,132
Total deposits	167,682
Investments:	
With OCTA Commingled Investment Pool	73,348,187
With trustee	23,805,338
Total investments	97,153,525
Total cash and investments	$ 97,321,207

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

Unrestricted cash and investments	$ 73,508,151
Restricted cash and investments:	
Cash equivalents	23,813,056
Total cash and investments	$ 97,321,207

As of June 30, 2014, the 91 Express Lanes Fund had the following investments:

Investment	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Years)
OCTA Commingled Investment Pool	$ 73,348,187	$ 73,192,935	Discount, 0.075%-6.750%	7/1/14-4/16/19	1.97
Held by trustee:					
Money Market Mutual Funds	946	946	Variable	7/1/14	1 Day
Certificates of Deposit	13,000,000	13,000,000	.07%	7/1/14	1 Day
Commercial Paper	10,804,392	10,804,392	Discount	8/4/14	.10
Total investments	$ 97,153,525	$ 96,998,273			
Portfolio Weighted Average					1.92

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. OCTA maintains a low duration strategy, targeting an estimated average portfolio duration of 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 AIP, amounts restricted for debt service reserves are invested in accordance with the maturity provision of their specific indenture, which may extend beyond five years.

As of June 30, 2014, the 91 Express Lanes Fund participated in OCTA's Commingled Investment Pool which had asset-backed securities totaling $76,133,311 recorded in the pool. The underlying assets are consumer receivables that include credit cards, auto and home loans. The securities have a fixed interest rate and are rated AAA by at least two of the three nationally recognized statistical rating organizations.

As of June 30, 2014, OCTA's Commingled Investment Pool had the following variable rate notes:

Investment	**Fair Value**	**Coupon Multiplier**	**Coupon Reset Date**
American Express	$ 1,017,545	LIBOR + 59 basis points	Quarterly
American Express	542,997	LIBOR + 55 basis points	Quarterly
American Express	1,137,243	LIBOR + 51 basis points	Quarterly
Apple	1,320,528	LIBOR + 5 basis points	Quarterly
Apple	1,090,032	LIBOR + 25 basis points	Quarterly
AT&T	336,428	LIBOR + 91 basis points	Quarterly

Bank of America	765,662	LIBOR + 82 basis points	Quarterly
Bank of America	301,944	LIBOR + 87 basis points	Quarterly
Bank of Nova Scotia	1,106,017	LIBOR + 52 basis points	Quarterly
BNP Paribas	1,294,102	LIBOR + 59 basis points	Quarterly
Bank of Oklahoma	1,123,863	LIBOR + 69 basis points	Quarterly
Branch Banking and Trust	1,000,920	LIBOR + 33 basis points	Quarterly
Cisco Systems	903,573	LIBOR + 28 basis points	Quarterly
Citigroup	630,876	LIBOR + 77 basis points	Quarterly
Citigroup	500,270	LIBOR + 54 basis points	Quarterly
Daimler Finance	1,081,171	LIBOR + 86 basis points	Quarterly
Duke Energy	662,396	LIBOR + 35 basis points	Quarterly
Duke Energy	1,881,015	LIBOR + 20 basis points	Quarterly
General Electric	1,220,987	LIBOR + 65 basis points	Quarterly
Goldman Sachs	1,107,604	LIBOR + 120 basis points	Quarterly
HSBC USA	829,889	LIBOR + 88 basis points	Quarterly
IBM	171,006	LIBOR + 37 basis points	Quarterly
Johnson & Johnson	1,151,116	LIBOR + 7 basis points	Quarterly
JP Morgan Chase	2,068,744	LIBOR + 90 basis points	Quarterly
JP Morgan Chase	431,565	LIBOR + 52 basis points	Quarterly
Medtronic	1,248,013	LIBOR + 9 basis points	Quarterly
Merck & Company	863,010	LIBOR + 36 basis points	Quarterly
National Rural Utilities	330,393	LIBOR + 25 basis points	Quarterly
NBC Universal	1,115,972	LIBOR + 53.7 basis points	Quarterly
PACCAR Financial	232,109	LIBOR + 60 basis points	Quarterly
Prudential Holdings	993,275	LIBOR + 87.5 basis points	Quarterly
Rockwell	1,092,671	LIBOR + 35 basis points	Quarterly
Westpac	840,350	LIBOR + 74 basis points	Quarterly
Total Variable Rate Notes	**$ 30,393,286**		

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 for 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. OCTA's investment 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, 2014, OCTA did not have any deposits or securities exposed to custodial credit risk and there was no securities lending.

