2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For fiscal year ended June 30, 2022

OCTA

Orange County Transportation Authority ▪ Orange County, California

2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For fiscal year ended June 30, 2022

Submitted by:
Darrell E. Johnson
Chief Executive Officer

Finance and Administration Division
Andrew Oftelie
Chief Financial Officer

Orange County
Transportation Authority
Orange County, California

OCTA

ORANGE COUNTY TRANSPORTATION AUTHORITY
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

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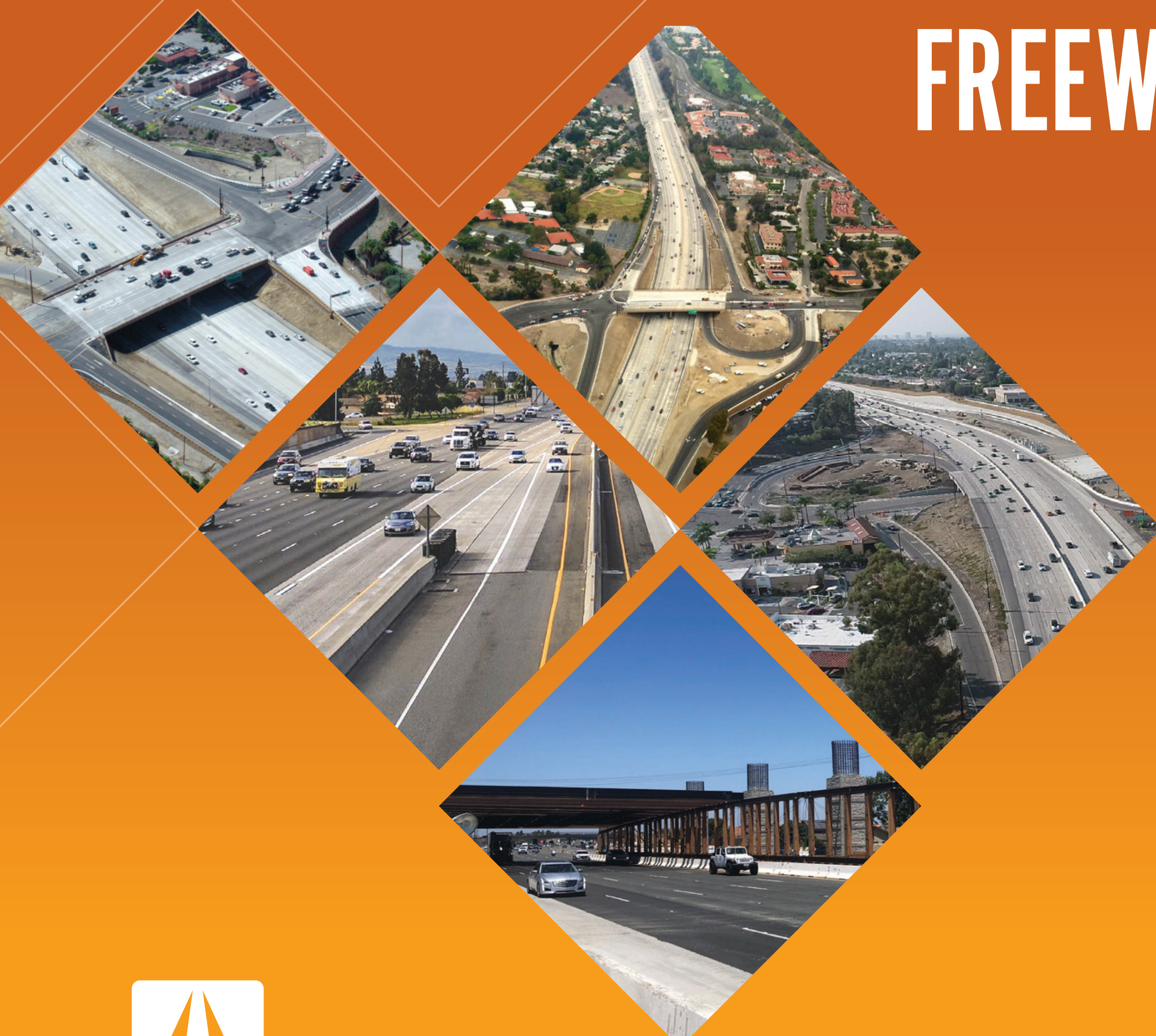
FREEWAYS



OCTA

STREETS AND ROADS

OCTA

AFFILIATED AGENCIES

Orange County Transit District

Local Transportation Authority

Service Authority for Freeway Emergencies

Consolidated Transportation Service Agency

Congestion Management Agency

December 12, 2022

Members of the Board of Directors
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, 2022. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

Crowe, LLP, has audited OCTA's financial statements and issued an unmodified ("clean") opinion thereon for the FY ended June 30, 2022. 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.

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

Profile of OCTA

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

OCTA serves Orange County residents and commuters by providing countywide bus and paratransit service, Metrolink commuter rail service, freeway improvements, streets and roads improvements, 91 Express Lanes (91 EL), and motorist aid services. In addition, OCTA is the managing agency for the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency.

Annually, OCTA develops a balanced budget for the upcoming FY. The budget details the expected sources and uses of funds. The Board adopts the budget before the beginning of each FY. On June 13, 2022, the Board approved the FY 2022-23 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 decreased from June 2021 and was less than the statewide and national rate as of June 2022. The unemployment rate in Orange County was 2.9 percent in June 2022, compared to 6.9 percent in June 2021. Statewide unemployment was 4.2 percent and national unemployment was 3.6 percent as of June 2022.

Between June 2021 and June 2022, the total non-farm employment increased by 78,800 jobs, or 4.9 percent. The most substantial increase in Orange County was in the leisure and hospitality sector adding 37,600 jobs followed by professional and business services sector adding 10,600 jobs. Mining and logging did not have any employment changes over the year.

Residential Sector
After decreasing by 17 percent in FY 2021, total residential permits decreased by 6.5 percent in FY 2022 (single family permits increased by 5.8 percent, and multi-family permits decreased by 17.6 percent). The decrease is due to the high mortgage rates that disqualified many families from getting a mortgage loan, leading to lower demand for housing. Today, a home listed at $75,000 - $1 million is expected to be on the market for an average of 66 days, compared to 23 days a year ago. Single family home prices have decreased from a high of $1,325,000 in April 2022, to $1,265,000 in June 2022, a decrease of $60,000 in two months. Demand is expected to remain weak for the rest of the year, and prices are expected to further decrease.

Sales Tax
OCTA made a strong bounce back in sales tax receipts for FY 2021-22. Sales tax revenues for both Measure M2 (M2) and the Local Transportation Fund (LTF) are anticipated to increase in FY 2022-23 as well. Based on the forecast provided by MuniServices, LLC, sales tax revenue is estimated to increase by 3.9 percent for M2 and 3.5 percent for LTF in FY 2022-23. Other major revenue sources are expectedd to increase as well, such as farebox, State Transit Assistance Funds, 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 2020-21 CBP was approved by the Board at the April 26, 2021, meeting. The CBP is a financially constrained business planning tool providing a 20-year cash flow for each of OCTA's transportation programs and serves as the baseline for developing the annual budget. The CBP details a comprehensive, multimodal approach ensuring the financial viability of each of OCTA's major programs and is developed consistent with the goals of OCTA's Strategic Plan, Long-Range Transportation Plan, and Next 10 Delivery Plan (Next 10 Plan). The FY 2022-23 CBP is scheduled to be presented to the Board in December 2022.

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 on the next page:

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

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

Reserve Policy
OCTA has a Board-adopted Reserve Policy that formalizes OCTA's reserve policies and practices with the goal of keeping programs and projects funded in times of economic uncertainty. This policy was updated in March 2022 to add a long-term operating reserve for the bus program.

Bus Program

Short-Term Operating Reserve (STOR) Policy
OCTA maintains a 60-day STOR for bus operations. This reserve is in place to accommodate normal fluctuations in revenues and expenditures and protects against significant changes in funding or major expense items.

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

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

91 Express Lanes

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

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

Major Initiatives

Orange County voters originally endorsed Measure M (M1), a one-half cent sales tax for transportation improvements, in 1990 with a sunset in 2011. On November 7, 2006, by a margin of 69.7 percent, voters approved the renewal of M2. With the approval of M2, local tax dollars will continue to be invested in Orange County's transportation infrastructure for another 30 years until 2041.

The OCTA Board has continued to advance implementation of M2 through the adoption of a series of delivery plans. These delivery plans are designed to ensure the delivery of projects and programs through 2041 as promised to the voters, bring transportation improvements earlier to residents and commuters of Orange County, and, as appropriate, address slower growth in sales tax revenue projections through strategic financing, and by successfully capturing and augmenting the program with external revenues. To date, there have been three delivery plans. The most recent is the Next 10 Plan, which was initially approved by the Board in 2016. The most recent 2021 update of the Next 10 Plan was approved in December 2021 and spans the FY 2020-21 through FY 2029-30 timeframe.

In FY 2021-22, OCTA continued to move Orange County forward with M2 projects and other notable accomplishments, including:

- In December 2021, the Board approved the 2021 Next 10 Plan, which incorporated the 2021 M2 sales tax revenue forecast of $13.2 billion, updated programmed external revenues, revised bonding assumptions, and refined project schedules and costs. The 2021 update confirmed that the Next 10 Plan and the overall 30-year M2 Program remains deliverable.

- The Measure M2 Taxpayer Oversight Committee determined that OCTA is delivering Measure M2 projects and programs as promised to Orange County voters for the 31st consecutive year.

- Following the approval of the final environmental document and project report for the Interstate 5 (I-5) (Interstate 405 [I-405] to State Route 55 [SR-55]) Improvement Project in early 2020, the project was split into two segments at Yale Avenue. Design efforts began for the northerly segment in May 2021, and the southerly segment began in October 2021. Both segments are anticipated to complete design in 2024.

- Construction on all three segments of the I-5 (State Route 73 to El Toro Road) South County Improvement Project continued and is anticipated to be completed by late 2024.

- Major efforts continued on the SR-55 (I-405 to I-5) Improvement Project to prepare the project for construction. The project was advertised in December 2021, bid opening occurred in March 2022, and the construction contract was awarded in May 2022 and approved in June 2022. Despite concerns regarding the bid results in the current market, the approved contract was 0.8 percent below the engineer's estimate.

- The SR-55 (I-5 to SR-91) Improvement Project prepared for the design phase with the approval of the release for request for proposals for the preparation of plans, specifications, and estimates in September 2021 and award of the contract in February 2022.

- The State Route 57 (SR-57) (Orangewood Avenue to Katella Avenue) Improvement Project also prepared for and initiated the design phase. The contract was awarded in July 2021, with efforts underway as of May 2022.

- Design efforts for all three segments of the SR-91 (SR-57 to SR-55) Improvement Project continued and are anticipated to be completed by 2024.

- Construction on the $2.08 billion I-405 Improvement Project continued. Of the 18 bridges that are being replaced and widened, nine bridges have been completed and the remaining nine are in various stages of construction.

- Reset the interest rate to 1.95 percent on the $629 million federal loan for the I-405 Improvement Project. This first-of-its kind reset will help save an additional $158 million over the life of the loan.

- Issued Bond Anticipation Notes at 0.34 percent in lieu of immediately drawing on the federal loan for the I-405 Improvement Project which will save $24 million over three years.

- The 2022 Regional Capacity Program call for projects (call) approved funding for nine projects totaling $10.2 million. Since 2011, OCTA has awarded 173 projects totaling nearly $350 million, including $24 million in external funding.

- As part of the 2022 Regional Traffic Signal Synchronization Program call, approved funding for five projects totaling $16.2 million. To date, OCTA and local agencies have synchronized more than 2,000 intersections (exceeding the M2 target) along more than 858 miles of streets through 96 corridors totaling $157 million, including $25.5 million in external funding.

- Improvements to the Anaheim Canyon Metrolink Station are underway. Construction is anticipated to be completed in early 2023.

- Construction on the OC Streetcar continues in the cities of Garden Grove and Santa Ana with rail track being laid on the streets and construction of the maintenance and storage facility. Vehicle manufacturing is underway by Siemens Mobility, Inc.

- In FY 2021-22, OCTA allocated more than $13.5 million in M2 funds to expand mobility choices for seniors and persons with disabilities under Project U.

- To better support the Community-Based Transit Circulators in a post-pandemic environment, approved changes to the program in January 2021. Key revisions included modifying minimum performance standards and allowing for escalation in the subsidy per boarding and annual FY funding caps. Out of the 35 projects, 17 are currently active, ten have been cancelled (primarily due to low ridership), five are suspended (or not initiated) due to coronavirus, and three have been completed.

- The 91 EL and M2 programs have maintained strong ratings from the credit rating agencies. The ratings reflect consistent revenues and positive long-term prospects for both programs.

- The 91 EL has successfully distributed smaller sticker transponders that streamline the tolling process and completed a new back-office system installation for more transactional efficiency.

- Approved Environmental Cleanup Program allocations of $2.7 million for ten projects selected through the 2021 Tier 1 call. Since 2011, OCTA has awarded 199 projects totaling approximately $30 million. It is estimated that over 45.3 million gallons of trash have been captured as a result of the installation of Tier 1 devices.

Awards and Acknowledgments

For the 12th 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, 2021. This was the 39th 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, 2022, continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA, expecting it to be eligible for another certificate.

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

Respectfully submitted,

Darrell E. Johnson
Chief Executive Officer

Andrew Oftelie
Chief Financial Officer

ORANGE COUNTY TRANSPORTATION AUTHORITY

ORGANIZATION CHART

Board of Directors

Internal Audit
Janet Sutter
Executive Director

Chief Executive Officer
Darrell E. Johnson

Deputy CEO
Jennifer Bergener

Clerk of the Board
Andrea West (Interim)
Manager

Public Information Office
Joel Zlotnik
Program Manager Sr

Express Lanes Programs
Kirk Avila
General Manager

Functions:
- Express Lanes Programs
- Motorist Services Programs

Security & Emergency Prep
Katrina Faulkner
Manager

Operations
Johnny Dunning
Chief Operating Officer

Functions:
- Bus Operations
- Maintenance
- Scheduling & Bus Operations Support
- Community Transportation Services
- Contracted Services
- LOSSAN
- OC Streetcar
- Rail Operations

Finance and Administration
Andrew Oftelie
Chief Financial Officer

Functions:
- Accounting & Financial Reporting
- Contracts Administration & Materials Management
- Financial Planning & Analysis
- General Services
- Information Systems
- Revenue Administration
- Treasury / Public Finance

Planning
Kia Mortazavi
Executive Director

Functions:
- Measure M2
- Strategic Planning
  - Capital Programming
  - Geographical Information Systems
  - Regional Modeling and Traffic Operations
  - Transportation Planning

Government Relations
Lance Larson
Executive Director

Functions:
- Federal and State Relations
- Grants Compliance & Program Controls
- Regional & Local Government Relations

Capital Programs
Jim Beil
Executive Director

Functions:
- Facilities
- Highway Programs
- Project Controls
- Rail Programs & Facilities Engineering
- Real Property

People & Community Engagement
Maggie McJilton
Executive Director

Functions:
- External Affairs
  - Diversity Outreach
  - Marketing & Customer Engagement
  - Public Outreach
- Health, Safety and Environmental Compliance
- Human Resources
- Learning & Development
- Risk Management

2022 BOARD OF DIRECTORS

Mark A. Murphy
Chairman
City Member, 3rd District

Gene Hernandez
Vice Chairman
City Member, 3rd District

Lisa A. Bartlett
Director
Supervisor, 5th District

Doug Chaffee
Director
Supervisor, 4th District

Barbara Delgleize
Director
City Member, 2nd District

Andrew Do
Director
Supervisor, 1st District

Katrina Foley
Director
Supervisor, 2nd District

Brian Goodell
Director
City Member, 5th District

Patrick Harper
Director
City Member, 2nd District

Michael Hennessey
Director
Public Member

Steve Jones
Director
City Member, 1st District

Fred Jung
Director
City Member, 4th District

Joe Muller
Director
City Member, 5th District

Tam Nguyen
Director
Public Member

Vicente Sarmiento
Director
City Member, 1st District

Donald P. Wagner
Director
Supervisor, 3rd District

No Photo

TBD
Director
City Member, 4th District

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

MANAGEMENT STAFF

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

Kirk Avila	General Manager, Express Lanes Programs
Jim Beil	Executive Director, Capital Programs
Johnny Dunning	Chief Operating Officer, Operations
Katrina Faulkner	Manager, Security & Emergency Preparedness
Lance Larson	Executive Director, Government Relations
Maggie McJilton	Executive Director, People & Community Engagement
Kia Mortazavi	Executive Director, Planning
Andrew Oftelie	Chief Financial Officer, Finance and Administration
Joel Zlotnik	Program Manager Sr, Public Information Office

Sara Belovsky	Section Manager, General Services
Michael Cardoza	Manager, Cyber Security
Robert Davis	Manager, Treasury and Public Finance
Meena Katakia	Manager, Contracts Administration and Material Management
Sam Kaur	Manager, Revenue Administration
Georgia Martinez	Manager, Contracts Administration and Material Management
Sean Murdock	Director, Finance and Administration
Barry Reynolds	Manager, Information Systems & Operations Management
Lloyd Sullivan	Chief Information Officer, Information Systems
Rima Tan	Manager, Accounting and Financial Reporting
Pia Veesapen	Director, Contracts Administration and Materials Management
Victor Velasquez	Manager, Financial Planning and Analysis
Eden Wang	Manager, Project Management & Business Intelligence

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County Transportation Authority

California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CE0

BUS

OCTA

FINANCIAL SECTION

RAIL

OCTA

Crowe

Crowe LLP
Independent Member Crowe Global

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, 2022, 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, 2022, 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 8 to the financial statements, during the year ended June 30, 2022 OCTA adopted new accounting guidance, GASB Statement No. 87, *Leases*. The adoption resulted in recording lease receivable and deferred inflows of resources related to leases and a right-to-use lease asset and lease payable. There was no impact to net position as of July 1, 2021, as a result of adoption.

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 November 16, 2022 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

Crowe LLP

Costa Mesa, California
November 16, 2022

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, 2022. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages iii-xi and OCTA's financial statements that begin on page 18. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- As of June 30, 2022, OCTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $2,073,962 (net position). Of this amount, $808,045 or 39% represents net investment in capital assets; $765,031 or 37% is restricted for specific purposes; and the remaining portion represents unrestricted net position of $500,886 or 24%.

- OCTA's total net position increased $215,962 during fiscal year 2021-22. The increase in net position from governmental activities of $299,733 was primarily due to increased sales tax revenue exceeding the overall expenses resulting from Measure M program. The net position from business-type activities decreased by $83,771 primarily due to increased costs related to continued I-405 Improvement project which was offset by increased user fees and charges revenues from the post-pandemic economic recovery.

- OCTA's governmental funds reported combined ending fund balances of $1,426,281, a increase of $184,196 or 15% compared to fiscal year 2020-21. Approximately 70% 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 increased sales tax revenue due to the economic recovery from COVID-19 pandemic, which offset by decreased interest and investment income.

- Long-term debt increased by $335,286, compared to the prior fiscal year. The increase is primarily attributable to the issuance of 2021 BANs of $662,820 as a short-term financing vehicle during the construction of the I-405 Improvement Project coupled with prepayment of TIFIA Loan.

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.

<u>Government-wide Financial Statements</u>

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.

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

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

The government-wide financial statements include only OCTA and its blended component units and can be found on pages 18-19 of this report.

Fund Financial Statements

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

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

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

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

OCTA adopts an annual budget for all funds. Budgetary comparison schedules have been provided for the General fund and the LTA and LTF special revenue funds as required supplementary information to demonstrate compliance with the annual appropriated budgets. The governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary funds consist of enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. OCTA uses enterprise funds to account for its transit, toll road, and streetcar operations. Internal service funds are an accounting mechanism used to accumulate and allocate costs internally to the departments benefiting from OCTA's risk management activities, which include general liability and workers' compensation. Since these risk management activities predominantly benefit business-type rather than governmental functions, they have been included within business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Orange County Transit District (OCTD), the 91 Express Lanes, and the I-405 Express Lanes which are considered as major enterprise funds of OCTA. Data from the other nonmajor enterprise funds such as OC Streetcar 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 24-30 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-80 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 81-87 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 88-104 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, 2022, OCTA's assets and deferred outflows exceeded liabilities and deferred inflows by $2,073,962.

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 $808,045, compared to $721,357 in fiscal year 2020-21. OCTA's net position reflects its investment in capital assets (i.e., construction in progress; land; buildings and improvements; machinery, equipment and furniture; transit vehicles; intangible assets; and transponders), less any outstanding debt used to acquire these assets. OCTA uses these capital assets to provide transit services to the residents and business community of Orange County. The increase of $86,688 was primarily due to progress of OC Streetcar construction project.

Restricted net position, representing resources subjected to external restrictions on how they may be used, were 37% and 31% of the total net position at June 30, 2022 and 2021, respectively. In fiscal year 2021-22, the restricted net position increased by $188,672 primarily due to the combination of the increase in the restricted net position from governmental activities of $190,689 and the decrease of $2,017 for business-type activities. The increase for governmental activities was contributed by the increased in funds restricted to Transportation program. The decrease for business-type activities was primarily related to the funds restricted for the State of Good Repair program.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. At the end of fiscal year 2021-22, OCTA's unrestricted net position was $500,886, a decrease of $59,398 from the prior fiscal year. The decrease was mainly due to business-type activities related to I-405 Express Lanes construction.