Credit Risk

The AIP sets minimum acceptable credit ratings for investments from any of the three nationally recognized rating services: Standard & Poor's Corporation (S & P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch). For an issuer of short-term debt, the rating must be no less than A-1 (S & P), P-1 (Moody's), or F-1 (Fitch), while an issuer of long-term debt must be rated no less than an "A" by two of the three rating services. LAIF and OCTA's Commingled Investment Pool are not rated.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of fair value of the 91 Express Lanes Fund's portfolio at June 30, 2014. (NR means Not Rated):

Investments	S & P	Moody's	Fitch	% of 91 Express Lanes Portfolio
OCTA Commingled Investment Pool	NR	NR	NR	75.50%
Held by trustee:				
Money Market Mutual Funds	AAAm	Aaa	AAA	0.00%
Certificates of Deposit	A-1	P-1	F1	13.38%
Commercial Paper:				
U.S. Bank	A-1	P-1	F1	11.12%
Total				100.00%

Concentration of Credit Risk

At June 30, 2014, OCTA did not exceed the AIP maximum concentrations as stated below:

Issuer/Counter-Party Diversification Guidelines For All Securities Except Federal Agencies, Federal Instrumentalities, Investment Agreements, Repurchase Agreements and 91 Express Lanes Debt

- 5% for any one corporation, bank, local agency, special purpose vehicle or other corporate name for one or more series of securities.

Issuer/Counter-Party Diversification Guidelines For Federal Agencies, Federal Instrumentalities and Repurchase Agreements

- 35% for any one Federal Agency or Federal Instrumentalities.

- 50% for any one repurchase agreement counter-party name if the maturity/term is less than or equal to 7 days.

- 35% for any one repurchase agreement counter-party name if the maturity/term is greater than 7 days.

Issuer/Counter-Party Diversification Guidelines for OCTA's 91 Express Lanes Debt

OCTA can purchase all or a portion of the Orange County Transportation Authority's Toll Road Revenue Refunding Bonds (91 Express Lanes) Series B Bonds maturing December 15, 2030 providing the purchase does not exceed 25% of the Maximum Portfolio and is authorized by the Internal Revenue Service.

The following is a summary of the concentration of credit risk by issuer as a percentage of the fair value of the 91 Express Lanes Fund's portfolio at June 30, 2014:

Issuer	Amount	% of 91 Express Lanes Portfolio
Bank of the West (Certificates of Deposit)	$ 13,000,000	13.38%
U.S. Bank (Commercial Paper)	$ 10,804,392	11.12%

Investment in State Investment Pool

OCTA is a voluntary participant in LAIF which 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 fair value of OCTA's investment in this pool is reported in the accompanying financial statements based upon OCTA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

4. Capital Assets

Capital asset activity for the 91 Express Lanes Fund for the year ended June 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 9,614	$ -	$ 9,614
Total capital assets, not being depreciated	-	9,614	-	9,614
Capital assets, being depreciated:				
Improvements	3,216,883	-	-	3,216,883
Communications equipment	3,021,080	-	-	3,021,080
Computer hardware and software	3,332,085	15,985	(9,614)	3,338,456
Transponders	4,395,922	348,855	(436,846)	4,307,931
Equipment, furniture and fixtures	164,272	-	-	164,272
Total capital assets, being depreciated	14,130,242	364,840	(446,460)	14,048,622
Less accumulated depreciation for:				
Improvements	(1,362,451)	(184,082)	-	(1,546,533)
Communications equipment	(2,938,659)	(82,421)	-	(3,021,080)
Computer hardware and software	(2,404,801)	(498,421)	-	(2,903,222)
Transponders	(3,368,962)	(428,359)	436,846	(3,360,475)
Equipment, furniture and fixtures	(118,789)	(13,979)	-	(132,768)
Total accumulated depreciation	(10,193,662)	(1,207,262)	436,846	(10,964,078)
Total capital assets, being depreciated, net	$ 3,936,580	$ (842,422)	$ (9,614)	$ 3,084,544