Table 1
Orange County Transportation Authority
Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Current and other assets	$ 1,063,317	$ 861,227	$ 1,088,229	$ 864,920	$ 2,151,546	$ 1,726,147
Restricted assets	536,686	539,967	60,031	42,066	596,717	582,033
Prepaid retirement	12,744	12,877	22,357	22,833	35,101	35,710
Assets held for resale	15,965	10,940	—	—	15,965	10,940
Capital assets, net	529,536	433,782	741,928	638,665	1,271,464	1,072,447
Total assets	**2,158,248**	**1,858,793**	**1,912,545**	**1,568,484**	**4,070,793**	**3,427,277**
Deferred outflows of resources	11,784	14,456	23,390	28,587	35,174	43,043
Current liabilities	145,316	148,261	110,729	81,295	256,045	229,556
Long-term liabilities	719,566	744,417	920,885	569,109	1,640,451	1,313,526
Total liabilities	**864,882**	**892,678**	**1,031,614**	**650,404**	**1,896,496**	**1,543,082**
Deferred inflows of resources	50,199	25,353	85,310	43,885	135,509	69,238
Net position:						
Net investment in capital assets	501,053	433,782	306,992	287,575	808,045	721,357
Restricted	735,780	545,091	29,251	31,268	765,031	576,359
Unrestricted	18,118	(23,655)	482,768	583,939	500,886	560,284
Total net position	**$ 1,254,951**	**$ 955,218**	**$ 819,011**	**$ 902,782**	**$ 2,073,962**	**$ 1,858,000**

OCTA's total revenues increased by 16%, while the total costs of all programs increased by 3%. Major contributing factors for the increase of $162,792 in total revenues are increase of $87,104 in operating/capital grants and contributions, increase of $125,612 in tax revenue, and increase of $37,598 in charge for services resulting from economic recovery, offset by decrease of $85,743 in unrestricted investment income resulting from unfavorable investment performance.

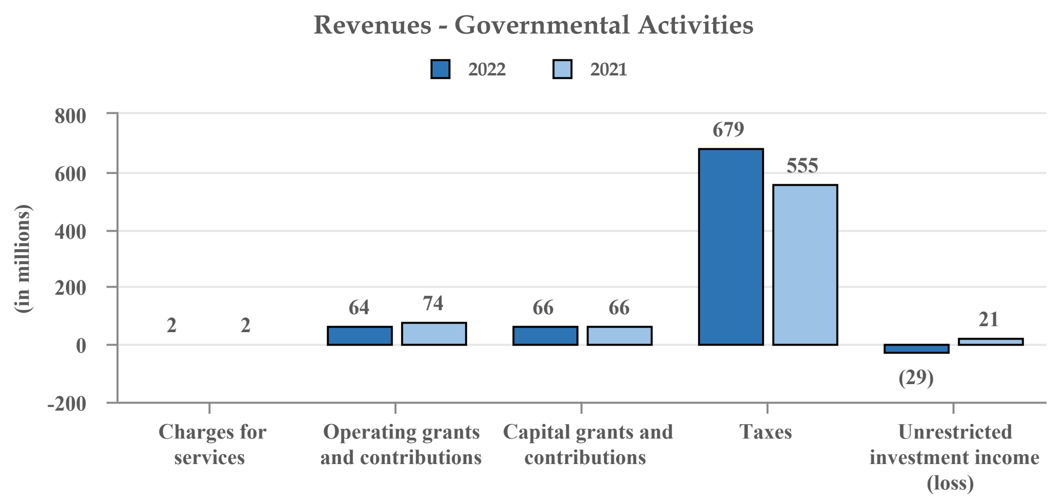
During fiscal year 2021-22, OCTA's total expenses increased $31,422, which resulted mainly from costs related to freeway projects including the I-405 Improvement project under Measure M program and Bus program including fixed route and paratransit services. Approximately 54% of the costs of OCTA's programs were paid by those who directly benefited from the programs or by other governments that subsidized certain programs with grants and contributions. Taxes and investment income financed a significant portion of the programs' net costs. The analysis in Table 2 separately considers the operations of governmental and business-type activities.

Table 2
Orange County Transportation Authority
Changes in Net Position

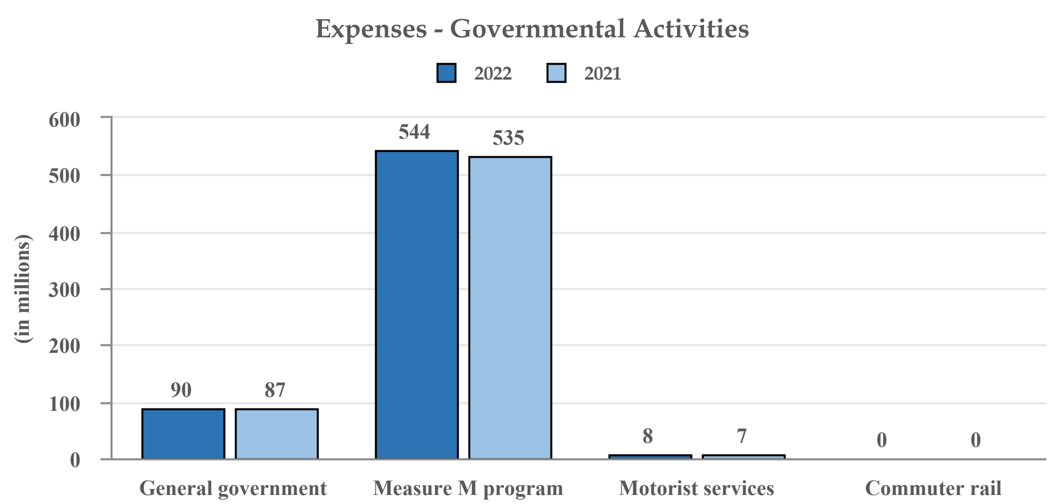
	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Revenues:						
Program revenues:						
Charges for services	$ 2,467	$ 2,262	$ 107,319	$ 69,926	$ 109,786	$ 72,188
Operating grants and contributions	63,978	74,365	258,866	164,819	322,844	239,184
Capital grants and contributions	65,949	65,919	10,568	7,154	76,517	73,073
General revenues:						
Taxes	679,399	554,785	19,646	18,648	699,045	573,433
Unrestricted investment income (loss)	(27,383)	21,334	(32,167)	4,859	(59,550)	26,193
Other miscellaneous revenue	1,360	2,028	6,574	7,685	7,934	9,713
Total revenues	**785,770**	**720,693**	**370,806**	**273,091**	**1,156,576**	**993,784**
Expenses:						
General government	89,924	87,346	—	—	89,924	87,346
Measure M program	543,991	534,584	—	—	543,991	534,584
Motorist services	8,284	7,092	—	—	8,284	7,092
Commuter rail	194	47	—	—	194	47
Fixed route	—	—	179,877	174,441	179,877	174,441
Paratransit	—	—	88,131	75,431	88,131	75,431
Toll road	—	—	30,162	30,137	30,162	30,137
Taxicab administration	—	—	—	86	—	86
Fixed guideway	—	—	51	28	51	28
Total expenses	**642,393**	**629,069**	**298,221**	**280,123**	**940,614**	**909,192**
Indirect expense allocation	(52,347)	(48,485)	52,347	48,485	—	—
Increase (decrease) in net position before transfers	195,724	140,109	20,238	(55,517)	215,962	84,592
Transfers	104,009	(117,292)	(104,009)	117,292	—	—
Change in net position	**299,733**	**22,817**	**(83,771)**	**61,775**	**215,962**	**84,592**
Net position—beginning of year	955,218	932,401	902,782	841,007	1,858,000	1,773,408
Net position—end of year	**$ 1,254,951**	**$ 955,218**	**$ 819,011**	**$ 902,782**	**$ 2,073,962**	**$ 1,858,000**

Governmental Activities

Total revenues for OCTA's governmental activities increased $65,077 primarily due to an increase in sales tax revenue of $124,614 resulting from the economic recovery from the slowdown triggered by COVID-19 pandemic, offset by decrease of $48,717 in unrestricted investment income.

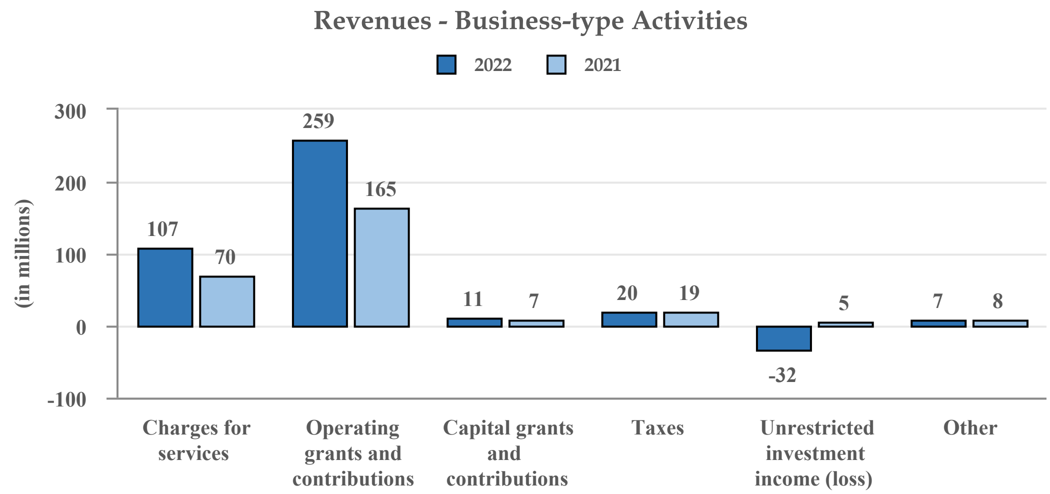


Total expenses for OCTA's governmental activities increased $13,324 primarily due to an increase of $9,407 in Measure M program costs related to freeway projects including the I-405 Improvement project.

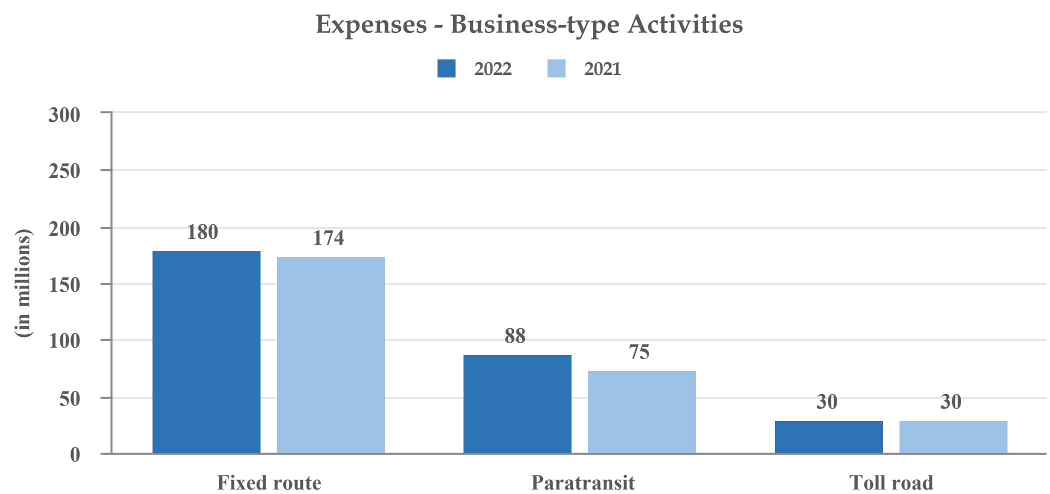


Business-type Activities

Revenues of OCTA's business-type activities increased $97,715 primarily due to an increase of $97,461 in operating/capital grants and contributions relating to transit operations, along with an increase of $37,393 in charge for services resulting from economic recovery, which is offset by a decrease of $37,026 in investment income due to the unfavorable investment performance.



Total expenses related to business-type activities increased $18,098 or 6%, which resulted from an increase in operating expenses related to bus programs including fixed route and paratransit services.



Financial Analysis of OCTA's Funds

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

Governmental funds

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

As of June 30, 2022, OCTA's governmental funds reported combined ending fund balances of $1,426,281, a increase of $184,196 compared to the prior fiscal year. Approximately 95% or $1,355,678 of this amount is restricted, the majority of which relates to the Measure M program. $52,504 represents the portion of fund balance that is not in a spendable form, such as notes receivable, prepaid retirement and advances for projects. $25,759 is assigned for rail operations. The remainder of fund balance of $(7,660) is unassigned.

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

The General fund increased by $6,780, primarily due to the other financing sources related to the land sale of Anaheim Regional Transportation Intermodal Center (ARTIC) project and the contributed resources from LTF fund to support transit operations, and exceeding expenditures over revenues for general government.

The LTA fund decreased by $39,279 or 4%. The decrease is a result of increased costs related to continued I-405 Improvement project which was offset by increased sales tax revenue from the post-pandemic economic recovery. The other contributing factors of the decrease are the declined interest and investment income due to unfavorable market condition as well as continued contribution to the Capital Project fund to support the OC Streetcar project.

The LTF fund increased by $201,042, primarily resulting from the combination of increased sales tax revenue and decreased contribution to OCTD fund for planning, paratransit and operating expenses per provisions of the Transportation Development Act (TDA).

The LTA Debt Service fund increased by $3,780, which is mainly due to Build America Bonds (BAB) subsidy from the Internal Revenue Service offset by transfers back to LTA fund received from the LTA fund in excess of debt service payments.

Proprietary funds

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

The net position of the enterprise funds totaled $789,224 at June 30, 2022 compared to $873,964 at June 30, 2021. Following are the significant changes in net position of OCTA's major proprietary funds:

The OCTD fund net position at June 30, 2022 was $736,440. During fiscal year 2021-22, the total net position increased $39,501, primarily resulting from an increase in operating grants and contributions relating to transit operations, along with an increase in user fees and charge for services resulting from economic recovery.

The 91 Express Lanes fund net position for fiscal year 2021-22 increased $16,407 or 6%. The increase is due mainly to increased user fees and charges.

General Fund Budgetary Highlights

Revenues

The primary sources of revenues for the general fund are from federal, state, and local sources. Actual revenues were $986 less than the final budget of $20,549. This is primarily due to OCTA receiving $5,265 less in contributions from other agencies resulting from lower than anticipated State operating assistance and reimbursement from LOSSAN offset by receiving $3,814 higher than the final budget in allocated investment income. In addition, capital assistance grants were $446 more than the final budget. Most of the grant revenues are associated with active transportation projects such as bikeway and pedestrian facilities projects which were not completed in fiscal year 2021-22 and corresponding grant revenue could not be sought.

Expenditures

Actual expenditures were $17,428 lower than the final budget of $43,264. This is primarily due to a lower than anticipated general fund cost allocation which was required $4,051 less than budgeted based on general fund expenses throughout the fiscal year. This was offset by all the other expenditure categories being lower than budgeted. Salaries and benefits expenses were $3,189 less than the final budget, primarily due to vacancies. Capital outlay underrun by $6,118, which resulted mainly from capital project costs relating to Enterprise Asset Management System Replacement project. Primarily due to timing, the majority of this budget has been carried over in fiscal year 2022-23.

Capital Assets

As of June 30, 2022, OCTA had $1,271,464, net of accumulated depreciation, invested in a broad range of capital assets including: land, buildings, transit vehicles, toll facility franchise, construction in progress, and machinery, equipment and furniture (Table 3).

During fiscal year 2021-22, OCTA's capital assets increased by $199,017. Capital assets related to governmental activities increased by $95,754. This increase is due primarily to the on-going construction activities on the OC Streetcar project. Capital assets related to business-type activities increased by $103,263, which resulted mainly from construction in progress related to the I-405 Express Lanes project.

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

	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Land	$ 172,236	$ 172,236	$ 57,106	$ 57,106	$ 229,342	$ 229,342
Right-of-way improvements	7,300	7,300	—	—	7,300	7,300
Buildings and improvements	694	426	57,889	60,667	58,583	61,093
Transit vehicles	—	—	104,047	99,740	104,047	99,740
Machinery, equipment and furniture	2,778	3,163	18,914	21,258	21,692	24,421
Intangible right-to-use (building)	27,786	—	3,318	—	31,104	—
Intangible right-to-use (equipment)	103	—		—	103	—
Toll facility franchise	—	—	112,522	115,108	112,522	115,108
Construction in progress	318,639	250,657	388,132	284,786	706,771	535,443
Total	**$ 529,536**	**$ 433,782**	**$ 741,928**	**$ 638,665**	**$ 1,271,464**	**$ 1,072,447**

Major capital asset additions during the fiscal year included:

- $87,184 for the I-405 Express Lanes project
- $66,792 for the OC Streetcar project

Major capital asset deletions during the fiscal year included:

- $13,075 for revenue vehicles retirement
- $4,992 SR91 transponder write-off

OCTA has outstanding capital expenditure commitments, the most significant of which are: $389,461 for the I-405 Improvement project, $128,414 for the OC Street project, $138,045 for the I-5 freeway widening construction project, $17,154 for SR91 and I-405 express lane toll collection project, $10,776 for the Anaheim Canyon Metrolink Improvement project, and $18,410 for the SR-55 Widening project.

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, 2022, OCTA had $1,351,505 in long-term debt outstanding compared to $1,016,219 on June 30, 2021, as presented in Table 4. The increase of $335,286 is primarily attributable to the issuance of Bond Anticipation Notes (BAN) of $662,820 offset by the TIFIA loan pay-off of $312,329 as a result of the rate reset of 2017 TIFIA Loan (2021 TIFIA Loan), which occurred on September 9, 2021. OCTA prepaid the amount of funds drawn to date on the 2017

TIFIA Loan, plus accrued interest, totaling $314,000 (Prepayment), to the United States Department of Transportation to close the transaction.

Table 4
Orange County Transportation Authority
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Sales tax revenue bonds	$ 610,170	$ 618,625	$ –	$ –	$ 610,170	$ 618,625
Revenue refunding bonds	–	–	78,515	85,265	78,515	85,265
TIFIA loan	–	–	–	312,329	–	312,329
BAN 2021 Series	–	–	662,820	–	662,820	–
Total	**$ 610,170**	**$ 618,625**	**$ 741,335**	**$ 397,594**	**$ 1,351,505**	**$ 1,016,219**

OCTA's long-term debt is rated by Standard & Poor's, Moody's, and Fitch. As of June 30, 2022, the ratings are as follows:

	Standard & Poor's	Moody's	Fitch
M2 Sales Tax Revenue Bonds	AA+	Aa2	AA+
Toll Road Revenue Refunding Bonds	AA-	A1	A+
TIFIA Loan	n/a	Baa2	n/a
BAN 2021 Series	AA	Aa3	n/a

Additional information on OCTA's long-term debt can be found in note 10 to the financial statements.

Economic and Other Factors

The Board of Directors (Board) adopted the fiscal year 2022-23 budget on June 13, 2022. The $1.65 billion budget was developed in accordance with the goals of the Board and the Chief Executive Officer. This balanced budget is a result of OCTA's ongoing effort to deliver innovative, equitable, and sustainable transportation solutions to Orange County residents and visitors.

As we continue to emerge from the pandemic, OCTA anticipates growth for both local and State sales taxes in the coming year. In fiscal year 2022-23, the growth rate for the Measure M2 (M2) sales tax is forecasted to be 3.9 percent. The growth rate for the Transportation Development Act sales tax, which supports bus operations, is forecasted to be 3.5 percent.

Under the voter-approved M2 Program, improvements to freeways, streets and roads, and transit programs will continue. Included in the M2 Program budget is $385 million to fund freeway improvement projects and $165 million is budgeted to improve streets and roads. The budget also includes $59 million for M2 Transit programs with $38 million for ongoing construction of the OC Streetcar, the county's first modern electric streetcar.

In fiscal year 2022-22, the budget to support the Bus Program is $677 million. The budget includes bus purchases of up to 134, near zero-mission of 40-foot buses, 131 22-foot buses, and ten 22-foot electric buses. as ridership continues to rebound, the budget has the capacity to support bus service levels of up to 1.6 million service hours.

Federal supplemental revenue will continue to provide OCTA the ability to sustain current Metrolink service levels, which include 55 weekday trips and 16 weekend trips within Orange County. And, with employment and economic activity rebounding, usage of the 91 Express Lanes is expected to increase to 19.7 million trips in fiscal year 2022-23.

The fiscal year 2022-23 budget delivers on the Board's Initiatives and demonstrates OCTA's responsibility to the community in providing a balanced and sustainable multimodal transportation network, which keeps the residents of Orange County moving safely.

Contacting OCTA's Management

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2022

(amounts expressed in thousands)	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 827,971	$ 949,432	$ 1,777,403
Receivables:			
Interest	2,004	2,449	4,453
Operating grants	26,793	102,745	129,538
Capital grants	9,143	693	9,836
Other	237	13,334	13,571
Internal balances	(9,209)	9,209	—
Due from other governments	157,112	3,373	160,485
Condemnation deposits	30,853	444	31,297
Lease receivables	481	293	774
Note receivable	9,359	—	9,359
Inventory	—	4,556	4,556
Restricted cash and investments:			
Cash equivalents	—	60,031	60,031
Investments	536,686	—	536,686
Prepaid retirement	12,744	22,357	35,101
Other assets	8,573	1,701	10,274
Assets held for resale	15,965	—	15,965
Capital assets, net:			
Nondepreciable	490,875	445,238	936,113
Depreciable and amortizable	38,661	296,690	335,351
Total Assets	**2,158,248**	**1,912,545**	**4,070,793**
Deferred Outflows of Resources			
Deferred charge on refunding	1,291	5,663	6,954
Deferred outflows - pensions	10,263	17,663	27,926
Deferred outflows - OPEB	230	64	294
Total Deferred Outflows of Resources	**11,784**	**23,390**	**35,174**
Liabilities			
Accounts payable	96,731	72,410	169,141
Accrued payroll and related items	1,967	6,432	8,399
Accrued interest payable	13,033	1,454	14,487
Due to other governments	32,811	3,033	35,844
Unearned revenue	707	27,344	28,051
Other liabilities	67	56	123
Noncurrent liabilities:			
Due within one year	23,845	18,743	42,588
Due in more than one year	687,020	834,911	1,521,931
Total OPEB liability	791	1,717	2,508
Net pension liability	7,910	65,514	73,424
Total Liabilities	864,882	1,031,614	1,896,496
Deferred Inflows of Resources			
Deferred inflows - pensions	49,607	84,755	134,362
Deferred inflows - OPEB	121	280	401
Deferred inflows - leases	471	275	746
Total Deferred Inflows of Resources	50,199	85,310	135,509
Net Position			
Net investment in capital assets	501,053	306,992	808,045
Restricted for:			
Measure M program	309,408	—	309,408
Measure M - Environmental Mitigation Program	19,333	—	19,333
Debt service	24,162	701	24,863
Transportation program	365,524	—	365,524
Pension benefits	17,353	—	17,353
Capital	—	10,648	10,648
Operating reserve	—	3,194	3,194
State of Good Repair Program	—	14,708	14,708
Unrestricted	18,118	482,768	500,886
Total Net Position	**$ 1,254,951**	**$ 819,011**	**$ 2,073,962**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Activities
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
Functions/Programs								
Primary government								
Governmental activities:								
General government	$ 89,924	$ (79,017)	$ 1,094	$ 10,788	$ 65,949	$ 66,924	$ –	$ 66,924
Measure M program	543,991	25,269	1,370	47,180	–	(520,710)	–	(520,710)
Motorist services	8,284	1,378	–	5,968	–	(3,694)	–	(3,694)
Commuter rail	194	23	3	42	–	(172)	–	(172)
Total governmental activities	642,393	(52,347)	2,467	63,978	65,949	(457,652)	–	(457,652)
Business-type activities:								
Fixed route	179,877	47,053	37,647	257,888	10,568	–	79,173	79,173
Paratransit	88,131	–	4,824	–	–	–	(83,307)	(83,307)
Tollroad	30,162	4,429	64,848	978	–	–	31,235	31,235
Fixed guideway	51	865	–	–	–	–	(916)	(916)
Total business-type activities	298,221	52,347	107,319	258,866	10,568	–	26,185	26,185
Total primary government	**$ 940,614**	**$ –**	**$ 109,786**	**$ 322,844**	**$ 76,517**	**(457,652)**	**26,185**	**(431,467)**
General Revenues:								
Property taxes						–	19,646	19,646
Sales taxes						679,399	–	679,399
Unrestricted investment loss						(27,383)	(32,167)	(59,550)
Other miscellaneous revenue						1,360	6,574	7,934
Transfers						104,009	(104,009)	–
Total general revenues and transfers						757,385	(109,956)	647,429
Change in net position						**299,733**	**(83,771)**	**215,962**
Net position - beginning						955,218	902,782	1,858,000
Net position - ending						**$ 1,254,951**	**$ 819,011**	**$ 2,073,962**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Balance Sheet - Governmental Funds
June 30, 2022

(amounts expressed in thousands)	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	$ 53,915	$ 449,105	$ 268,764	$ 24,150	$ 2,410	$ 33,129	$ 831,473
Receivables:							
Interest	(88)	1,691	305	12	2	81	2,003
Operating grants	1,349	25,445	—	—	—	—	26,794
Capital grants	—	—	—	—	9,143	—	9,143
Other	10	222	—	—	—	5	237
Due from other funds	711	2,037	—	—	4,411	—	7,159
Due from other governments	1,101	101,069	39,153	2,126	—	13,663	157,112
Condemnation deposits	—	30,853	—	—	—	—	30,853
Note receivable	5,409	2,392	—	—	—	1,558	9,359
Restricted cash and investments:							
Investments	17,353	519,333	—	—	—	—	536,686
Prepaid retirement	12,744	—	—	—	—	—	12,744
Other assets	204	711	—	—	7,658	—	8,573
Total Assets	**92,708**	**1,132,858**	**308,222**	**26,288**	**23,624**	**48,436**	**1,632,136**
Liabilities and Fund Balances							
Liabilities							
Accounts payable	3,828	73,359	25	—	18,701	818	96,731
Accrued payroll and related items	1,967	—	—	—	—	—	1,967
Compensated absences	61	—	—	—	—	—	61
Due to other funds	—	5,065	378	—	—	12,077	17,520
Due to other governments	22	31,917	234	—	601	37	32,811
Unearned revenue - other	572	135	—	—	—	—	707
Other liabilities	48	17	—	—	—	—	65
Total Liabilities	**6,498**	**110,493**	**637**	**—**	**19,302**	**12,932**	**149,862**
Deferred Inflows of Resources							
Unavailable revenue - grant reimbursements	527	35,384	—	—	4,322	—	40,233
Unavailable revenue - reimbursements from others and other misc revenue	688	6,778	—	2,126	—	1,093	10,685
Unavailable revenue - ARTIC	5,075	—	—	—	—	—	5,075
Total Deferred Inflows of Resources	**6,290**	**42,162**	**—**	**2,126**	**4,322**	**1,093**	**55,993**
Fund Balances							
Nonspendable:							
Note receivable	334	—	—	—	—	—	334
Prepaid retirement	12,744	—	—	—	—	—	12,744
Other assets - deposits, inventory, prepaid amounts	204	31,564	—	—	7,658	—	39,426
Restricted for:							
Transportation programs	23,528	948,639	307,585	—	—	31,118	1,310,870
Motorist services	—	—	—	—	—	3,293	3,293
Debt service	—	—	—	24,162	—	—	24,162
Pension benefits	17,353	—	—	—	—	—	17,353
Assigned to:							
Metrolink/rail operations	25,759	—	—	—	—	—	25,759
Unassigned	(2)	—	—	—	(7,658)	—	(7,660)
Total Fund Balances	**79,920**	**980,203**	**307,585**	**24,162**	**—**	**34,411**	**1,426,281**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 92,708**	**$ 1,132,858**	**$ 308,222**	**$ 26,288**	**$ 23,624**	**$ 48,436**	**$ 1,632,136**

See accompanying notes to the financial statements.

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2022

(amounts expressed in thousands)

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

Total fund balances (page 20)	$	1,426,281
Lease principal payments made and received are not reported in the funds.		(3,503)
Lease receivables related to leases are not financial resources and, therefore are not reported in the funds.		481
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		501,053
Assets held for resale are not current financial resources and, therefore, are not reported in the funds, unless a sales contract is executed prior to the issuance of the financial statements.		15,965
Revenue that was earned but not collected within the availability period has not been recognized in the governmental funds.		55,993
Deferred outflows of resources related to deferred charge on refunding are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		1,291
Deferred outflows of resources related to pensions are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		10,263
Deferred outflows of resources related to OPEB are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		230
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.		1,152
Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds.		(13,033)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(791)
Long-term liabilities related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.		(7,910)
Deferred inflows of resources related to pensions and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.		(49,728)
Deferred inflows of resources related to leases are not due and payable in the current period and, therefore, are not reported in the funds.		(471)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(682,322)
Net position of governmental activities (page 18)	**$**	**1,254,951**

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, 2022

(amounts expressed in thousands)	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Sales taxes	$ —	$ 424,897	$ 215,741	$ —	$ —	$ 38,761	$ 679,399
Transportation improvement fee	—	1,239	—	—	—	6,342	7,581
Vehicle registration fees	—	—	—	—	—	2,896	2,896
Fines	182	—	—	—	—	—	182
Contributions from other agencies	9,128	26,288	—	—	12,881	3,306	51,603
Interest and investment income (loss)	1,525	(29,074)	(4,970)	3,598	—	(675)	(29,596)
Capital assistance grants	1,738	—	—	—	45,237	—	46,975
Miscellaneous	810	1,545	—	—	2	8	2,365
Total Revenues	**13,383**	**424,895**	**210,771**	**3,598**	**58,120**	**50,638**	**761,405**
Expenditures							
Current:							
General government	8,118	80,323	1,849	—	1,957	9,636	101,883
Transportation:							
Contributions to other local agencies	4,315	96,816	2,959	—	—	—	104,090
Capital outlay	1,987	366,242	—	—	67,271	42	435,542
Debt service:							
Principal	—	—	—	8,455	—	—	8,455
Interest	437	—	—	35,371	—	—	35,808
Total Expenditures	**14,857**	**543,381**	**4,808**	**43,826**	**69,228**	**9,678**	**685,778**
Excess (deficiency) of revenues over (under) expenditures	**(1,474)**	**(118,486)**	**205,963**	**(40,228)**	**(11,108)**	**40,960**	**75,627**
Other financing sources (uses)							
Transfers in	4,921	152,465	—	49,706	10,904	—	217,996
Transfers out	—	(74,485)	(4,921)	(5,698)	—	(28,883)	(113,987)
Proceeds from sale of capital assets	3,333	1,227	—	—	—	—	4,560
Total other financing sources (uses)	**8,254**	**79,207**	**(4,921)**	**44,008**	**10,904**	**(28,883)**	**108,569**
Net change in fund balances	**6,780**	**(39,279)**	**201,042**	**3,780**	**(204)**	**12,077**	**184,196**
Fund balances - beginning	73,140	1,019,482	106,543	20,382	204	22,334	1,242,085
Fund balances - ending	**$ 79,920**	**$ 980,203**	**$ 307,585**	**$ 24,162**	**$ —**	**$ 34,411**	**$ 1,426,281**

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, 2022

(amounts expressed in thousands)

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

Net change in fund balances - total governmental funds (page 22)	$	184,196
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense, or allocated to the appropriate functional expense when the cost does not meet the capitalization criteria based on the ownership of the assets . This is the amount by which capital outlays exceeded depreciation in the current period.		63,592
The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, and donations) is to increase net position.		2,225
Donations and/or sales related to land held for resale are not reported as revenues in governmental funds, unless a sales contract is executed prior to the issuance of the financial statements. However, they are included in the Statement of Activities.		(200)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds, but are reported as deferred inflows of resources.		23,086
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		11,695
The rent holiday related to the administrative headquarters building does not require the use of current financial resources, and therefore, is not reported as an expenditure in governmental funds.		220
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		14,585
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.		334
Change in net position of governmental activities (page 19)	**$**	**299,733**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Net Position
Proprietary Funds
June 30, 2022

(amounts expressed in thousands)	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor-OC Streetcar	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Cash and investments	$ 542,434	$ 227,302	$ 130,315	$ –	$ 900,051	$ 49,381
Receivables:						
Interest	1,882	395	–	–	2,277	174
Operating grants	102,745	–	–	–	102,745	–
Capital grants	693	–	–	–	693	–
Violations, net	–	1,967	–	–	1,967	–
Farebox	162	–	–	–	162	–
Other	2,313	1,520	–	–	3,833	471
Due from other funds	12,530	–	–	–	12,530	–
Due from other governments	2,598	775	–	–	3,373	–
Condemnation deposits	–	–	444	–	444	–
Lease receivables	131	–	–	–	131	–
Inventory	4,556	–	–	–	4,556	–
Prepaid retirement	22,357	–	–	–	22,357	–
Other assets	55	336	–	–	391	1,311
Total current assets	692,456	232,295	130,759	–	1,055,510	51,337
Noncurrent assets:						
Restricted cash and investments:						
Cash equivalents	14,708	25,342	19,982	–	60,032	–
Long-term violation receivables, net	–	6,903	–	–	6,903	–
Lease receivables	162	–	–	–	162	–
Capital assets, net:						
Nondepreciable	71,758	9,441	364,039	–	445,238	–
Depreciable and amortizable	178,926	117,761	4	–	296,691	–
Total noncurrent assets	265,554	159,447	384,025	–	809,026	–
Total Assets	**958,010**	**391,742**	**514,784**	**–**	**1,864,536**	**51,337**
Deferred Outflows of Resources						
Deferred charge on refunding	–	5,663	–	–	5,663	–
Deferred outflows - pensions	17,663	–	–	–	17,663	–
Deferred outflows - OPEB	64	–	–	–	64	–
Total Deferred Outflows of Resources	**17,727**	**5,663**	**–**	**–**	**23,390**	**–**

ORANGE COUNTY TRANSPORTATION AUTHORITY

Statement of Net Position
Proprietary Funds, Continued
June 30, 2022

(amounts expressed in thousands)	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor-OC Streetcar	Total Enterprise Funds	Internal Service Funds
Liabilities						
Current liabilities:						
Accounts payable	$ 50,118	$ 8,919	$ 12,337	$ —	$ 71,374	$ 1,036
Accrued payroll and related items	6,432	—	—	—	6,432	—
Accrued interest	—	1,454	—	—	1,454	—
Due to other funds	133	2,037	—	—	2,170	—
Claims payable	—	—	—	—	—	3,575
Due to other governments	1,302	994	737	—	3,033	—
Unearned revenue	20,071	7,268	5	—	27,344	—
Other liabilities	2	54	—	—	56	—
Current portion of long-term liabilities	7,592	7,095	—	—	14,687	—
Lease liabilities	—	350	—	—	350	
Total current liabilities	85,650	28,171	13,079	—	126,900	4,611
Noncurrent liabilities:						
Claims payable	—	—	—	—	—	15,782
Total OPEB liability	1,717	—	—	—	1,717	—
Net pension liability	65,514	—	—	—	65,514	—
Other long-term liabilities	1,106	76,867	738,244	—	816,217	—
Lease liabilities	—	3,044	—	—	3,044	—
Total noncurrent liabilities	68,337	79,911	738,244	—	886,492	15,782
Total Liabilities	**153,987**	**108,082**	**751,323**	**—**	**1,013,392**	**20,393**
Deferred Inflows of Resources						
Deferred inflows - pensions	84,755	—	—	—	84,755	—
Deferred inflows - OPEB	280	—	—	—	280	—
Deferred inflows - leases	275	—	—	—	275	—
Total Deferred Inflows of Resources	**85,310**	**—**	**—**	**—**	**85,310**	**—**
Net Position						
Net investment in capital assets	250,684	56,308	—	—	306,992	—
Restricted for:						
Debt service	—	701	—	—	701	—
Capital	—	10,648	—	—	10,648	—
Operating reserves	—	3,194	—	—	3,194	—
State of Good Repair Program	14,708	—	—	—	14,708	—
Unrestricted	471,048	218,472	(236,539)	—	452,981	30,944
Total Net Position	**$ 736,440**	**$ 289,323**	**$ (236,539)**	**$ —**	**$ 789,224**	**$ 30,944**

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, 2022

(amounts expressed in thousands)

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

Total net position (page 25)	$	789,224
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.		29,787
Net position of business-type activities (page 18)	**$**	**819,011**

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, 2022

(amounts expressed in thousands)	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor-OC Streetcar	Total Enterprise Funds	Internal Service Funds
Operating revenues:						
User fees and charges	$ 27,670	$ 61,135	$ –	$ –	$ 88,805	$ –
Charges for services	–	–	–	–	–	15,791
Total operating revenues	**27,670**	**61,135**	**–**	**–**	**88,805**	**15,791**
Operating expenses:						
Wages, salaries and benefits	92,784	–	–	–	92,784	–
Maintenance, parts and fuel	22,644	–	–	–	22,644	–
Purchased services	77,397	6,149	–	–	83,546	–
Administrative services	46,778	3,003	1,427	865	52,073	275
Other	9,939	51	1,130	–	11,120	295
Insurance claims and premiums	18	470	–	–	488	10,968
Professional services	21,997	6,807	503	50	29,357	1,461
General and administrative	4,054	288	50	–	4,392	–
Depreciation and amortization	29,736	3,639	6	–	33,381	–
Total operating expenses	**305,347**	**20,407**	**3,116**	**915**	**329,785**	**12,999**
Operating income (loss)	**(277,677)**	**40,728**	**(3,116)**	**(915)**	**(240,980)**	**2,792**
Nonoperating revenues (expenses):						
State transit assistance	960	–	–	–	960	–
Federal operating assistance grants	254,719	–	–	–	254,719	–
Property taxes allocated by the County of Orange	19,646	–	–	–	19,646	–
Investment loss	(21,849)	(7,194)	(1,523)	–	(30,566)	(1,601)
Interest expense	–	(4,012)	(3,344)	–	(7,356)	–
Other	11,293	986	–	–	12,279	112
Total nonoperating revenues (expenses)	**264,769**	**(10,220)**	**(4,867)**	**–**	**249,682**	**(1,489)**
Income (loss) before contributions and transfers	**(12,908)**	**30,508**	**(7,983)**	**(915)**	**8,702**	**1,303**
Capital contributions	10,566	–	–	–	10,566	–
Transfers in	42,225	–	–	915	43,140	–
Transfers out	(382)	(14,101)	(132,665)	–	(147,148)	–
Change in net position	**39,501**	**16,407**	**(140,648)**	**–**	**(84,740)**	**1,303**
Total net position - beginning	696,939	272,916	(95,891)	–	873,964	29,641
Total net position - ending	**$ 736,440**	**$ 289,323**	**$ (236,539)**	**$ –**	**$ 789,224**	**$ 30,944**

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, 2022

(amounts expressed in thousands)

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

Net change in fund net position - total enterprise funds (page 27)	$	(84,740)
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.		969
Change in net position of business-type activities (page 19)	**$**	**(83,771)**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

(amounts expressed in thousands)	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor- OC Streetcar	Totals	Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	$ 28,571	$ 62,179	$ –	$ –	$ 90,750	$ –
Receipts from interfund services provided	–	–	–	–	–	15,748
Payments to suppliers	(104,633)	(14,509)	(1,549)	(50)	(120,741)	(1,067)
Payments to claimants	–	–	–	–	–	(10,491)
Payments to employees	(117,012)	–	–	–	(117,012)	–
Payments for interfund services used	(54,119)	(3,003)	(1,427)	(865)	(59,414)	(275)
Advertising revenue received	2,652	–	–	–	2,652	–
Miscellaneous revenue received	7,634	986	5	–	8,625	115
Net cash provided by (used for) operating activities	**(236,907)**	**45,653**	**(2,971)**	**(915)**	**(195,140)**	**4,030**
Cash flows from noncapital financing activities:						
Operating assistance grants received	161,539	–	–	–	161,539	–
Property taxes received	19,583	–	–	–	19,583	–
Reimbursement to other governments	–	(322)	–	–	(322)	–
State transit assistance funds received	925	–	–	–	925	–
Transfers from other funds	38,474	–	357	915	39,746	–
Transfers to other funds	(375)	(16,073)	(183,515)	–	(199,963)	–
Net cash provided by (used for) noncapital financing activities	**220,146**	**(16,395)**	**(183,158)**	**915**	**21,508**	**–**
Cash flows from capital and related financing activities:						
Capital grants for acquisition and construction of capital assets	22,528	–	–	–	22,528	–
Receipts for condemnation deposits related to capital	–	–	2,562	–	2,562	–
Proceeds from issuance of long term debt	–	–	753,608	–	753,608	–
Principal payment on long-term debt	–	(6,750)	(314,000)	–	(320,750)	–
Interest paid on long-term debt	–	(4,113)	(17,037)	–	(21,150)	–
Acquisition and construction of capital assets	(41,069)	(2,487)	(87,184)	–	(130,740)	–
Net cash provided by (used for) capital and related financing activities	**(18,541)**	**(13,350)**	**337,949**	**–**	**306,058**	**–**
Cash flows from investing activities:						
Investment loss	(22,147)	(7,253)	(1,523)	–	(30,923)	(1,615)
Net cash used by investing activities	**(22,147)**	**(7,253)**	**(1,523)**	**–**	**(30,923)**	**(1,615)**
Net increase (decrease) in cash and cash equivalents	**(57,449)**	**8,655**	**150,297**	**–**	**101,503**	**2,415**
Cash and cash equivalents at beginning of year	614,591	243,989	–	–	858,580	46,966
Cash and cash equivalents at end of year	**$ 557,142**	**$ 252,644**	**$ 150,297**	**$ –**	**$ 960,083**	**$ 49,381**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds, Continued
For the Year Ended June 30, 2022

(amounts expressed in thousands)	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor-OC Streetcar	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ (277,677)	$ 40,728	$ (3,116)	$ (915)	$ (240,980)	$ 2,792
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	29,737	1,051	6	–	30,794	–
Amortization of franchise agreement	–	2,587	–	–	2,587	–
Advertising revenue	3,231	–	–	–	3,231	–
Miscellaneous	8,043	986	5	–	9,034	–
Insurance recoveries	–	–	–	–	–	113
Change in assets and liabilities:						
Receivables	(1,452)	(624)	–	–	(2,076)	3
Due from other governments	1,243	–	–	–	1,243	2
Inventory	(233)	–	–	–	(233)	–
Prepaid retirement	476	–	–	–	476	–
Other assets	135	(14)	–	–	121	(43)
Deferred outflows of resources related to pensions	4,445	–	–	–	4,445	–
Deferred outflows of resources related to OPEB	82	–	–	–	82	–
Accounts payable	24,292	(1,007)	134	–	23,419	394
Accrued payroll and related items	533	–	–	–	533	–
Compensated absences	(66)	–	–	–	(66)	–
Claims payable	–	–	–	–	–	769
Due to other governments	(4)	278	–	–	274	–
Unearned revenue	–	1,654	–	–	1,654	–
Other liabilities	–	14	–	–	14	–
Total OPEB liability	62	–	–	–	62	–
Net pension liability	(70,904)	–	–	–	(70,904)	–
Deferred inflows of resources related to pensions	41,259	–	–	–	41,259	–
Deferred inflows of resources related to OPEB	(109)	–	–	–	(109)	–
Total adjustments	40,770	4,925	145	–	45,840	1,238
Net cash provided by (used for) operating activities	**$ (236,907)**	**$ 45,653**	**$ (2,971)**	**$ (915)**	**$ (195,140)**	**$ 4,030**
Reconciliation of cash and cash equivalents to statement of net position:						
Cash and investments	$ 542,434	$ 227,302	$ 130,315	$ –	$ 900,051	$ 49,381
Restricted cash and cash equivalents	14,708	25,342	19,982	–	60,032	–
Total cash and cash equivalents	**$ 557,142**	**$ 252,644**	**$ 150,297**	**$ –**	**$ 960,083**	**$ 49,381**
Noncash capital, financing and investing activities:						
Investment loss	$ 245	$ 41	$ –	$ –	$ 286	$ 10
Amortization of bond premium	–	(644)	–	–	(644)	–
Amortization of deferred amount on refunding	–	670	–	–	670	–
Accreted interest on TIFIA loan	–	–	(1,673)	–	(1,673)	–
Capital assets accrued in accounts payable	–	–	11,487	–	11,487	–

See accompanying notes to the financial statements.