5. Service Concession Arrangements – Toll Facility Franchise

On January 3, 2003, OCTA purchased from the California Private Transportation Company (CPTC) its interest in a Franchise Agreement for a toll facility on a 10-mile segment of the Riverside Freeway/State Route (SR) 91 between the Orange/Riverside County line and the Costa Mesa Freeway/SR-55. The purchase was enabled by State Assembly Bill (AB) 1010 (Correa), passed by the California legislature and signed by the governor in September 2002. The legislation provided the authority for OCTA to collect tolls and pay related financing costs until 2030, and eliminated non-compete provisions in the Franchise Agreement for needed improvements on the SR-91. The Franchise Agreement with the State of California's Department of Transportation (Caltrans) had granted CPTC the right to develop and construct the toll facility and to operate it for 35 years under a lease arrangement. Caltrans retains legal title to the real property components of the toll facility.

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

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

Intangible asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Toll facility franchise	$ 205,263,668	$ -	$ -	$ 205,263,668
Less accumulated amortization	(69,462,301)	(2,586,692)	-	(72,048,993)
Total toll facility franchise, net	$ 135,801,367	$ (2,586,692)	$ -	$ 133,214,675

6. Bonds Payable

Taxable Senior Secured Bonds

On January 3, 2003, as part of the purchase agreement, the 91 Express Lanes Fund assumed $135,000,000 of taxable 7.63% Senior Secured Bonds. On November 12, 2003, the taxable bonds were refunded as noted below. As required by the tax-exempt bond indenture, OCTA paid a $26,428,197 Yield Maintenance Premium in connection with the defeasance of the Senior Secured Bonds, which is deferred and amortized over the life of the Series 2003 tax-exempt bonds on the straight line basis.

Toll Road Revenue Refunding Bonds

On November 12, 2003, OCTA issued $195,265,000 in Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003-B-1 and Series 2003-B-2 to refund the $135,000,000 taxable 7.63% Senior Secured Bonds and to reimburse OCTA for a portion of its payment of the costs of acquiring the Toll Road and certain other property and interests associated with the Toll Road. The $95,265,000 Series 2003-A Bonds were issued as fixed rate bonds. The $75,000,000 Series 2003-B-1 Bonds and the $25,000,000 Series 2003-B-2 Bonds (collectively the "Series 2003-B Bonds") were issued as adjustable rate bonds.

On November 24, 2008, OCTA remarketed the $100,000,000 Series 2003-B Bonds, which were purchased by the Orange County Investment Pool (OCIP). In connection with the mandatory tender of the Series 2003-B Bonds required by the Indenture, the interest rate was converted to a Long Term Interest Rate equal to the OCIP Rate. On December 20, 2010, OCTA entered into a new transaction with OCIP for the Series 2003-B Bonds at a 1.55% rate. The Series 2003-B Bonds had a mandatory tender date of August 15, 2013.

On July 30, 2013, OCTA issued $124,415,000 in Senior Lien Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2013 to refund the outstanding Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003-B-1 and Series 2003-B-2. OCTA refunded the outstanding Series 2003-A bonds to reduce its total debt service payments over the life of the bonds and refunded the Series 2003-B-1 and Series 2003-B-2 bonds to address the mandatory tender date of August 15, 2013 for the existing private placement with the OCIP. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,366,861. The transaction resulted in a reduction of debt service payments of $26,916,929 over the next 18 fiscal years and an economic gain (difference between the present values of the debt service payments of the original 2003 and 2013 debt) of $19,271,945. The Series 2013 Bonds were issued as fixed rate bonds. The transaction closed on August 8, 2013.

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

Issuance date	07/30/2013
Closing date	08/08/2013
Original issue amount	$124,415,000
Cash reserve requirements	$23,805,293*
Cash reserve balance	$23,813,056
Interest rate	2%-5%
Maturity	December 2030
Principal payment date	August 15
Balance as of 06/30/14	$124,415,000
Unamortized premium	$10,598,131
Deferred amount on refunding	($11,019,870)

*Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, three reserve funds are maintained with required balances as follows: Senior Lien Reserve Fund $10,805,293; Major Maintenance Reserve Fund $10,000,000; and Operating Reserve Fund $3,000,000. At June 30, 2014, all reserve requirements have been satisfied.