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 primarily funded by the Local Transportation Fund (LTF), which is derived from a one-quarter cent of the general sales tax collected statewide. The Board also serves as the Board of Directors for OCTD. Management of OCTA is responsible for the operations of OCTD. Separate financial statements are not issued for OCTD.

There are many other governmental agencies, including the County of Orange (County), providing service within the area served by OCTA. These other governmental agencies have independently elected governing boards and are, therefore, not under the direction of OCTA. Financial information for these agencies is not included in the accompanying financial statements.

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

Basis of Presentation

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

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, 2022, interest expense of $32,568 and $7,356, was included in Measure M and toll road program costs, respectively. Program revenues include: charges to customers or applicants who purchase, use, directly benefit from services or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Sales taxes and other revenues are not reported as program revenues and instead, are reported as general revenues.

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

OCTA reports the following major governmental funds:

- ***General Fund*** – This fund is the general operating fund of OCTA. It is used to account for the financial resources of the general government as well as the transit operations of OCTA, except for those required to be accounted for in another fund. Due to the implementation of GASB Statement No. 84 in fiscal year 2020-21, the Additional Retiree Benefit Account (ARBA) fund and the Scholarship fund are reported as part of the General Fund for fiscal year 2020-21. These two funds were previously reported as fiduciary funds.

- ***Local Transportation Authority (LTA) Fund*** – This special revenue fund accounts for revenues received and expenditures made and is restricted for the implementation of the Orange County Traffic Improvement and Growth Management Plan (Measure M). Funding is provided by a one-half percent sales and use tax assessed for twenty years pursuant to Measure M, which became effective April 1, 1991, and more recently was renewed for an additional 30 years from April 1, 2011 to March 31, 2041. The Measure M ordinance, as approved in an election by the voters of Orange County, requires that sales tax revenues only be expended on projects included in the ordinance.

- ***Local Transportation Fund (LTF)*** – This special revenue fund accounts for revenues received and expenditures made and is restricted for use on certain transit projects within Orange County. Funding is generated from a one-quarter percent state sales and use tax pursuant to the California Transportation Development Act (TDA). Expenditures of these monies must be made in accordance with TDA provisions.

- ***LTA Debt Service Fund*** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the LTA.

- ***General Capital Project Fund*** – This fund is used to account for transportation capital projects.

OCTA reports the following major enterprise funds:

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

- ***91 Express Lanes Fund*** – This fund accounts for the operations of the 91 Express Lanes. The primary source of funding for the operations is toll revenues and related fees.

- ***I-405 Express Lanes Fund*** – This fund accounts for the construction of the I-405 Express Lanes. The primary sources of funding during the construction phase was the TIFIA Loan, refunded by BAN 2021 Series. After construction, this fund will account for the operations of the I-405 Express Lanes and the primary source of funding for the operations will be toll revenues and related fees.

Additionally, OCTA reports the following fund types:

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

Measurement Focus and Basis of Accounting

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

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

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

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

Cash and Investments

OCTA maintains cash and investments in accordance with the Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended on July 1, 2022. 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, 2022, 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 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 Express Lanes that OCTA anticipates to collect. For violations less than 90 days old, the receivable is based on a 12-month average of violations collected during that time and is recorded net of an allowance for uncollectible accounts of $4,927. For those violations in excess of 90 days, the receivable is estimated using a four-year average of violations collected and is recorded net, as the majority is not considered probable of collection. Additionally, the 91 Express Lanes records a receivable for amounts owed from customers, net of an allowance of $211. Approximately $6,903 of the 91 Express Lanes violations and customer receivables are not expected to be collected within one year.

Interfund Transactions

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

As a centralized transportation planning and administration agency, OCTA allocates costs related to administrative services from certain funds to benefiting funds. For the 2021-22 fiscal year, $80,693 of administrative services were charged to other OCTA funds from the general fund. These charges for services are reported as general government expenditures in governmental fund types and as administrative services expenses in the proprietary fund types.

Internal service funds are utilized by OCTA to account for risk management activities in the areas of general liability and workers' compensation. Charges for risk management services are reported as general government expenditures in the governmental funds receiving the services and as wages, salaries and benefits or other operating expenses in the proprietary funds. The risk management internal service funds charged $15,791 to OCTA's operating funds.

Inventory

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

Prepaid Retirement

Orange County Employee Retirement System (OCERS) provides a 5.80% discount to employers for early payment of employer contributions. OCTA elected to prepay employer contributions for fiscal year 2022-23 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 perspective).

Restricted Cash and Investments

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

In addition, OCTA has restricted investments held by the California Community foundation (CCF). The amount invested in the CCF investment pool is a restricted asset as approved for funding by the OCTA Board of Directors in October of 2014. The CCF is headquartered in Los Angeles, California. CCF is a community foundation and holds a 501 (c) 3 status, which meets California State Government Code requirements for community foundations. Legislation providing for OCTA to use a qualified organization to hold and manage the endowment is provided in Government Code §§65965-65968. An investment committee is responsible for oversight of the foundation's investment pools. The Endowment Pool is a diversified pool invested for long-term growth and appreciation while providing a relatively predictable stream of distributions that keeps the pace with inflation over time. The pool includes a mix of asset classes including equities, fixed income, hedge funds, real assets and venture capital. The target asset allocation is approximately 50% public equity, 20% fixed income, 15% hedge funds, 10% real assets and 5% private equity & venture capital.

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

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

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

Assets Held for Resale

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

Capital Assets

Capital assets include land, construction in progress, buildings and improvements, machinery, equipment and furniture, transit vehicles, toll facility franchise, transponders, and intangible right to use lease 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.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the donation date. OCTA also records the value of intangible right to use assets based on the underlying leased asset in accordance with GASB Statement No. 87, Leases. The right to use intangible asset is amortized each year for the shorter of lease term or useful life of of asset.

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

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

Buildings, machinery, equipment and furniture, vehicles, transponders, and intangible right-to-use assets are depreciated using the straight line method over the following estimated useful lives:

Asset Type	Useful Life
Buildings and improvements	10-30 years
Machinery, equipment and furniture	3-10 years
Transit vehicles	3-18 years
Transponders	5-7 years
Intangible right-to-use (building)	30 years
Intangible right-to-use (equipment)	3 years

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

Leases

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

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 its useful life.

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

OCTA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: OCTA is a lessor for a noncancellable lease of land. OCTA recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

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

Compensated Absences

Vacation hours accumulated and not taken are accrued at fiscal year-end, and a liability is reported in the government-wide and proprietary fund financial statements.

Sick leave is recorded as an expenditure or expense when taken by the employee. Annually, all administrative, maintenance, and Transportation Communication International Union employees may elect to be paid for sick leave accumulated in excess of 120 hours. Coach operators, on the other hand, may elect to be paid for sick leave accumulated in excess of 80 hours twice a year.

Upon termination, an employee with over 10 years of service is paid any earned but unused sick leave up to a ceiling determined by the employee's applicable union agreement or the personnel and salary resolution. Sick leave is accrued at year-end using the vesting method, and a liability is reported in the government-wide and proprietary fund financial statements.

A liability for vacation and sick leave is reported in the governmental funds as a result of employee terminations.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the financial statements will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 revenues from multiple sources for grant reimbursements and a note receivable with the City of Anaheim for ARTIC. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, OCTA has three deferred inflow of resources reported in the government-wide statement of net position. These items are the deferred inflows related to leases, which represent value of the lease receivables plus any payments received at or before the commencement of the lease term that relate to future periods; 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 12 for information related to amortization of the deferred outflows/inflows of resources related to pensions and note 13 for the amortization of the deferred outflows/inflows related to OPEB.

Pension

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

Other Postemployment Benefits (OPEB)

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

Long-Term Debt

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

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

Risk Management

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

Property Taxes

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

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

Contributions to Other Agencies

Contributions to other agencies primarily represent sales tax revenues received by LTA and disbursed to cities for competitive projects, the local fair share, the senior mobility program, and to other outside agencies for projects which are in accordance with the Measure M ordinance. Additionally, contributions are made to Southern California Regional Rail Authority (SCRRA) by LTA.

Net Position

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

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

- ***Restricted Net Position*** – This balance represents net position that is not accessible for general use because their use is subject to restrictions enforceable by third parties. The government-wide statement of net position reports $765,031 of net position restricted by enabling legislation for Measure M program, debt service, transportation programs, pension benefits, capital, operating reserve, and State of Good Repair Program.

- ***Unrestricted Net Position*** – This balance represents net position that is available for general use.

Fund Balance Classifications

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

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

- ***Nonspendable*** – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

- ***Restricted*** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

- ***Committed*** – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board, as the highest level of decision making authority, has the ability to commit fund balances through the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the Board removes or modifies the use through the adoption of a subsequent resolution.

- ***Assigned*** – amounts that are constrained by OCTA's intent to be used for specific purposes and that do not meet the criteria to be classified as restricted or committed. This classification also includes residual amounts in governmental funds, other than the General Fund. The Board establishes and modifies assignments of fund balances through the adoption of the budget and subsequent budget amendments. The Board retains the authority to assign fund balances.

- ***Unassigned*** – this classification includes the residual fund balances for the General Fund. It also includes the negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

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

Use of Estimates

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

One element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds." The details of this $501,053 difference are as follows:

Capital assets	$	542,770
Less accumulated depreciation		(13,234)
Less lease liabilities		(28,483)
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	**$**	**501,053**

Another element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds." The details of this $(682,322) difference are as follows:

Bonds payable	$	(610,170)
Plus unamortized bond issuance premium (to be amortized to interest expense)		(58,815)
Administrative headquarters' rent holiday		(4,655)
Compensated absences		(8,682)
Net adjustment to decrease fund balance – total governmental funds to arrive at net position – governmental activities	**$**	**(682,322)**

Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position - governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense, or allocated to the appropriate functional expense when the cost does not meet the capitalization criteria based on the ownership of the assets." The details of this $31,400 difference are as follows:

Capital outlay	$	36,838
Depreciation expense		(5,438)
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities	**$**	**31,400**

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities." The details of this $11,695 difference are as follows:

Principal repayments	$	8,455
Change in accrued interest		157
Amortization of premium/deferred charge on refunding		3,083
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities	**$**	**11,695**

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2022:

Cash:	
Deposits	$ 115,073
Petty Cash	7
Total Cash	**115,080**
Investments:	
With Orange County Treasurer	17,025
With LAIF	20,876
With Trustee	295,014
With Custodian	1,906,793
With CA Community Foundation (CCF)	19,333
Total Investments	**2,259,041**
Total Cash and Investments	**$ 2,374,121**

Total cash and investments are reported in the following funds:

Unrestricted Cash and Investments:	
Governmental Funds	$ 827,971
Proprietary Funds:	
Enterprise Funds	900,051
Internal Service Funds	49,381
Restricted Cash and Investments:	
Governmental Funds	536,686
Proprietary Funds:	
Enterprise Funds	60,032
Total Cash and Investments	**$ 2,374,121**

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

As of June 30, 2022, OCTA had the following investments along with weighted average maturity (WAM) information:

Investment		Fair Value	Interest Rate Range (Rounded)	Maturity Range	WAM (Years)
Orange County Investment Pool*	$	17,025	0.540% - 0.802%	1 day - 5 years	0.773
Local Agency Investment Fund*		20,876	0.262% - 0.861%	291 - 311 days	0.852
U. S. Treasuries		814,123	0.125% - 3.000%	12/31/22 – 11/15/25	1.937
U. S. Agency Notes		259,437	0.125% - 4.000%	01/19/23 - 02/12/26	1.396
Medium Term Notes		325,380	0.350% - 4.200%	09/26/22 - 03/30/26	1.981
Variable Rate Notes		101,811	0.423% - 4.119%	11/03/23 - 11/04/26	2.529
Mortgage & Asset Backed Securities		258,463	0.260% - 6.000%	07/25/22 - 05/17/27	2.944
Money Market Funds *		281,347	0.990% - 1.370%	06/30/22 - 7/01/22	0.001
Municipal Debt		96,327	0.319% - 4.250%	07/01/22 - 05/01/26	1.314
Commercial Paper *		31,480	0.000%	07/01/22 - 08/11/22	0.044
Negotiable CD*		7,260	0.190% - 0.590%	07/28/22 - 03/17/23	0.343
CCF Investment Fund		19,333	N/A	N/A	N/A
Supranational		26,179	0.125% - 2.500%	04/20/23 - 09/23/24	1.680
Total Investments	**$**	**2,259,041**			
Portfolio Weighted					**1.672**

* Money market funds, commercial paper, negotiable CD, OCIP, and LAIF are measured at amortized cost which approximates fair value.

OCTA holds investments that are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs - other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are significant unobservable inputs.

As of June 30, 2022, most of OCTA's investments, categorized within the fair value hierarchy, are classified as Level 2. These investments are valued using the market valuation approach based on quoted prices for similar assets with exception of the investment in the CA Community Foundation Investment Fund (CCF) which is valued by the CCF using significant unobservable inputs and, therefore, classified as Level 3. Unobservable inputs used by CCF include the foundations own assumptions, market comparable rates, capitalization and occupancy rates.

		Fair Value Measurement using:		
Investments by Fair Value Level	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U.S. Treasuries	$ 814,123	$ —	$ 814,123	$ —
U.S. Agency Notes	259,437	—	259,437	—
Medium Term Notes	325,380	—	325,380	—
Mortgage & Asset Backed Securities	258,463	—	258,463	—
Variable Rate Notes	101,811	—	101,811	—
Municipal Debt	96,327	—	96,327	—
CCF Investment Fund	19,333	—	—	19,333
Supranationals	26,179	—	26,179	—
Total Leveled Investments	**$ 1,901,053**	**$ —**	**$ 1,881,720**	**$ 19,333**

Investments Not Subject to the Fair Value	
Money Market Funds	$ 281,347
Orange County Investment Pool	17,025
Local Agency Investment Fund	20,876
Commercial Paper	31,480
Negotiable Certificate of Deposit	7,260
Total Investments Not Subject to the Fair Value Hierarchy	**357,988**
Total Investments	**$ 2,259,041**

Interest Rate Risk

OCTA manages exposure to declines in fair value from increasing interest rates by having an investment policy that limits maturities to five years while also staggering maturities across the portfolio. OCTA maintains a low duration strategy, targeting an estimated average portfolio duration of two to three years or less, with the intent of reducing interest rate risk. Portfolios with low duration are less volatile, therefore, less sensitive to interest rate changes. In accordance with the Policy, amounts restricted for debt service reserves are invested in accordance with the maturity provision of their specific indenture, which may extend beyond five years.

As of June 30, 2022, mortgage and asset-backed securities totaled $258,463. The underlying assets are consumer receivables that include credit cards, auto and home loans. The securities have a fixed interest rate and are rated AA or higher by a nationally recognized statistical rating organizations (NRSROs).

As of June 30, 2022, OCTA had the following variable rate notes:

Investment	Fair Value		Coupon Multiplier	Coupon Reset Date
American Express	$	3,194	SOFR + 65 basis points	Quarterly
Analog Devices Inc		425	SOFR + 25 basis points	Quarterly
Bank of America		997	T2 5/8 + 90 basis points	Quarterly
Bank of America		1,976	T1 1/2 + 88 basis points	Quarterly
Bank of America		1,393	T0 1/4 + 130 basis points	Quarterly
Bank of America		4,961	T0 1/8 + 63 basis points	Semi-Annually
Bank of America		2.441	T0 1/4 + 65 basis points	Quarterly
Bank of America		533	T1 3/4 + 123 basis points	Quarterly
Bank of America		3,383	T2 1/2 + 65 basis points	Semi-Annually
Citigroup		4,352	T0 1/8 + 58 basis points	Quarterly
Citigroup		4,844	T0 3/8 + 63 basis points	Semi-Annually
Citizens Bank		623	T2 1/2 + 145 basis points	Quarterly
FHMS		152	LIBOR + 34 basis points	Monthly
FHMS		1,000	SOFR + 20 basis points	Monthly
First Republic Bank		494	T1 1/2 + 48 basis points	Quarterly
Goldman Sachs		3,145	T0 1/8 + 45 basis points	Semi-Annually
Goldman Sachs		2,066	T0 1/8 + 55 basis points	Quarterly
Goldman Sachs		4.829	T0 1/4 + 50 basis points	Semi-Annually
Goldman Sachs		1,058	SOFR + 49 basis points	Quarterly
Huntington National Bank		3,406	T2 1/2 + 130 basis points	Monthly
JP Morgan Chase		4,275	T2 7/8 + 115 basis points	Semi-Annually
JP Morgan Chase		1,535	T0 1/8 + 130 basis points	Quarterly
JP Morgan Chase		1,399	T0 1/8 + 48 basis points	Quarterly
JP Morgan Chase		1,629	T0 1/8 + 37.5 basis points	Quarterly
JP Morgan Chase		2,064	T2 1/4 + 53 basis points	Quarterly
JP Morgan Chase		6,018	T0 2 1/4 + 53 basis points	Quarterly
JP Morgan Chase		1,020	T0 2 1/4 + 50 basis points	Quarterly
JP Morgan Chase		2,443	T1 1/2 + 85 basis points	Quarterly
JP Morgan Chase		988	T2 5/8 + 125 basis points	Quarterly
KeyCorp		238	T2 1/2 + 130 basis points	Quarterly
KeyBank		995	T0 1/8 + 28 basis points	Quarterly
KeyBank		1,984	T0 1/8 + 28 basis points	Quarterly
Morgan Stanley		567	T0 1/4 + 55 basis points	Quarterly
Morgan Stanley		1,147	T0 1/8 + 37.5 basis points	Quarterly
Morgan Stanley		1,804	T0 1/8 + 40 basis points	Quarterly
Morgan Stanley		2,878	T0 1/8 + 57 basis points	Quarterly
Morgan Stanley		2,834	T1 1/2 + 87.5 basis points	Quarterly
Morgan Stanley		926	T0 1/8 + 57 basis points	Quarterly
National Rural Utilities		1,604	SOFR + 33 basis points	Monthly
Nextera Energy		1,227	SOFR + 40 basis points	Monthly
Spire Missouri		4,887	SOFR + 50 basis points	Quarterly
Truist Financial		3,997	T2 5/8 + 87 basis points	Quarterly
Wells Fargo Bank		1,975	T1 1/2 + 82 basis points	Quarterly
Wells Fargo Bank		5,860	T0 1/8 + 145 basis points	Monthly
Wells Fargo Bank		426	T0 3/8 + 47 basis points	Quarterly
Wells Fargo Bank		1,819	T2 5/8 + 125 basis points	Quarterly
Total Variable Rate Notes	**$**	**101,811**		

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, 2022, 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, 2022. (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	0.86%
Orange County Investment Pool	NR	NR	0.75%
Local Agency Investment Fund	NR	NR	0.92%
U.S. Treasuries	NR	NR	36.04%
U.S. Agency Notes			
Notes	AA	Aaa	11.32%
Notes	AA	WR	0.17%
Medium Term Notes			
Corporate Notes	AA	Aaa	1.08%
Corporate Notes	AA	Aa	2.15%
Corporate Notes	AA	A	0.55%
Corporate Notes	A	Aa	0.35%
Corporate Notes	A	A	9.16%
Corporate Notes	A	NA	0.31%
Corporate Notes	BBB	A	0.72%
Corporate Notes	BBB	Baa	0.09%

Investments	**S&P**	**Moody's**	**% of Portfolio**
Mortgage and Asset-Backed Securities			
Securities	AAA	Aaa	3.05%
Securities	AAA	NR	3.52%
Securities	AA	Aaa	1.89%
Securities	AA	Aa	0.08%
American Credit	AA	NR	0.09%
PacifiCorp	A	A	0.15%
Securities	NR	Aaa	2.59%
Ford	NR	Aa	0.07%
Variable Rate Notes			
Notes	AA	Aaa	0.05%
Notes	A	A	2.86%
Notes	A	Baa	0.05%
Notes	BBB	A	1.49%
Notes	BBB	Baa	0.06%
Money Market Funds	AAA	Aaa	12.45%
Municipal Bonds			
Various Agencies	AAA	Aaa	0.21%
Various Agencies	AAA	Aa	0.10%
LA CA Community College District	AA	Aaa	0.03%
Various Agencies	AA	Aa	1.24%
Various Agencies	AA	A	0.18%
Various Agencies	AA	NR	1.82%
Various Agencies	A	Aa	0.26%
Various Agencies	A	A	0.17%
Rhode Island Bridge Authority	A	NA	0.02%
Various Agencies	NR	Aa	0.03%
San Diego County	NR	A	0.15%
CA Earthquake Authority	NR	NR	0.05%
Commercial Paper			
Santander	A-1	P-1	0.88%
Natixis	A-1	P-1	0.51%
Certificate of Deposit			
Bank of Nova Scotia	A-1	P-1	0.19%
Credit Suisse	A	A1	0.13%
Supranational			
Various	AAA	Aaa	1.16%
Total			**100%**

Concentration of Credit Risk

At June 30, 2022, OCTA did not exceed the Policy maximum concentrations as stated below:

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

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

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

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

The following is a summary of the concentration of credit risk by issuer as a percentage of the OCTA's investment portfolio at June 30, 2022:

Issuer	Amount	% of OCTA's Portfolio
Federal Home Loan Mortgage Corporation	$ 167,004	7.13 %

Investment in State Investment Pool

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

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

Investment in Orange County Investment Pool

The TDA guidelines require the California Department of Tax and Fee Administration (CDTFA) to deposit State Transit Assistance and Local Transportation funds with the OCIP until claimed by OCTA. OCIP is monitored by the Treasury Oversight Committee (TOC) established by the County of Orange Board of Supervisors on December 19, 1995 by Resolution No. 95-946. The TOC reviews and monitors the annual investment policy prepared by the Treasurer in accordance with Government Code §27133. The value of

OCTA's investment in this pool is reported on an amortized cost basis in the accompanying financial statements, based upon OCTA's pro-rata share of the entire OCIP portfolio, which is adjusted by the application of a fair value factor provided by OCIP. Deposits and withdrawals are made on the basis of $1.00 (absolute dollars) and not fair value.

Investment in CA Community Foundation Investment Pool

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

4. GRANTS AND STATE ASSISTANCE

Operating Assistance Grants

Under provisions of the Federal Transit Administration (FTA), funds are available to OCTA for Americans with Disabilities Act (ADA) paratransit operating assistance, preventive maintenance, capital cost of contracting, demonstration projects, transportation planning, and related services. The appropriations for fiscal year 2021-22 total $215,896. A receivable of $129,538 is outstanding as of June 30, 2022.

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 2021-22 related to capital investments total $5,778. A receivable of $9,836 is outstanding as of June 30, 2022.

Local Transportation Fund

In fiscal year 2021-22, 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 2021-22, OCTA became entitled to $4,921 in LTF revenues. The remaining revenues received by LTF were contributed to other claimants for administration, planning, and operations.

State Transit Assistance Program

State Transit Assistance (STA) revenue is generated by the state sales tax on diesel fuel as specified under the gas tax swap enacted in March 2010. The Road Repair and Accountability Act of 2017, signed into law April 2017, provided additional funding under the State of Good Repair (SGR) Program. This program is funded from a portion of new Transportation Improvement Fee on vehicle registrations and provides transit operators in California funding for eligible transit maintenance, rehabilitation, and capital projects. OCTA received $38,761 and $6,342 in STA and SGR respectively, in fiscal year 2021-22.

5. DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2022 in the fund financial statements are as follows:

	Governmental Funds					Enterprise Funds		
Receivables:	**General**	**LTA**	**LTF**	**LTA Debt Service**	**Nonmajor Funds**	**OCTD**	**91 EL**	**Total**
Sales taxes	$ —	$ 76,408	$ 39,153	$ —	$ 12,077	$ —	$ —	$ 127,638
Projects	91	24,494	—	2,126	—	35	—	26,746
Other	1,010	167	—	—	1,586	2,563	775	6,101
Total	**$ 1,101**	**$ 101,069**	**$ 39,153**	**$ 2,126**	**$ 13,663**	**$ 2,598**	**$ 775**	**$ 160,485**

Amounts due to other governments as of June 30, 2022 are as follows:

	Governmental Funds						Enterprise Funds			
Payables:	**General**	**LTA**	**LTF**	**LTA Debt Service**	**General Capital Project**	**Nonmajor Funds**	**OCTD**	**91 EL**	**I-405 EL**	**Total**
Projects	$ —	$ 31,329	$ 234	$ —	$ 601	$ 9	$ 749	$ 22	$ 616	$ 33,560
Use taxes	—	—	—	—	—	—	39	—	—	39
Other	22	588	—	—	—	28	514	972	121	2,245
Total	**$ 22**	**$ 31,917**	**$ 234**	**$ —**	**$ 601**	**$ 37**	**$ 1,302**	**$ 994**	**$ 737**	**$ 35,844**

6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The composition of interfund balances at June 30, 2022 is as follows:

Due to/from other funds:

	Receivable Funds					
Payable Funds	**General**	**LTA**	**General Capital Project**	**Nonmajor Governmental**	**OCTD**	**Total**
LTA	$ 334	$ —	$ 4,278	$ —	$ 453	$ 5,065
LTF	378	—	—	—	—	378
Nonmajor Governmental	—	—	—	—	12,077	12,077
OCTD	—	—	133	—	—	133
91 EL	—	2,037	—	—	—	2,037
Total	**$ 712**	**$ 2,037**	**$ 4,411**	**$ —**	**$ 12,530**	**$ 19,690**

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

Interfund transfers:

	Transfers In						
Transfers Out	**General**	**LTA**	**LTA Debt Service**	**General Capital Project**	**OCTD**	**Nonmajor Enterprise**	**Total**
General	$ —	$ —	$ —	$ —	$ —	$ —	$ —
LTA	—	—	49,706	10,522	13,342	915	74,485
LTF	4,921	—	—	—	—	—	4,921
LTA Debt Service	—	5,699	—	—	—	—	5,699
Nonmajor Governmental	—	—	—	—	28,883	—	28,883
OCTD	—	—	—	382	—	—	382
91 EL	—	14,101	—	—	—	—	14,101
I-405	—	132,665	—	—	—	—	132,665
Total	**$ 4,921**	**$ 152,465**	**$ 49,706**	**$ 10,904**	**$ 42,225**	**$ 915**	**$ 261,136**

Interfund transfers reflect a flow of assets between funds and blended component units of the primary governments without an equivalent flow of assets in return. The purpose of these transfers were primarily to: 1) relay cash from LTA fund to LTA Debt Service fund for the retirement of long-term obligations, 2) provide resources to fund various project costs such as SR-91 improvement project, Transportation Security Operations Center (TSOC) construction project, OC Streetcar project, OCTD capital and operating costs 3) contribute resources to finance operating costs for OCTA's bus program, 4) transfer Measure M sales tax revenues to support various services/programs such as fare stabilization program, stationlink services rail feeder, and i-shuttle Project V services.

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 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	250,657	68,535	–	(553)	318,639
Total capital assets, not being depreciated	430,193	68,535	–	(553)	498,175
Capital assets, being depreciated:					
Building and improvements	1,668	–	–	335	2,003
Machinery, equipment and furniture	11,690	496	(2,004)	218	10,400
Intangible right-to-use (building) *	32,006	–	–	–	32,006
Intangible right-to-use (equipment) *	186	–	–	–	186
Total capital assets, being depreciated	45,550	496	(2,004)	553	44,595
Less accumulated depreciation for:					
Buildings and improvements	(1,242)	(67)	–	–	(1,309)
Machinery, equipment and furniture	(8,527)	(1,068)	1,973	–	(7,622)
Intangible right-to-use (building)	–	(4,220)	–	–	(4,220)
Intangible right-to-use (equipment)	–	(83)	–	–	(83)
Total accumulated depreciation	(9,769)	(5,438)	1,973	–	(13,234)
Total capital assets, being depreciated, net	35,781	(4,942)	(31)	553	31,361
Governmental activities capital assets, net	**465,974**	**63,593**	**(31)**	**–**	**529,536**
Business-type activities:					
Capital assets, not being depreciated:					
Land	57,106	–	–	–	57,106
Construction in progress	284,786	108,107	–	(4,761)	388,132
Total capital assets, not being depreciated	341,892	108,107	–	(4,761)	445,238
Capital assets, being depreciated and amortized:					
Building and improvements	155,312	386	–	2,015	157,713
Transit vehicles	342,338	23,345	(13,075)	1,083	353,691
Machinery, equipment and furniture	84,206	1,171	(6,539)	1,663	80,501
Intangible right-to-use (building) *	3,733	–	–	–	3,733
Toll facility franchise	205,264	–	–	–	205,264
Total capital assets, being depreciated and amortized	790,853	24,902	(19,614)	4,761	800,902
Less accumulated depreciation and amortization for:					
Buildings and improvements	(94,645)	(5,179)	–	–	(99,824)
Transit vehicles	(242,598)	(20,022)	12,976	–	(249,644)
Machinery, equipment and furniture	(62,948)	(5,178)	6,539	–	(61,587)
Intangible right-to-use (building)	–	(415)	–	–	(415)
Toll facility franchise	(90,156)	(2,586)	–	–	(92,742)
Total accumulated depreciation and amortization	(490,347)	(33,380)	19,515	–	(504,212)
Total capital assets, being depreciated and amortized, net	300,506	(8,478)	(99)	4,761	296,690
Business-type activities capital assets, net	**$ 642,398**	**$ 99,629**	**$ (99)**	**$ –**	**$ 741,928**

* Beginning balance of $32,006, $186 and $3,733 are due to the adoption of the provisions of GASB Statement No. 87, Leases.

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

Governmental activities:		
General Government	$	1,091
Motorist services		44
Total	**$**	**1,135**
Business-type activities:		
Fixed route	$	25,687
Paratransit		4,049
Toll road		3,644
Total	**$**	**33,380**

Toll Facility Franchise

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

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

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

8. LEASES

OCTA adopted GASB Statement No. 87, Leases, for the fiscal year ended June 30, 2022. On the implementation date of July 1, 2021, OCTA recorded $35,925 lease liabilities and corresponding right-to-use assets; and $1,095 lease receivables and deferred inflow of resources. The implementation had no impact to the beginning net position.

Lease receivables

In fiscal year 2021-22, OCTA recorded lease receivables comprised of four agreements, which OCTA is the lessor related to land. OCTA has recognized $348 in lease revenue and $18 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, OCTA's has lease receivable in the amount of $774. Also, OCTA has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2022, the balance of the deferred inflow of resources is $746.

The following is a schedule of future minimum lease receivable as of June 30, 2022:

Year ending June 30,	Principal	Interest	Total
2023	$ 352	$ 13	$ 365
2024	218	6	224
2025	83	3	86
2026	71	2	73
2027	37	—	37
2028-2032	4	1	5
2033-2037	5	1	6
2038-2040	4	—	4
Total	**$ 774**	**$ 26**	**$ 800**

Lease payables

In fiscal year 2021-22, OCTA recorded a lease payable comprised of four agreements, which OCTA is a lessee for the use of buildings and equipment. As of June 30, 2022, OCTA has a lease liability in the amount of $31,877. The value of the right-to-use assets as of the end of the current fiscal year is $35,925 and has accumulated amortization of $4,718.

The following is a schedule of future minimum lease liabilities as of June 30, 2022:

Year ending June 30,	Principal	Interest	Total
2023	$ 4,199	$ 487	$ 4,686
2024	4,344	418	4,762
2025	4,531	347	4,878
2026	4,753	272	5,025
2027	4,980	194	5,174
2028-2031	9,070	150	9,220
Total	**$ 31,877**	**$ 1,868**	**$ 33,745**

9. RISK MANAGEMENT – CLAIMS LIABILITY

OCTA is self-insured for workers' compensation and general liability claims. Workers' compensation claims are self-insured with a maximum amount of $750,000 per claim with statutory limits. For fiscal year 2020-21 and fiscal year 2021-2022, general liability claims are fully self-insured with an adequate funding reserve as required by the OCTA Board of Directors. Actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards. The process used in computing claims liability may not result in an exact amount but are actuarially determined on a yearly basis. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. There are no claims or settlements exceeded insurance coverage for each of the past three fiscal years. Management is of the opinion that the recorded liabilities for OCTA's self-insured claims are adequate.

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

	2022	2021
General Liability		
Unpaid claims as of July 1	**$ 2,577**	**$ 3,422**
Incurred claims (including claims incurred but not reported as of 6/30)	854	94
Payments	(4,635)	(674)
Increase (decrease) in provision for prior years' events	4,234	(265)
Unpaid claims at June 30	**3,030**	**2,577**
Workers' Compensation		
Unpaid claims as of July 1	**16,011**	**16,154**
Incurred claims (including claims incurred but not reported as of 6/30)	1,811	2,186
Payments	(3,993)	(5,186)
Increase in provision for prior years' events	2,498	2,857
Unpaid claims at June 30	**16,327**	**16,011**
Total unpaid claims at June 30	**19,357**	**18,588**
Less current portion of unpaid claims	(3,575)	(3,449)
Total long-term portion of unpaid claims	**$ 15,782**	**$ 15,139**

10. LONG-TERM DEBT

Sales Tax Revenue Bonds

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

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

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

A summary of the bonds outstanding is as follows:

	2010 Series A (Taxable Build America Bonds)	2019 Series (Tax-Exempt Bonds)
Issuance date	12/09/10	2/12/19
Original issue amount	$ 293,540	$ 376,690
Original issue premium	—	69,342
Net Bond Proceeds	**$ 293,540**	**$ 446,032**
Issuance costs	$ 1,905	$ 970
Interest rates	5.56%-6.91%	3.00%-5.00%
Maturity range	2021-2041	2021-2041
Final maturity	2041	2041
Bonds outstanding	$ 250,000	$ 360,170
Plus unamortized premium	—	58,815
Total	**$ 250,000**	**$ 418,985**

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest
2023	$ 19,935	$ 34,949
2024	20,920	33,952
2025	21,950	32,906
2026	23,630	31,722
2027	24,755	30,334
2028-2032	142,650	128,448
2033-2037	179,910	82,650
2038-2041	176,420	26,090
Total	**$ 610,170**	**$ 401,051**

Toll Road Revenue Refunding Bonds

On July 30, 2013, OCTA issued $124,415 in Senior Lien Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2013 to refund the outstanding Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003 B-1 and Series 2003 B-2. OCTA refunded the outstanding Series 2003-A Bonds to reduce its total debt service payments over the life of the bonds and refunded the Series 2003 B-1 and Series 2003 B-2 Bonds to address the mandatory tender date of August 15, 2013 for the existing private placement with the OCIP. The Series 2013 Bonds were issued as fixed rate bonds. The transaction closed on August 8, 2013.

The OCTA's outstanding debt obligations related to Toll Road Revenue Refunding Bonds contain a provision that in an event of default, bondholders have the right to sue in order to force the Authority to cure the event of default, which may result in finance related consequences.

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

	2013 Series (Toll Road Revenue Bonds)
Issuance date	7/30/13
Closing date	8/8/13
Original issue amount	**$ 124,415**
Cash reserve requirements	$ 20,852
Cash reserve balance	$ 25,342
Interest rate range	2% - 5%
Maturity	December 2030
Principal payment date	August 15
Current balance	**$ 78,515**
Unamortized premium	$ 5,447
Deferred amount on refunding	$ (5,663)

*Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, the following three reserve funds are required to be maintained: Senior Lien Reserve Fund $7,852, Major Maintenance Reserve Fund $10,000, and Operating Reserve Fund $3,000. At June 30, 2022, all reserve requirements have been satisfied.

Annual debt service requirements on the tax-exempt bonds as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest
2023	$ 7,095	$ 3,700
2024	7,460	3,336
2025	7,845	2,953
2026	8,245	2,551
2027	8,670	2,128
2028-2031	39,200	3,986
Total	**$ 78,515**	**$ 18,654**

TIFIA Loan Agreement

On July 26, 2017, OCTA and the Department of Transportation Build America Bureau Credit Programs Office (Bureau) executed a TIFIA loan of up to $628,930 as a direct borrowing per GASB Statement No. 88 for eligible project costs for the I-405 Improvement Project. The Bureau required OCTA to secure a $900,000 line of credit secured by future M2 debt issuances to be committed at the time of closing on the TIFIA loan. The OCTA Board of Directors selected Bank of America N.A. (BANA) to provide a $900,000 line of credit to meet the Bureau's requirement.

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

During the construction of the I-405 Project, and for a period of up to five years following the substantial completion, interest on the 2021 TIFIA Loan is capitalized/accreted to principal. 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 requirements will be determined once the final draw on the 2021 TIFIA loan is made, which is scheduled to occur in 2024. Debt service payments are expected to commence on December 1, 2028, which is approximately five years after expected substantial completion of the I-405 Improvement Project, through December 1, 2058. The interest rate of the 2021 TIFIA loan is 1.95%. There were no amount drawn on the 2021 TIFIA Loan as of June 30, 2022. The amount available under the 2021 TIFIA loan on June 30, 2022 is $628,930.

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

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

In connection with the rate reset of OCTA's TIFIA Loan, which occurred on September 9, 2021, OCTA prepaid the amount of funds drawn to date on the TIFIA Loan, plus accrued interest, totaling $314,000 (Prepayment), to the United States Department of Transportation to close the transaction. OCTA secured a $315,000 bridge loan from BANA to fund the Prepayment. The bridge loan was secured by executing the First Amendment to the Amended and Restated 2021 Credit Agreement (Agreement).

The bridge loan was repaid on September 30, 2021, utilizing proceeds from the $662,820 Bonds Anticipation Notes (BAN 2021 Series) issued on September 29, 2021. OCTA issued BAN 2021 Series as a short-term financing vehicle during the construction of the I-405 Improvement Project to create flexibility by cost-effectively delaying draws on and repayment of the 2021 TIFIA Loan until one year beyond substantial completion. The refunding did not result in a difference between the reacquisition price and the net carrying amount of the old debt. The transaction resulted in a reduction of debt service payments of $274,577 over three fiscal years and an economic gain (difference between the present values of the debt service payments of the 2021 TIFIA Loan and BAN 2021 Series) of $240,265. The amount outstanding for the BAN 2021 Series at June 30, 2022 is $662,820.

Annual debt service requirements on the BAN 2021 Series as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest
2023	$ –	$ 32,141
2024	–	32,141
2025	662,820	10,714
	$ 662,820	**$ 74,996**

<u>Changes in Long-Term Debt</u>

Long-term debt activity for the year ended June 30, 2022, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Sales tax revenue bonds	$ 618,625	$ –	$ (8,455)	$ 610,170	$ 19,935
Unamortized premium	61,967	–	(3,152)	58,815	–
Total governmental activities	**$ 680,592**	**$ –**	**$ (11,607)**	**$ 668,985**	**$ 19,935**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Business-type activities:					
Toll Road Revenue bonds	$ 85,265	$ —	$ (6,750)	$ 78,515	$ 7,095
Unamortized premium	6,091	—	(644)	5,447	—
Total Toll Road Revenue bonds	91,356	—	(7,394)	83,962	7,095
2021 TIFIA Loan	312,329	—	(312,329)	—	—
BAN 2021 Series	—	662,820	—	662,820	—
Total business-type activities	**$ 403,685**	**$ 662,820**	**$ (319,723)**	**$ 746,782**	**$ 7,095**

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, 2022, are indicated in the following table and OCTA is in compliance with the ratio per the debt agreement:

Description of Pledged Revenue	Annual Amount of Net Pledged Revenue	Annual Debt Service Payments	Pledged Revenue Coverage
Measure M2 Net Sales Tax Revenue	$ 330,125	$ 43,826	7.53
91 EL Net Toll Road Revenue	37,145	10,863	3.42

11. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2022, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated absences	$ 8,585	$ 7,338	$ (7,181)	$ 8,742	$ 61
Rent holiday	4,875	—	(220)	4,655	—
Lease liabilities*	28,483	—	—	28,483	3,849
Total governmental activities	**41,943**	**7,339**	**(7,402)**	**41,880**	**3,910**
Business-type activities:					
Claims payable	18,588	9,397	(8,628)	19,357	3,575
Compensated absences	8,763	11,152	(11,218)	8,697	7,592
Lease liabilities*	3,687	—	—	3,687	481
Total business-type activities	**$ 31,038**	**$ 20,549**	**$ (19,846)**	**$ 31,742**	**$ 11,648**

* Beginning balance of $28,483 and $3,687 are due to the adoption of the provisions of GASB Statement No. 87, Leases.