Annual debt service requirements on the tax-exempt bonds as of June 30, 2014, are as follows:

Year ending June 30	Principal	Interest	Total
2015	$ 4,925,000	$ 5,871,475	$ 10,796,475
2016	5,075,000	5,720,725	10,795,725
2017	5,285,000	5,513,525	10,798,525
2018	5,525,000	5,269,700	10,794,700
2019	5,810,000	4,986,325	10,796,325
2020-2024	33,835,000	20,144,750	53,979,750
2025-2029	43,445,000	10,543,250	53,988,250
2030-2031	20,515,000	1,075,638	21,590,638
Total	$124,415,000	$59,125,388	$183,540,388

Changes in Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Tax-exempt bonds	$155,460,000	$124,415,000	$155,460,000	$124,415,000	$4,925,000
Unamortized premium	4,398,429	11,161,576	4,961,874	10,598,131	-
Total long-term liabilities	$159,858,429	$135,576,576	$160,421,874	$135,013,131	$4,925,000

Pledged Revenue

The 91 Express Lanes debt issuance outstanding is repaid and secured by the pledging of certain revenues, as defined in the debt agreement. The amount and term of the remainder of this commitment is indicated in the debt service to maturity table. The purpose for which the proceeds of the debt issuance were utilized is disclosed in the debt description. Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, the 91 Express Lanes Fund will covenant to fix and prescribe toll rates for each type of vehicle and each time of day sufficient to produce adjusted net toll revenues for each fiscal year at least equal to 1.3 times annual debt service on Senior Lien Bonds and Parity Obligations and at least equal to 1.0 times annual debt service on all bonds. Adjusted net toll revenues includes tolls and investment earnings on specified reserve accounts minus operating expenses, excluding depreciation and interest expense.

Pledged revenue for the year ended June 30, 2014, was as follows:

Description of Pledged Revenue	Annual Amount of Net Pledged Revenue	Annual Debt Service Payments	Pledged Revenue Coverage	Required Debt Coverage
91 Express Lanes Net Toll Road Revenue	$28,700,881	$10,742,132	2.67	1.30

7. Commitments and Contingencies

Operator Agreement

In connection with the purchase of the toll facility interest, OCTA entered into an operating agreement with Cofiroute Global Mobility, subsequently Cofiroute USA, LLC (Cofiroute), to provide operating services in the annual amount of $4,994,000 plus inflation for three initial years with two one-year extension options, subject to Board of Directors approval. The agreement was in effect from January 3, 2003 through January 2, 2006. On January 6, 2006, OCTA entered into a second operating agreement with Cofiroute, effective January 3, 2006 through January 2, 2011. The annual amount of the base contract is $5,448,768 plus inflation adjustments after the first year. The agreement carried two two-year extension options through January 2, 2015. On June 27, 2011, the OCTA Board of Directors approved a subsequent amendment to the operating agreement with Cofiroute, which authorizes the addition of two five-year extension options beginning July 1, 2011 through June 30, 2016 for the first extension term and beginning July 1, 2016 through June 30, 2021 as the second extension term. Cofiroute is responsible for the day-to-day operations of the toll facility.

On May 24, 2013 OCTA completed a third-party agreement with Riverside County Transportation Commission (RCTC) and Cofiroute USA for operations of the 91 Express Lanes. This will help ensure streamlined consistent inter-county travel for motorists on the original ten-mile span of the 91 Express Lanes and the new eight miles that will extend into Riverside County.

Purchase Commitments

The 91 Express Lanes has various outstanding contracts. Total purchase commitments at June 30, 2014 were $56,319,660, the most significant is with Cofiroute as previously noted.

Lease Commitments

The 91 Express Lanes Fund is committed under two non-cancelable leases for office space. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended June 30, 2014 were $ 295,769.

Future minimum payments for these leases approximate the following:

For the year ending June 30:	
2015	$ 316,198
2016	323,987
2017	332,033
2018	82,280
2019	20,731
Total	$ 1,075,229

8. Effect of New Pronouncements:

GASB Statement No. 68

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement is effective for OCTA's fiscal year ending June 30, 2015.

GASB Statement No. 69

In January 2013, GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement is effective for OCTA's fiscal year ending June 30, 2015.

GASB Statement No. 71

In November 2013, GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. This statement is effective for OCTA's fiscal year ending June 30, 2015.