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

12. PENSION PLAN

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

A summary of pension amounts for OCTA's plan at June 30, 2022 is presented below:

Deferred outflows of resources – pension	$ 27,926
Net pension liability	73,424
Deferred inflows of resources – pension	134,362
Pension expense	9,525

A. Orange County Employees Retirement System

General Information about the Pension Plan

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

Benefits Provided: OCERS provides for service retirement, death, disability, survivor benefits and annual cost-of-living benefits to plan members, who must be public employees and beneficiaries. Service retirement benefits are based on Plan Type, years of service, age at retirement and final average salary. The benefit formulas are an annual annuity equal to 2% of the employee's one-year final average salary for each year of service rendered at age 57 for Plan A members who were hired prior to September 21, 1979 and 1.67% of the employee's three year final average salary for each year of service rendered at age 57.5 for Plan B members who were hired after September 21, 1979.

Contributions: Per Government Code sections 31453.5 and 31454, participating employers are required to contribute a percentage of covered salary to the Plan. The contribution requirements of participating active members and employers are established and may be amended by the OCERS' Board of Retirement. Employee contributions are established by the OCERS' Board of Retirement and guided by state statute (Government Code sections 31621, 31621.5, 31621.8, 31639.25 and 31639.5) and vary based upon employee age at the time of entering OCERS membership. Participating employers may pay a portion of the participating active employees' contributions through negotiations and bargaining agreements.

Funding contributions for the OCERS plan are determined annually on an actuarial basis by OCERS. The contribution requirement for the year ended June 30, 2022 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 $30,263 for the year ended June 30, 2022.

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

As of June 30, 2022, OCTA reported a liability of $73,424 for its proportionate share of the net pension liability (NPL). The NPL was measured as of December 31, 2021, and determined by rolling forward the total pension liability (TPL) as of December 31, 2020 actuarial valuation date. OCTA's proportionate share of the TPL has been determined by OCERS' actuary based upon employer contributions within each rate group. While OCERS is comprised of many rate groups, and certain rate groups may have multiple employer participants, OCTA is the only employer within its own individual rate group. Legally required employer contributions for each year less any amounts of those legally required contributions that are paid by the employees are used as the basis for determining each participating employer's proportion of total contributions. Contributions made by the employer on behalf of employees under Government Code Section 31581.2 are considered employee contributions and are not included in the proportionate share calculation.

At December 31, 2021, OCTA's proportion was 4.20%, which was an decrease of 0.215% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, OCTA recognized pension expense of $9,525. At June 30, 2022, 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	$ 15,705	$ —
Net difference between projected and actual earnings on plan investments	—	107,942
Difference between expected and actual experience	2,619	26,420
Changes of assumptions	9,602	—
Total	**$ 27,926**	**$ 134,362**

Deferred outflows of resources related to contributions subsequent to the measurement date of $15,705 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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 5.45 years determined as of December 31, 2020. 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
2023	$ (25,745)
2024	(43,016)
2025	(30,134)
2026	(21,267)
2027	(1,980)
Total	**$ (122,142)**

Actuarial Assumptions

Following are the key methods and assumptions used for the TPL as of December 31, 2021:

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

Mortality Assumptions: The underlying mortality assumptions used in the TPL at December 31, 2021 were based on the results of the actuarial experience study for the period January 1, 2017 through December 31, 2019 using the Pub-2010 General Health Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2019, with age adjustments, and adjusted separately for healthy and disabled. The underlying mortality assumptions used in the TPL at December 31, 2019 were based on the results of the actuarial experience study for the period January 1, 2014 through December 31, 2016 using the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table as a starting point, projected generationally using the two-dimensional Scale MP-2016, with age adjustments, and adjusted separately for healthy and disabled. In general, using a generational mortality table anticipates increases in the cost of the Plan over time as participants' life expectancies are projected to increase. This is in contrast to updating a static mortality assumption with each experience study as proposed in prior experience studies.

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses.

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

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

Discount Rate: The discount rate used to measure the TPL was 7.00% as of December 31, 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2021.

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	$ 225,813	$ 73,424	$ (50,787)

Pension Plan Fiduciary Net Position

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

B. OCTA 401(a) Defined Contribution Plan

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

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

- 1% of base pay for employees from 0 through 4 years of service
- 2% of base pay for employees with 5 through 9 years of service
- 3% of base pay for employees with 10 years or more of service

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

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

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

The 401(a) Plan is entirely funded by employer contributions. For the year ended June 30, 2022, OCTA contributed $2,110 to the 401(a) Plan.

13. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: OCTA sponsors and administers a single-employer defined-benefit postemployment healthcare plan (Plan) to provide medical insurance benefits to eligible retired employees. Benefit provisions are established and may be amended by the Board of

Directors of OCTA. OCTA reports the financial activity of the Plan in its basic financial statements. No separate benefit plan report is issued.

Effective July 1, 2018, Coach Operators became eligible to participate in the Other Postemployment Benefits (OPEB) plan sponsored and administered by OCTA. Previously, only Unrepresented Administrative Employees and Transportation Communications International Union Employees were eligible to continue participating in the group healthcare insurance program after retirement until age 65 for retirees who retire directly from OCTA. Unrepresented Administrative Employees and Transportation Communications International Union Employees in OCERS Plan A and B must be at a minimum of age 50 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 52 with at least five years of OCTA service to meet eligibility requirements. Coach Operators in OCERS Plan A and B must be at a minimum of age 55 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 55 with at least five years of OCTA service for eligibility. The retiree pays the full premium for retiree, spouse and dependents. OCTA does not provide any cash subsidy towards retiree medical benefits.

Funding Policy: Because of the nature of the implied subsidy, OCTA funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

OCTA allows retirees to participate in the same medical plan as active employees at the same premium rates. Because the rate is a "blended rate", payments for the active employees include an implied subsidy of what would normally be a higher rate for retirees if the retirees were in a stand-alone health plan.

For fiscal year ended June 30, 2022, the implied subsidy was determined as part of the June 30, 2022 actuarial valuation. The estimated implied subsidy at June 30, 2022 was $182.

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefit	—
Active employees	1,126
Total participants covered by OPEB Plan	**1,156**

Total OPEB liability

OCTA's total OPEB liability (TOL) of $2,508 was measured as of June 30, 2022 and was determined by an actuarial valuation as of January 1, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions and other inputs: The TOL of $2,508 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.69 %
Healthcare Cost Trend Rates:	
2021 – 2022 Current Year Trend	5.50 %
2022 – 2023 Trend	5.50 %
Decrement	0.10 %
Ultimate Trend	4.00 %
Year Ultimate Trend is Reached	2029
Salary Increases	3.25 %
Inflation Rate	2.75 %

Actuarial assumptions used in the January 1, 2022 valuation were based on a review of plan experience during the period January 1, 2020 to December 31, 2021.

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, 2022, an increase from the discount rate used for fiscal year ended June 30, 2021 of 1.92%.

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

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at 6/30/2021	**$ 2,414**
Changes for the current year:	
Service cost	192
Interest	48
Changes in assumptions	35
Differences between expected and actual experience	
Benefit payments	(181)
Net changes	**94**
Balance at 6/30/2022	**$ 2,508**

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the TOL of OCTA, calculated using the discount rate of 3.69%, as well as what OCTA's TOL would be if it was calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	1% Decrease	Current Rate	1% Increase
OCTA's total OPEB liability	$ 2,578	$ 2,508	$ 2,298

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the TOL of OCTA, calculated using an initial trend rate of 5.50%, as well as what OCTA's TOL would be if it was calculated using a trend rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

	1% Decrease	Current Rate	1% Increase
OCTA's total OPEB liability	$ 2,195	$ 2,508	$ 2,719

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

For the year ended June 30, 2022, OCTA recognized OPEB expense of $234. At June 30, 2022, 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	$ 137	$ 400
Changes of assumptions	157	1
Total	**$ 294**	**$ 401**

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
2023	$ (6)
2024	(84)
2025	(80)
2026	–
2027	(6)
2028	(1)
Total	**$ (177)**

14. PURCHASE COMMITMENTS

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

Total commitments at June 30, 2022 are as follows:

	Total Purchase Commitments	Reserve for Encumbrances	Unencumbered Purchase Commitments
Governmental Funds:			
General	$ 102,521	$ 13,764	$ 88,757
LTA	953,005	233,044	719,961
LTF	96	—	96
Nonmajor governmental funds	204,056	120,918	83,138
Total Governmental Funds	**1,259,678**	**367,726**	**891,952**
Proprietary Funds:			
OCTD	578,538	129,903	448,634
91 Express Lanes	69,728	7,501	62,227
I-405 Express Lanes	308,230	70,162	238,068
Nonmajor-OC Streetcar	795	—	795
Internal Service Funds	2,016	1,662	354
Total Proprietary Funds	**959,307**	**209,228**	**750,078**
Total	**$ 2,218,985**	**$ 576,954**	**$ 1,642,030**

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

15. OTHER COMMITMENTS AND CONTINGENCIES

Litigation

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

In April 2020, the OCTA Board approved a settlement for $1,000 in cash and forgiveness of $40,000 in toll violations and penalties for the In Re Toll Roads Litigation (Plaintiffs) case. The case initially focused on two basic sets of claims. The first related to due process and negligence claims alleging that the procedures used to assess and collect toll violation penalties when drivers use toll roads without paying the required toll are inadequate. The second original claim is that the penalties assessed against toll violators on the 91 Express Lanes is excessive. Over time, the Plaintiffs alleged that OCTA routinely sells and/or provides personally identifiable information of drivers to a host of other entities as part of the operation of the 91 Express Lanes. The parties have obtained court approval of the settlement and given notice of the settlement to the class members. In FY 2019-20, management recorded a liability of $1,000 for the cash settlement and wrote off approximately $3,600 of violations receivable for the forgiveness of toll violations and penalties. In FY 2020-21, OCTA issued a payment of $217 of the $1,000 settlement amount. The remaining amount of the settlement was paid in FY 2021-22.

In March 2022, Walsh Construction Company (plaintiff) filed a case arising out of the construction of the OC Streetcar Project. The plaintiff has alleged that due to unforeseen soil conditions, unforeseen utility conflicts, inadequate design and other actions taken by OCTA and its consultants, the plaintiff has suffered construction delays and other damages. The exposure is estimated at $30,000, and trial has been set for February 2024.

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.

16. JOINT VENTURE

OCTA is one of five members of the Southern California Regional Rail Authority (SCRRA), a joint powers authority (JPA) created in 1992. The SCRRA's board consists of one member from the Ventura County Transit Commission (VCTC); two each from OCTA, the San Bernardino County Transportation Authority (SBCTA) and the Riverside County Transportation Commission (RCTC); and four members from the Los Angeles County Metropolitan Transportation Authority (LACMTA). SCRRA is responsible for maintaining and operating a regional commuter rail system (Metrolink) in five southern California counties. As a member of the agency, OCTA makes annual capital and operating contributions for its pro rata share of rail lines serving Orange County. OCTA did not make any contributions during fiscal year 2021-22 for its share of Metrolink capital and operating costs since SCRRA received awards directly from the FTA for OCTA's share. Separate financial statements are prepared by, and available from, SCRRA, which is located at 900 Wilshire Blvd., Ste. 1500, Los Angeles, CA 90017.

OCTA is one of 11 members of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency, a JPA created in 1989 and amended in 2013. The purpose of the JPA is to oversee passenger rail service and improvements in the rail corridor between San Diego, Los Angeles and San Luis Obispo. The LOSSAN's board consists of two members appointed by the LACMTA; two members appointed by OCTA; one member appointed by RCTC; one member appointed by VCTC; one member appointed by the Santa Barbara County Association of Governments; one member appointed by the San Luis Obispo Council of Governments and the following three agencies receive one member appointment but only two votes – the San Diego Metropolitan Transit System, the North County Transit District, and the San Diego Association of Governments. OCTA was selected as the managing agency for LOSSAN and is responsible for the ongoing coordination and service integration efforts. Administrative support is funded by the member agencies. OCTA charged $4,045 to LOSSAN for administrative support during fiscal year 2021-22. Separate financial statements are prepared by, and available from, LOSSAN at the OCTA offices which is located at 550 South Main Street, Orange, CA 92868.

17. FUND DEFICIT

The I-405 Express Lanes (I-405 EL) fund, an enterprise fund, had a net position deficit of $236,539. The deficit was primarily due to the fact that the fund is still at construction phase and has not generated operating revenues.

18. EFFECT OF NEW PRONOUNCEMENTS

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. OCTA implemented this statement for fiscal year ending June 30, 2022. See note 8 for further information on the impact of the adoption of GASB Statement No. 87.

GASB Statement No. 91

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

GASB Statement No. 92

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

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement, except for paragraphs 11b, 13, and 14 were effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The implementation of the remaining paragraphs 11b, 13, and 14 did not have a material effect on the financial statements.

GASB Statement No. 94

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

GASB Statement No. 96

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

GASB Statement No. 97

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

GASB Statement No. 98

In October 2021, GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness The requirements of this Statement are effective for fiscal years ending after December 15, 2021. OCTA implemented this statement for fiscal year ending June 30, 2022.

GASB Statement No. 99

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. OCTA has not determined the effect of this Statement.

GASB Statement No. 100

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. OCTA has not determined the effect of this Statement.

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. OCTA has not determined the effect of this Statement.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund (Budgetary Basis)
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Fines	$ 212	$ 212	$ 179	$ (33)
Contributions from other agencies	15,021	15,021	9,756	(5,265)
Interest and investment income	936	936	4,750	3,814
Capital assistance grants	4,275	4,275	4,721	446
Miscellaneous	105	105	157	52
Total revenues	**20,549**	**20,549**	**19,563**	**(986)**
Expenditures				
Current:				
General government:				
Salaries and benefits	67,201	66,523	63,334	3,189
Supplies and services	50,772	47,114	35,154	11,960
Interfund reimbursements	(84,744)	(84,744)	(80,693)	(4,051)
Transportation:				
Contributions to other local agencies	5,018	5,018	4,369	649
Capital outlay	5,209	9,353	3,235	6,118
Debt service:				
Interest	—	—	437	(437)
Total expenditures	**43,456**	**43,264**	**25,836**	**17,428**
Excess (deficiency) of revenues over (under) expenditures	**(22,907)**	**(22,715)**	**(6,273)**	**16,442**
Other financing sources (uses)				
Transfers in	8,106	8,106	4,921	(3,185)
Transfers out	—	—	—	—
Total other financing sources (uses)	**8,106**	**8,106**	**4,921**	**(3,185)**
Net change in fund balance	**$ (14,801)**	**$ (14,609)**	**$ (1,352)**	**$ 13,257**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ (1,352)
Net change in fund balance - from CURE fund	2,033
Net change in fund balance - from ARBA trust fund	(3,435)
Net change in fund balance - from Scholarship fund	(2)
Less: Estimated revenues for encumbrances outstanding at June 30	3,653
Add: Current year encumbrances outstanding at June 30 - from CURE fund	496
Add: Current year encumbrances outstanding at June 30	12,693
Net change in fund balance (GAAP basis)	$ 6,780

See accompanying notes to required supplementary information.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Authority Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Sales tax revenue	$ 312,959	$ 312,959	$ 424,897	$ 111,938
Contributions from other agencies	179,140	179,140	52,022	(127,118)
Interest and investment income	9,569	9,569	(29,074)	(38,643)
Miscellaneous	5,232	5,232	1,545	(3,687)
Total revenues	**506,900**	**506,900**	**449,390**	**(57,510)**
Expenditures				
Current:				
General government:				
Supplies and services	219,365	219,608	159,681	59,927
Transportation:				
Contributions to other local agencies	156,537	161,982	96,819	65,163
Capital outlay	699,137	699,149	523,504	175,645
Total expenditures	**1,075,039**	**1,080,739**	**780,004**	**300,735**
Deficiency of revenues under expenditures	**(568,139)**	**(573,839)**	**(330,614)**	**243,225**
Other financing sources (uses)				
Transfers in	29,317	29,317	152,465	123,148
Transfers out	(90,789)	(90,789)	(74,485)	16,304
Proceeds from sale of capital assets	4,000	—	1,227	1,227
Total other financing sources (uses)	**(57,472)**	**(61,472)**	**79,207**	**140,679**
Net change in fund balance	**$ (625,611)**	**$ (635,311)**	**$ (251,407)**	**$ 383,904**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ (251,407)
Less: Estimated revenues for encumbrances outstanding at June 30	24,495
Add: Current year encumbrances outstanding at June 30	236,623
Net change in fund balance (GAAP basis)	$ (39,279)

See accompanying notes to required supplementary information.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Sales tax revenue	$ 162,624	$ 162,624	$ 215,741	$ 53,117
Interest and investment income	43	43	(4,970)	(5,013)
Total revenues	**162,667**	**162,667**	**210,771**	**48,104**
Expenditures				
Current:				
General government:				
Supplies and services	1,769	1,769	1,849	(80)
Transportation:				
Contributions to other local agencies	2,248	2,248	2,959	(711)
Total expenditures	**4,017**	**4,017**	**4,808**	**(791)**
Excess of revenues over expenditures	**158,650**	**158,650**	**205,963**	**47,313**
Other financing uses				
Transfers out	(158,651)	(158,651)	(4,921)	153,730
Total other financing uses	**(158,651)**	**(158,651)**	**(4,921)**	**153,730**
Net change in fund balance	**$ (1)**	**$ (1)**	**$ 201,042**	**$ 201,043**

See accompanying notes to required supplementary information.

(amounts expressed in thousands)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
OCTA's Proportion of the NPL	3.581 %	4.415 %	4.419 %	4.353 %	4.283 %	4.436 %	4.377 %	4.006 %	4.112 %
OCTA's proportionate share of the NPL	$73,424	$186,024	$ 224,285	$ 230,261	$ 230,261	$ 230,261	$ 250,193	$ 203,592	$ 217,569
OCTA's covered payroll	$97,538	$102,500	$ 101,980	$ 97,230	$ 94,528	$ 94,507	$ 93,110	$ 95,061	$ 92,200
OCTA's proportionate share of the NPL as a percentage of its covered payroll	75.28 %	181.49 %	219.93 %	277.48 %	224.40 %	243.64 %	268.71 %	214.17 %	235.98 %
Plan fiduciary net position as a percentage of the total pension liability	91.45 %	81.69 %	76.67 %	70.03 %	74.93 %	71.16 %	67.10 %	69.42 %	67.16 %

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

Schedule of OCTA Contributions
Orange County Employees Retirement System Pension Plan
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 31,794	$ 29,175	$ 27,801	$ 24,690	$ 24,811	$ 23,900	$ 26,347	$ 24,722	$ 22,244
Contributions in relation to the actuarially determined contributions	31,794	29,175	27,801	24,690	24,811	23,900	26,347	24,722	22,244
Contribution excess (deficiency)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 95,163	$ 92,887	$ 92,496	$ 87,887	$ 86,117	$ 86,925	$ 97,616	$ 92,878	$ 94,244
Contributions as a percentage of covered payroll	33.41%	31.41%	30.06%	28.09%	28.81%	27.50%	26.99%	26.62%	23.60%

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

(amounts expressed in thousands)

Changes of assumptions

For fiscal year 2021-22, the inflation rate remained unchanged at 2.50% (retiree cost-of-living assumption maintained at 2.75%). Projected salary remained stable at 4.00% to 11.00%. Mortality assumptions were based on the Pub-2010 General Health Employee Amount-Weighted Above-Median Mortality Table.

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

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

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

	2022	2021	2020	2019	2018
Total OPEB liability - beginning	$ 2,414	$ 2,301	$ 2,927	$ 1,432	$ 745
Changes for the year:					
Service cost	192	185	152	112	40
Interest	48	58	104	48	28
Changes in assumption	35	60	172	(4)	40
Difference between actual and expected experience	—	—	(869)	12	651
Plan change		—	—	1,419	—
Benefit payments	(181)	(190)	(185)	(92)	(72)
Total OPEB liability - ending	$ 2,508	$ 2,414	$ 2,301	$ 2,927	$ 1,432
Covered employee payroll	$ 85,148	$ 82,937	$ 82,050	$ 70,204	$ 42,366
Total OPEB liability as a percentage of covered employee payroll	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.

(amounts expressed in thousands)

Notes to the schedule for OPEB Plan

Funding policy: OCTA funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

The amounts presented for fiscal year 2018 were measured as of December 31, 2017, and the amounts for fiscal year 2019 and thereafter were measured as of June 30 of the preceding year.

Plan Change: Effective July 1, 2018 for fiscal year ended June 30, 2019, Coach Operators became eligible to participate in the OPEB plan. Previously, only Unrepresented Administrative and Transportation Communications International Union employees were eligible for OPEB benefits.

Change of assumptions: For fiscal year 2021-22, the discount rate used to measure the TOL was 3.69%, a decrease from the discount rate of 1.92% for fiscal year 2020-21.

For fiscal year 2020-2021, the discount rate used to measure the TOL was 1.92%, a decrease from the discount rate of 2.45% for fiscal year 2019-20. For fiscal year 2020-21, mortality assumptions were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point, projected generationally with the two-dimensional MP-2016 projection scale used, rather than the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006), which was used to determine amounts reported in fiscal year 2019-20.

For fiscal year 2019-20, the discount rate used to measure the TOL was 2.45%, an decrease from the discount rate of 3.50% for fiscal year 2018-19. For fiscal year 2018-19, mortality assumptions were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) rather than the RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, which was used to determine amounts reported in fiscal year 2017-18.

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 2022 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 2021-22 for the General fund and the major special revenue funds, except for the Local Transportation fund. In the Local Transportation fund, contributions to other local agencies exceeded appropriations in the amounts of $711, due to OCTA receiving more sales tax revenue over the 12-month apportionment period than anticipated and disbursing those funds to other local agencies.

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

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

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, 2022

(amounts expressed in thousands)	Special Revenue			Total Nonmajor Governmental Funds
	OCUTT	SAFE	STAF	
Assets				
Cash and investments	$ 13,165	$ 3,616	$ 16,348	$ 33,129
Receivables:				
Interest	54	26	1	81
Other	—	5	—	5
Due from other governments	—	1,586	12,077	13,663
Note receivable	1,558	—	—	1,558
Total Assets	**14,777**	**5,233**	**28,426**	**48,436**
Liabilities and Fund Balances				
Liabilities				
Accounts payable	8	810	—	818
Due to other funds	—	—	12,077	12,077
Due to other governments	—	37	—	37
Total Liabilities	**8**	**847**	**12,077**	**12,932**
Deferred Inflows of Resources				
Unavailable revenue - reimbursements from others and other misc revenue	—	1,093	—	1,093
Total Deferred Inflows of Resources	**—**	**1,093**	**—**	**1,093**
Fund Balances				
Restricted for:				
Transportation programs	14,769	—	16,349	31,118
Motorist services	—	3,293	—	3,293
Total Fund Balances	**14,769**	**3,293**	**16,349**	**34,411**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 14,777**	**$ 5,233**	**$ 28,426**	**$ 48,436**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Special Revenue			Total Nonmajor Governmental Funds
	OCUTT	**SAFE**	**STAF**	
Revenues				
Sales taxes	$ —	$ —	$ 38,761	$ 38,761
Transportation improvement fee	—	—	6,342	6,342
Vehicle registration fees	—	2,896	—	2,896
Contributions from other agencies	—	3,306	—	3,306
Interest and investment income (loss)	(537)	(145)	7	(675)
Miscellaneous	—	8	—	8
Total revenues	**(537)**	**6,065**	**45,110**	**50,638**
Expenditures				
Current:				
General government:				
Supplies and services	17	9,618	1	9,636
Capital outlay	—	42	—	42
Total expenditures	**17**	**9,660**	**1**	**9,678**
Excess (deficiency) of revenues over (under) expenditures	**(554)**	**(3,595)**	**45,109**	**40,960**
Other financing uses				
Transfers out	—	—	(28,883)	(28,883)
Total other financing uses	**—**	**—**	**(28,883)**	**(28,883)**
Net change in fund balances	**(554)**	**(3,595)**	**16,226**	**12,077**
Fund balances - beginning	15,323	6,888	123	22,334
Fund balances - ending	**$ 14,769**	**$ 3,293**	**$ 16,349**	**$ 34,411**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Commuter and Urban Rail Endowment Fund (Budgetary Basis)
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Fines	$ —	$ —	$ 3	$ 3
Contributions from other agencies	—	—	42	42
Interest and investment income	—	—	(633)	(633)
Total revenues	**—**	**—**	**(588)**	**(588)**
Expenditures				
Current:				
General government:				
Supplies and services	221	221	256	(35)
Capital outlay	456	456	456	—
Total expenditures	**677**	**677**	**712**	**(35)**
Deficiency of revenues under expenditures	**(677)**	**(677)**	**(1,300)**	**(623)**
Other financing sources				
Proceeds from sale of capital assets	—	—	3,333	3,333
Total other financing sources	—	—	3,333	3,333
Net change in fund balance	**$ (677)**	**$ (677)**	**$ 2,033**	**$ 2,710**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ 2,033
Less: Estimated revenues for encumbrances outstanding at June 30	—
Add: Current year encumbrances outstanding at June 30	496
Net change in fund balance (GAAP basis)	$ 2,529

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Local Transportation Authority Debt Service Fund (Budgetary Basis)
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Interest and investment income	$ 5,454	$ 5,454	$ 3,598	$ (1,856)
Total revenues	**5,454**	**5,454**	**3,598**	**(1,856)**
Expenditures				
Debt service:				
Principal payments on long-term debt	8,455	8,455	8,455	–
Interest on long-term debt	35,371	35,371	35,371	–
Total expenditures	**43,826**	**43,826**	**43,826**	**–**
Deficiency of revenues under expenditures	**(38,372)**	**(38,372)**	**(40,228)**	**(1,856)**
Other financing sources (uses)				
Transfers in	43,826	43,826	49,706	5,880
Transfers out	(5,454)	(5,454)	(5,698)	(244)
Total other financing sources (uses)	**38,372**	**38,372**	**44,008**	**5,636**
Net change in fund balance	**$ –**	**$ –**	**$ 3,780**	**$ 3,780**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Orange County Unified Transportation Trust Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Budgeted Amounts: Original	Budgeted Amounts: Final	Actual Amounts	Variance with Final Budget
Revenues				
Interest and investment income	$ 100	$ 100	$ (537)	$ (637)
Total revenues	**100**	**100**	**(537)**	**(637)**
Expenditures				
Current:				
General government:				
Supplies and services	885	885	17	868
Total expenditures	**885**	**885**	**17**	**868**
Deficiency of revenues under expenditures	**(785)**	**(785)**	**(554)**	**231**
Net change in fund balance	**$ (785)**	**$ (785)**	**$ (554)**	**$ 231**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Service Authority for Freeway Emergencies Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Vehicle registration fees	$ 2,600	$ 2,600	$ 2,896	$ 296
Contributions from other agencies	4,145	4,145	3,306	(839)
Interest and investment income	9	9	(145)	(154)
Miscellaneous	8	8	8	—
Total revenues	**6,762**	**6,762**	**6,065**	**(697)**
Expenditures				
Current:				
General government:				
Supplies and services	9,591	9,591	9,684	(93)
Capital outlay	50	50	42	8
Total expenditures	**9,641**	**9,641**	**9,726**	**(85)**
Deficiency of revenues under expenditures	**(2,879)**	**(2,879)**	**(3,661)**	**(782)**
Other financing sources				
Transfers in	2,840	2,840	—	(2,840)
Total other financing sources	**2,840**	**2,840**	**—**	**(2,840)**
Net change in fund balance	**$ (39)**	**$ (39)**	**$ (3,661)**	**$ (3,622)**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ (3,661)
Less: Estimated revenues for encumbrances outstanding at June 30	—
Add: Current year encumbrances outstanding at June 30	66
Net change in fund balance (GAAP basis)	$ (3,595)

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
State Transit Assistance Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2022

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Sales tax revenue	$ 30,000	$ 30,000	$ 38,761	$ 8,761
Transportation improvement fee	6,416	6,416	6,342	(74)
Interest and investment income	24	24	7	(17)
Total revenues	**36,440**	**36,440**	**45,110**	**8,670**
Expenditures				
Current:				
General government:				
Supplies and services	–	–	1	(1)
Total expenditures	**–**	**–**	**1**	**(1)**
Excess of revenues over expenditures	**36,440**	**36,440**	**45,109**	**8,669**
Other financing uses				
Transfers out	(36,441)	(36,441)	(28,883)	7,558
Total other financing uses	**(36,441)**	**(36,441)**	**(28,883)**	**7,558**
Net change in fund balance	**$ (1)**	**$ (1)**	**$ 16,226**	**$ 16,227**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
General Capital Project Fund (Budgetary Basis)
For the Year Ended June 30, 2022

	Budgeted Amounts			
(amounts expressed in thousands)	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Contributions from other agencies	$ —	$ —	$ 12,881	$ 12,881
Interest	2	2	—	(2)
Capital assistance grants	18,369	18,369	74,874	56,505
Miscellaneous	—	—	2	2
Total revenues	**18,371**	**18,371**	**87,757**	**69,386**
Expenditures				
Current:				
General government:				
Supplies and services	19,571	19,571	4,237	15,334
Transportation:				
Contributions to other local agencies	935	935	63	872
Capital outlay	180,688	180,688	191,585	(10,897)
Total expenditures	**201,194**	**201,194**	**195,885**	**5,309**
Deficiency of revenues under expenditures	**(182,823)**	**(182,823)**	**(108,128)**	**74,695**
Other financing sources				
Transfers in	35,370	35,370	10,904	(24,466)
Total other financing sources	**35,370**	**35,370**	**10,904**	**(24,466)**
Net change in fund balance	**$ (147,453)**	**$ (147,453)**	**$ (97,224)**	**$ 50,229**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ (97,224)
Less: Estimated revenues for encumbrances outstanding at June 30	29,637
Add: Current year encumbrances outstanding at June 30	126,657
Net change in fund balance (GAAP basis)	$ 59,070

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 2024-25. 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, 2022

(amounts expressed in thousands)	OC Streetcar	Total Nonmajor Enterprise Fund
Assets		
Current assets:		
Due from other funds	$ –	$ –
Total current assets	–	–
Total Assets	**–**	**–**
Liabilities		
Current liabilities:		
Accounts payable	–	–
Total current liabilities	–	–
Total Liabilities	**–**	**–**
Net Position		
Unrestricted	–	–
Total Net Position	**$ –**	**$ –**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenses and Charges in Net Position
Nonmajor Enterprise Fund
For the Year Ended June 30, 2022

(amounts expressed in thousands)	OC Streetcar	Total Nonmajor Enterprise Fund
Operating revenues:		
Permit fees	$ —	$ —
Total operating revenues	**—**	**—**
Operating expenses:		
Wages, salaries and benefits	—	—
Administrative services	865	865
Professional services	50	50
Total operating expenses	**915**	**915**
Operating loss	**(915)**	**(915)**
Nonoperating revenues:		
Federal operating assistance grants	—	—
Investment income	—	—
Total nonoperating revenues	**—**	**—**
Loss before contributions and transfers	(915)	(915)
Transfers in	915	915
Change in net position	**—**	**—**
Total net position - beginning	—	—
Total net position - ending	**$ —**	**$ —**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Cash Flows - Nonmajor Enterprise Fund
For the Year Ended June 30, 2022

(amounts expressed in thousands)	OC Streetcar	Total Nonmajor Enterprise Fund
Cash flows from operating activities:		
Receipts from customers and users	$ —	$ —
Payments to suppliers	(50)	(50)
Payments to employees	—	—
Payments for interfund services used	(865)	(865)
Net cash used for operating activities	**(915)**	**(915)**
Cash flows from noncapital financing activities:		
Operating assistance grants received	—	—
Transfers from other funds	915	915
Net cash provided by noncapital financing activities	915	915
Cash flows from investing activities:		
Investment earnings	—	—
Net cash provided by investing activities	—	—
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of year	—	—
Cash and cash equivalents at end of year	**$ —**	**$ —**
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	$ (915)	$ (915)
Change in assets and liabilities:		
Prepaid retirement	—	—
Deferred outflows of resources related to pensions	—	—
Deferred outflows of resources related to OPEB	—	—
Accounts payable	—	—
Accrued payroll and related items	—	—
Compensated absences	—	—
Unearned revenue	—	—
Total OPEB liability	—	—
Net pension liability	—	—
Deferred inflows of resources related to pensions	—	—
Deferred inflows of resources related to OPEB	—	—
Total adjustments	—	—
Net cash used for operating activities	**$ (915)**	**$ (915)**

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, 2022

(amounts expressed in thousands)	General Liability	Workers' Compensation	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	$ 16,589	$ 32,792	$ 49,381
Receivables:			
Interest	78	96	174
Other	170	301	471
Other assets	360	951	1,311
Total current assets	17,197	34,140	51,337
Total Assets	**17,197**	**34,140**	**51,337**
Liabilities			
Current liabilities:			
Accounts payable	505	531	1,036
Claims payable	636	2,939	3,575
Total current liabilities	1,141	3,470	4,611
Noncurrent liabilities:			
Claims payable	2,394	13,388	15,782
Total Liabilities	**3,535**	**16,858**	**20,393**
Net Position			
Unrestricted	13,662	17,282	30,944
Total Net Position	**$ 13,662**	**$ 17,282**	**$ 30,944**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2022

(amounts expressed in thousands)	General Liability	Workers' Compensation	Total Internal Service Funds
Operating revenues:			
Charges for services	$ 7,341	$ 8,450	$ 15,791
Total operating revenues	**7,341**	**8,450**	**15,791**
Operating expenses:			
Administrative services	180	95	275
Other	8	287	295
Insurance claims and premiums	6,197	4,771	10,968
Professional services	966	495	1,461
Total operating expenses	**7,351**	**5,648**	**12,999**
Operating income (loss)	**(10)**	**2,802**	**2,792**
Nonoperating revenues (expenses):			
Investment loss	(555)	(1,046)	(1,601)
Other	75	37	112
Total nonoperating expenses	**(480)**	**(1,009)**	**(1,489)**
Change in net position	**(490)**	**1,793**	**1,303**
Total net position - beginning	14,152	15,489	29,641
Total net position - ending	**$ 13,662**	**$ 17,282**	**$ 30,944**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2022

(amounts expressed in thousands)	General Liability	Workers' Compensation	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	$ 7,313	$ 8,435	$ 15,748
Payments to suppliers	(562)	(505)	(1,067)
Payments to claimants	(5,758)	(4,733)	(10,491)
Payments for interfund services used	(180)	(95)	(275)
Miscellaneous revenue received	77	38	115
Net cash provided by operating activities	**890**	**3,140**	**4,030**
Cash flows from investing activities:			
Investment loss	(559)	(1,056)	(1,615)
Net cash used in investing activities	**(559)**	**(1,056)**	**(1,615)**
Net increase in cash and cash equivalents	**331**	**2,084**	**2,415**
Cash and cash equivalents at beginning of year	16,258	30,708	46,966
Cash and cash equivalents at end of year	**$ 16,589**	**$ 32,792**	**$ 49,381**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (10)	$ 2,802	$ 2,792
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Insurance recoveries	75	38	113
Change in assets and liabilities:			
Other receivables	(6)	9	3
Due from other governments	2	—	2
Other assets	(28)	(15)	(43)
Accounts payable	404	(10)	394
Claims payable	453	316	769
Total adjustments	900	338	1,238
Net cash provided by operating activities	**$ 890**	**$ 3,140**	**$ 4,030**
Noncash capital, financing and investing activities:			
Investment loss	$ 3	$ 7	$ 10

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OCTA

STATISTICAL SECTION

VANPOOL

OCTA

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 106

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

Revenue Capacity 111

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

Debt Capacity 116

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 119

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

Operating Information 122

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 - thousands)

	As of June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	$ 159,539	$ 159,427	$ 177,195	$ 185,209	$ 202,587	$ 211,433	$ 262,985	$ 340,129	$ 433,782	$ 501,053
Restricted	314,832	352,878	421,285	545,220	621,580	565,653	677,934	626,302	545,091	735,780
Unrestricted	207,674	181,216	94,641	67,517	29,578	37,947	(14,857)	(49,044)	(23,655)	18,118
Total governmental activities net position	$ 682,045	$ 693,521	$ 693,121	$ 797,946	$ 853,745	$ 815,033	$ 926,062	$ 917,387	$ 955,218	$ 1,254,951
Business-type activities:										
Net investment in capital assets	$ 257,439	$ 265,584	$ 279,153	$ 300,737	$ 389,791	$ 339,677	$ 320,212	$ 303,484	$ 287,575	$ 306,992
Restricted	20,383	13,015	13,032	13,075	13,199	16,776	18,229	25,156	31,268	29,251
Unrestricted	317,002	376,340	275,052	305,689	323,682	439,737	487,407	547,164	583,939	482,768
Total business-type activities net position	$ 594,824	$ 654,939	$ 567,237	$ 619,501	$ 726,672	$ 796,190	$ 825,848	$ 875,804	$ 902,782	$ 819,011
Primary government:										
Net investment in capital assets	$ 416,978	$ 425,011	$ 456,348	$ 485,946	$ 592,378	$ 551,110	$ 583,197	$ 643,613	$ 721,357	$ 808,045
Restricted	335,215	365,893	434,317	558,295	634,779	582,429	696,163	651,458	576,359	765,031
Unrestricted	524,676	557,556	369,693	373,206	353,260	477,684	472,550	498,120	560,284	500,886
Total primary government net position	$ 1,276,869	$ 1,348,460	$ 1,260,358	$ 1,417,447	$ 1,580,417	$ 1,611,223	$ 1,751,910	$ 1,793,191	$ 1,858,000	$ 2,073,962

Source: Accounting and Financial Reporting Department
Notes:

In fiscal year 2014-15, OCTA implemented GASB 68.
In fiscal year 2016-17, the increase in the business-type activities net position is mainly due to a major revenue vehicle purchase.
In fiscal year 2018-19, the increase in the government-type activities net position is mainly due to the Measure M program and the construction of the OC Streetcar project.
In fiscal year 2019-20, the increase in the business-type activities net position is mainly due to a reduction in net pension liabilities.
In fiscal year 2020-21, the increase in the governmental-type activities net position is mainly due to capital grants and contributions and taxes. The increase in business-type activities net position is mainly due to operating grants and contributions.
In fiscal year 2021-22, the increase in the governmental-type activities net position is mainly due to sales tax revenues. The decrease in business-type activities net position is mainly due to the construction of I-405 improvement project.

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

(accrual basis of accounting - thousands)

	For the Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	$ 96,925	$ 68,262	$ 74,852	$ 95,155	$ 94,929	$ 80,877	$ 88,394	$ 89,868	$ 87,346	$ 89,924
Measure M program	314,669	372,137	301,329	272,627	280,154	439,279	390,253	453,965	534,584	543,991
Motorist services	6,004	5,187	5,281	6,355	5,826	5,725	6,359	7,724	7,092	8,284
Commuter rail	34,586	23,556	29,347	34,004	39,736	414	117	454	47	194
Total governmental activities expenses	452,184	469,142	410,809	408,141	420,645	526,295	485,123	552,011	629,069	642,393
Business-type activities:										
Fixed route	207,363	212,170	201,630	208,851	204,969	208,167	230,256	201,819	174,441	179,877
Paratransit	53,803	51,735	51,392	63,071	64,594	67,883	71,104	88,086	75,431	88,131
Tollroad	20,573	22,996	22,980	25,120	38,455	25,672	26,491	29,239	30,137	30,162
Taxicab administration	456	506	584	567	524	385	348	160	86	—
Fixed guideway	—	—	—	—	—	—	6	7	28	51
Total business-type activities expenses	282,195	287,407	276,586	297,609	308,542	302,107	328,205	319,311	280,123	298,221
Total primary government expenses	$ 734,379	$ 756,549	$ 687,395	$ 705,750	$ 729,187	$ 828,402	$ 813,328	$ 871,322	$ 909,192	$ 940,614
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 137	$ 155	$ 181	$ 1,180	$ 730	$ 842	$ 855	$ 872	$ 1,113	$ 1,094
Other activities	1,136	1,350	1,644	1,087	1,104	1,544	968	1,197	1,149	1,373
Operating grants and contributions	159,069	146,863	122,282	125,220	92,486	98,233	83,458	78,703	74,365	63,978
Capital grants and contributions	10,923	2,222	586	3,897	17,602	7,679	19,994	37,921	65,919	65,949
Total governmental activities program revenues	171,265	150,590	124,693	131,384	111,922	108,298	105,275	118,693	142,546	132,394
Business-type activities:										
Charges for services:										
Fixed route	53,361	56,784	51,265	50,197	42,753	40,821	41,067	39,747	22,380	37,647
Tollroad	39,289	42,610	46,132	52,240	56,005	57,615	57,417	43,944	45,353	64,848
Other activities	7,893	8,579	8,695	8,650	8,656	8,280	8,727	7,654	2,193	4,824
Operating grants and contributions	83,305	63,099	67,356	65,226	74,966	74,236	87,667	64,917	164,819	258,866
Capital grants and contributions	8,821	23,717	14,139	35,848	89,740	17,849	11,172	4,747	7,154	10,568
Total business-type activities program revenues	192,669	194,789	187,587	212,161	272,120	198,801	206,050	161,009	241,899	376,753
Total primary government program revenues	$ 363,934	$ 345,379	$ 312,280	$ 343,545	$ 384,042	$ 307,099	$ 311,325	$ 279,702	$ 384,445	$ 509,147

Source: Accounting and Financial Reporting Department

Notes:

(Continued)

In fiscal year 2013-14, the decrease in General government expenses is primarily due to the conclusion of the gasoline tax exchange in June 2013.
In fiscal year 2017-18, the increase in expense of Measure M program under the governmental activities results mainly from costs related to freeway projects including I-405 Improvement Project.
In fiscal years 2019-22, the increase in the government-type activities expenses is mainly due to the construction of the OC Streetcar project under the Measure M program.

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

(accrual basis of accounting - thousands)	**For the Year Ended June 30,**									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Indirect expenses allocation:										
Governmental activities	$ (33,654)	$ (34,089)	$ (35,996)	$ (37,748)	$ (41,045)	$ (43,163)	$ (44,411)	$ (46,890)	$ (48,485)	$ (52,347)
Business-type activities	33,654	34,089	35,996	37,748	41,045	43,163	44,411	46,890	48,485	52,347
Net (expense) revenue										
Governmental activities	$ (247,265)	$ (284,463)	$ (250,120)	$ (239,009)	$ (267,678)	$ (374,834)	$ (335,437)	$ (386,428)	$ (438,038)	$ (457,652)
Business-type activities	(123,180)	(126,707)	(124,995)	(123,196)	(77,467)	(146,469)	(166,566)	(205,192)	(86,709)	26,185
Total primary government net expense	$ (370,445)	$ (411,170)	$ (375,115)	$ (362,205)	$ (345,145)	$ (521,303)	$ (502,003)	$ (591,620)	$ (524,747)	$ (431,467)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales taxes	$ 428,262	$ 451,153	$ 466,127	$ 476,368	$ 475,863	$ 515,475	$ 546,912	$ 518,933	$ 554,785	$ 679,399
Unrestricted investment earnings	11,295	13,776	13,301	19,447	9,807	12,609	48,527	55,593	21,334	(27,383)
Other miscellaneous revenue	125	288	168	918	99	133	233	159	2,028	1,360
Transfers	(155,999)	(169,278)	(169,199)	(152,899)	(162,292)	(191,734)	(149,206)	(196,930)	(117,292)	104,009
Total governmental activities	283,683	295,939	310,397	343,834	323,477	336,483	446,466	377,755	460,855	757,385
Business-type activities:										
Taxes:										
Property taxes	13,560	12,366	13,293	14,098	14,943	15,995	16,971	17,829	18,648	19,646
Unrestricted investment earnings	2,805	4,765	4,531	7,672	2,332	2,892	24,654	29,285	4,859	(32,167)
Other miscellaneous revenue	2,832	413	1,218	791	5,071	5,604	5,393	11,104	7,685	6,574
Transfers	155,999	169,278	169,199	152,899	162,292	191,734	149,206	196,930	117,292	(104,009)
Total business-type activities	175,196	186,822	188,241	175,460	184,638	216,225	196,224	255,148	148,484	(109,956)
Total primary government	$ 458,879	$ 482,761	$ 498,638	$ 519,294	$ 508,115	$ 552,708	$ 642,690	$ 632,903	$ 609,339	$ 647,429
Change in Net Position										
Governmental activities	$ 36,418	$ 11,476	$ 60,277	$ 104,825	$ 55,799	$ (38,351)	$ 111,029	$ (8,673)	$ 22,817	$ 299,733
Business-type activities	52,016	60,115	63,246	52,264	107,171	69,756	29,658	49,956	61,775	(83,771)
Total primary government	$ 88,434	$ 71,591	$ 123,523	$ 157,089	$ 162,970	$ 31,405	$ 140,687	$ 41,283	$ 84,592	$ 215,962

Source: Accounting and Financial Reporting Department

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 3

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

(modified accrual basis of accounting - thousands)

	As of June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Unreserved	–	–	–	–	–	–	–	–	–	–
Nonspendable	5,637	7,473	11,038	11,862	20,672	11,699	13,717	12,746	13,763	13,282
Restricted	–	–	24,732	23,548	22,992	23,189	23,101	23,517	44,642	40,881
Assigned	–	–	25,173	14,453	–	2,413	8,740	11,562	14,735	25,759
Unassigned	(168)	(210)	22,115	–	(17,135)	–	(2,217)	–	–	(2)
Total general fund	$ 5,469	$ 7,263	$ 83,058	$ 49,863	$ 26,529	$ 37,301	$ 43,341	$ 47,825	$ 73,140	$ 79,920
All Other Governmental Funds										
Reserved	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Unreserved, reported in:										
Special revenue funds	–	–	–	–	–	–	–	–	–	–
Capital projects funds	–	–	–	–	–	–	–	–	–	–
Nonspendable	77,547	56,991	20,575	12,519	7,177	12,144	15,772	12,230	17,507	39,222
Restricted	638,718	707,365	753,071	862,565	953,569	892,703	1,337,025	1,252,083	1,155,000	1,314,797
Committed	–	–	–							
Assigned, reported in:										
Special revenue funds	69,531	41,273	–	–	–	–	–	–	–	–
Transportation capital projects	9,504	9,495	9,469	8,682	1,158	–	2,521	–	–	–
Unassigned	–	–	–	–	–	(6,917)	(883)	(2,024)	(3,562)	(7,658)
Total all other governmental funds	$ 795,300	$ 815,124	$ 783,115	$ 883,766	$ 961,904	$ 897,930	$ 1,354,435	$ 1,262,289	$ 1,168,945	$ 1,346,361

Source: Accounting and Financial Reporting Department
Notes:

GASB 54 was implemented during fiscal year 2010-11.

In fiscal year 2014-15, the increase in restricted fund balance of General Fund is due to transfers from LTA as a result of finalizing Measure M1 projects. Additionally, the CURE Fund was consolidated with the General Fund as it no longer met the definition of a special revenue fund, which resulted in an increase of assigned and unassigned fund balance for the General Fund.

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

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

In fiscal year 2021-22, the increase in restricted fund balance of All Other Governmental funds is due to the increase of sales tax revenue for Measure M2 program.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 4

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

(modified accrual basis of accounting - thousands)

	For the Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Sales taxes	$ 428,262	$ 451,153	$ 466,127	$ 465,830	$ 486,401	$ 507,584	$ 554,804	$ 518,933	$ 554,785	$ 679,399
Gasoline taxes	22,553	—	—	—	—	—	—	—	—	—
Transportation improvement fee	—	—	—	—	—	5,673	5,603	5,823	6,230	7,581
Vehicle registration fees	2,588	2,669	2,351	3,401	2,960	2,941	2,978	2,773	3,099	2,896
Fines	140	176	197	220	205	201	200	245	125	182
Contributions from other agencies	135,762	146,216	121,341	103,532	87,870	92,239	67,550	96,817	84,483	51,603
Interest and investment income	10,702	13,144	12,732	18,917	11,894	12,253	48,528	53,209	23,840	(29,596)
Capital assistance grants	1,118	11,075	768	3,220	14,552	7,541	14,171	29,102	45,999	46,975
Miscellaneous	1,351	3,899	4,221	5,090	8,060	6,361	3,649	1,425	3,250	2,365
Total revenues	602,476	628,332	607,737	600,210	611,942	634,793	697,483	708,327	721,811	761,405
Expenditures										
Current:										
General government	94,455	83,294	105,995	126,370	116,183	110,973	110,537	106,911	114,120	101,883
Transportation:										
Contributions to other local agencies	166,899	191,698	133,286	124,230	146,199	109,767	114,543	97,116	103,286	104,090
Capital outlay	135,968	135,747	129,312	103,441	106,921	250,292	235,559	354,492	430,188	435,542
Debt service:										
Principal payments on long-term debt	6,410	6,600	6,865	7,210	7,475	7,775	8,165	8,530	8,065	8,455
Interest	22,509	22,264	21,961	21,614	21,343	21,059	20,677	35,615	35,777	35,808
Bond issuance costs	—	—	—	—	—	—	826	—	—	—
Total expenditures	426,241	439,603	397,419	382,865	398,121	499,866	490,307	602,664	691,436	685,778
Excess of revenues over expenditures	176,235	188,729	210,318	217,345	213,821	134,927	207,176	105,663	30,375	75,627
Other financing sources (uses):										
Transfers in	37,909	48,196	65,411	56,722	74,074	46,148	155,033	137,216	99,830	217,996
Transfers out	(193,908)	(217,474)	(234,610)	(209,621)	(236,366)	(237,882)	(304,239)	(334,146)	(217,122)	(113,987)
Proceeds from sale of capital assets	2,662	2,167	2,667	3,010	3,275	3,605	3,605	3,605	3,866	4,560
Bond issuance	—	—	—	—	—	—	376,690	—	—	—
Bond premium	—	—	—	—	—	—	69,342	—	—	—
Payment to refunded bond escrow agent	—	—	—	—	—	—	(45,062)	—	—	—
Total other financing sources (uses)	(153,337)	(167,111)	(166,532)	(149,889)	(159,017)	(188,129)	255,369	(193,325)	(113,426)	108,569
Net changes in fund balances	$ 22,898	$ 21,618	$ 43,786	$ 67,456	$ 54,804	$ (53,202)	$ 462,545	$ (87,662)	$ (83,051)	$ 184,196
Debt service as a percentage of noncapital expenditures	6.8 %	6.6 %	7.6 %	7.7 %	7.6 %	5.9 %	6.6 %	8.4 %	7.2 %	6.8 %

Source: Accounting and Financial Reporting Department

Notes:

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

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

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

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

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

In fiscal years 2021-22, the increases in fund balances is due to the increase of sales tax revenue for Measure M2 program.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 5

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

(accrual basis of accounting - thousands)

Program Revenues	For the Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Governmental activities:										
General government	$ 32,585	$ 5,280	$ 4,101	$ 8,963	$ 22,323	$ 18,830	$ 27,932	$ 46,179	$ 76,165	$ 77,831
Measure M program	120,265	136,929	112,056	111,050	76,881	81,902	67,979	63,996	59,115	48,550
Motorist services	5,259	5,274	5,521	5,648	5,575	5,492	8,755	8,516	7,251	5,968
Commuter rail	13,156	3,107	3,015	5,723	7,143	2,074	609	2	15	45
Total governmental activities	171,265	150,590	124,693	131,384	111,922	108,298	105,275	118,693	142,546	132,394
Business-type activities:										
Fixed route	123,467	123,244	112,721	123,504	173,107	105,539	108,244	107,503	193,353	306,103
Paratransit	29,080	28,130	28,059	28,080	40,777	33,882	38,859	7,496	2,192	4,824
Tollroad	39,289	42,610	46,132	60,059	57,816	59,069	58,576	45,835	46,342	65,826
Taxicab administration	833	805	675	518	420	311	371	175	12	—
Total business-type activities	192,669	194,789	187,587	212,161	272,120	198,801	206,050	161,009	241,899	376,753
Total primary government	$ 363,934	$ 345,379	$ 312,280	$ 343,545	$ 384,042	$ 307,099	$ 311,325	$ 279,702	$ 384,445	$ 509,147

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2011-12, the increase in contributions from other agencies is due to increased funding of Measure M MSEP and grade separation projects.
In fiscal year 2013-14, the decrease in General government is primarily due to the conclusion of the gasoline tax exchange in June 2013.
In fiscal year 2014-15, the decrease in Measure M program is primarily due to finalizing Measure M1 projects.
In fiscal year 2016-17, the decrease in Measure M program is primarily due to decreased funding of RSTP and Proposition 1B as well as closing phase of the grade separation projects.
In fiscal year 2017-18, the decrease in Fixed route is primarily due to capital grants received in the prior year related to the CNG bus purchase project.
In fiscal year 2019-20, the decrease in General government, fixed route, paratransit, and tollroad revenues is primarily due to the COVID-19 pandemic.
In fiscal year 2020-22, the increase in Fixed route is primarily due to operating grants and contributions.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 6

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

(accrual basis of accounting - thousands)

For the Year Ended June 30,	Sales & Use	Gasoline (a)	Total
2013	$ 428,262	$ 22,553	$ 450,815
2014	451,153	—	451,153
2015	466,127	—	466,127
2016	476,368	—	476,368
2017	475,863	—	475,863
2018	515,475	—	515,475
2019	546,912	—	546,912
2020	518,933	—	518,933
2021	554,785	—	554,785
2022	679,399	—	679,399
Change			
2012 - 2021	58.6 %	(100.0)%	50.7 %

Source: Accounting and Financial Reporting Department
Note:
(a) In 1995, as a result of the Orange County 1994 bankruptcy, the California State Legislature diverted $38 million to the County from OCTA's TDA sales tax revenue.
In return, $23 million in annual County gasoline tax revenue was diverted to OCTA until 2013.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 7

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

	Calendar Year										
(amounts expressed in thousands)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	(a)
Clothing and Clothing Accessories Stores	$ 3,764,088	$ 3,942,629	$ 4,062,185	$ 4,173,147	$ 4,179,348	$ 4,420,905	$ 4,501,642	$ 3,445,233	$ 5,265,145	$ 2,570,645	
General Merchandise Stores	5,169,057	5,206,936	5,331,919	5,266,498	5,314,636	5,424,321	5,561,761	5,214,858	6,114,659	3,051,107	
Specialty Stores	1,732,562	1,625,444	—	—	—	—	—	—	—	—	
Food and Beverage Stores	2,111,209	2,177,054	2,249,980	2,315,300	2,399,937	2,460,590	2,483,191	2,630,703	2,705,682	1,327,305	
Food Services and Drink Places	6,186,883	6,637,321	7,174,652	7,561,709	7,953,351	8,195,164	8,559,216	6,232,835	8,795,493	4,944,867	
Home Furnishings and Appliance Stores	3,539,271	3,340,006	2,995,975	3,082,463	3,074,257	3,037,974	2,907,710	2,578,348	3,104,704	1,537,036	
Building Material & Garden Equipment & Supplies Dealers	2,581,968	2,662,657	2,870,940	2,961,129	3,106,396	3,184,381	3,174,208	3,539,541	3,817,836	2,031,012	
Motor Vehicle and Parts Dealers	11,854,186	12,440,522	8,352,815	8,648,763	8,927,827	9,408,045	9,646,527	9,482,960	11,324,257	5,939,197	
Gasoline Stations	—	—	3,979,166	3,489,276	3,745,819	4,203,824	4,142,023	2,670,300	4,110,466	2,621,711	
Other Retail Group	1,210,383	1,219,968	5,130,425	5,318,826	5,562,771	5,742,982	6,158,835	8,462,565	8,412,348	4,048,607	
Business and Personal Services	1,876,321	2,035,999	—	—	—	—	—	—	—	—	
All other outlets	17,565,288	18,808,591	19,768,161	20,241,650	20,883,715	21,390,429	22,553,862	19,576,172	24,603,345	14,358,525	
Total	$57,591,216	$60,097,127	$61,916,218	$63,058,761	$65,148,057	$67,468,615	$69,688,975	$63,833,515	$78,253,935	$42,430,012	
Measure M Ordinance direct sales tax rate	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	

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

Note:

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

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

(a) Taxable Sales reported for year 2022 includes first & second quarter data.

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	
2013	0.50%	7.50%	(a)
2014	0.50%	7.50%	
2015	0.50%	7.50%	
2016	0.50%	7.50%	
2017	0.50%	7.25%	(b)
2018	0.50%	7.25%	
2019	0.50%	7.25%	
2020	0.50%	7.25%	
2021	0.50%	7.25%	
2022	0.50%	7.25%	

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

Notes:

Measure M information provided by the Measure M Ordinance

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 9
Principal Taxable Sales Generation by City, Current Year and Nine Years Ago (Unaudited)
(amounts express in thousands)

City	Calendar Year 2021 Taxable Sales	Calendar Year 2021 Rank	Calendar Year 2021 Percentage of Total	Calendar Year 2012 Taxable Sales	Calendar Year 2012 Rank	Calendar Year 2012 Percentage of Total
Aliso Viejo	$ 439,138	28	0.68 %	$ 407,934	28	0.83 %
Anaheim	7,247,841	1	11.23 %	5,548,091	1	11.26 %
Brea	1,965,574	12	3.04 %	1,635,639	12	3.32 %
Buena Park	2,595,697	9	4.02 %	2,217,943	8	4.50 %
Costa Mesa	5,963,454	3	9.24 %	4,058,400	3	8.24 %
Cypress	1,041,873	19	1.61 %	1,019,521	16	2.07 %
Dana Point	498,243	26	0.77 %	407,753	29	0.83 %
Fountain Valley	1,202,081	16	1.86 %	976,496	18	1.98 %
Fullerton	2,268,724	11	3.51 %	1,670,833	11	3.39 %
Garden Grove	2,290,588	10	3.55 %	1,771,891	10	3.60 %
Huntington Beach	3,964,442	6	6.14 %	3,020,719	6	6.13 %
Irvine	6,268,119	2	9.71 %	4,518,099	2	9.17 %
La Habra	1,144,710	17	1.77 %	802,546	19	1.63 %
La Palma	184,431	32	0.29 %	484,516	24	0.98 %
Laguna Beach	498,067	27	0.77 %	396,858	30	0.81 %
Laguna Hills	535,865	25	0.83 %	473,278	26	0.96 %
Laguna Niguel	1,142,496	18	1.77 %	981,885	17	1.99 %
Laguna Woods	89,441	33	0.14 %	81,372	33	0.17 %
Lake Forest	1,522,967	15	2.36 %	1,172,051	15	2.38 %
Los Alamitos	299,894	31	0.46 %	231,750	32	0.47 %
Mission Viejo	1,614,115	13	2.50 %	1,445,932	13	2.94 %
Newport Beach	3,536,947	7	5.48 %	2,566,623	7	5.21 %
Orange	4,474,065	5	6.93 %	3,119,329	5	6.33 %
Placentia	620,073	24	0.96 %	472,843	27	0.96 %
Rancho Santa Margarita	674,055	23	1.04 %	525,714	22	1.07 %
San Clemente	1,008,685	20	1.56 %	632,268	21	1.28 %
San Juan Capistrano	951,183	21	1.47 %	663,369	20	1.35 %
Santa Ana	4,805,691	4	7.44 %	3,492,395	4	7.09 %
Seal Beach	380,771	30	0.59 %	477,065	25	0.97 %
Stanton	418,233	29	0.65 %	321,040	31	0.65 %
Tustin	2,658,308	8	4.12 %	1,901,061	9	3.86 %
Villa Park	22,526	34	0.03 %	15,223	34	0.03 %
Westminster	1,550,221	14	2.40 %	1,242,341	14	2.52 %
Yorba Linda	675,953	22	1.05 %	508,199	23	1.03 %
Total	64,554,471		100 %	49,260,977		100 %
Unincorporated Cities	13,699,465			5,969,635		
Total Orange County	$ 78,253,936			$ 55,230,612		

Source: California Department of Tax and Fee Administration, www.cdtfa.ca.gov
Note:
The most current data available is for 2021.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 10
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years (Unaudited)
(amounts expressed in thousands except per capita)

	Governmental Activities		Business-Type Activities					
As of June 30,	Sales Tax Revenue Bonds	Commercial Paper Notes	Toll Road Revenue Bonds	TIFIA Loan	Capital Leases	Government	Percentage of Personal Income	Per Capita
2013	$ 350,376	$ 25,000	$ 159,858	$ –	$ 571	$ 535,805	0.32 %	172.25
2014	343,174	25,000	135,013	–	–	503,187	0.29 %	160.35
2015	335,707	–	129,444	–	–	465,151	0.24 %	147.08
2016	327,894	–	123,725	–	–	451,619	0.23 %	142.06
2017	319,817	–	117,796	–	–	437,613	0.21 %	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	–	98,419	303,421	–	1,093,650	0.46 %	342.37
2021	680,592	–	91,356	312,329	–	1,084,277	n/a	343.80
2022	668,985	–	83,962	–	–	752,947	n/a	238.11

Source: Accounting and Financial Reporting Department

Notes:

The fiscal years 2011-13 Sales Tax Revenue Bonds and Toll Road Revenue Bonds columns have been restated to include the unamortized premium amounts. In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.

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

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

See schedule 13 for personal income and population data.

n/a - data not available

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 11

Legal Debt Margin Information, Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands)

Measure M Ordinance No. 3 (Measure M2)

Legal Debt Margin Calculation for Fiscal Year 2022	
Debt service	$ 43,826
Debt coverage (130 % of debt service)	56,974
Sales tax revenue	419,531
Less: local fair share & other expenses	(89,481)
Net sales tax revenues	330,050
Legal debt margin	$ 273,076

Toll Road Revenue Bonds

Legal Debt Margin Calculation for Fiscal Year 2022	
Debt service	$ 10,863
Debt coverage (130 % of debt service)	14,122
Toll revenues	57,626
Less: operating expenses	(20,481)
Net toll revenues	37,145
Legal debt margin	$ 23,023

For Year Ended June 30,	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit
2013	$ 201,022	$ 21,835	$ 179,187	10.9 %	23,204	10,226	12,978	44.1 %
2014	212,707	22,386	190,321	10.5 %	25,478	10,742	14,736	42.2 %
2015	227,936	29,039	198,897	12.7 %	30,825	14,035	16,790	45.5 %
2016	237,151	29,021	208,130	12.2 %	35,576	14,035	21,541	39.5 %
2017	239,727	29,244	210,483	12.2 %	25,002	14,039	10,963	56.2 %
2018	249,427	29,080	220,347	11.7 %	42,211	14,034	28,177	33.2 %
2019	258,085	37,434	220,651	14.5 %	49,624	14,035	35,589	28.3 %
2020	252,570	57,360	195,210	22.7 %	37,268	14,037	23,231	37.7 %
2021	262,280	56,992	205,288	21.7 %	31,734	14,034	17,701	44.2 %
2022	330,050	56,974	273,076	17.3 %	37,145	14,122	23,023	38.0 %

Source: Treasury and Accounting and Financial Reporting Departments
Notes:
In fiscal year 2010-11, Measure M2 sales tax revenue bonds were issued and Measure M1 bonds were paid off.
In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.

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

For the Year Ended June 30,	Measure M2 Sales Tax Revenue Bonds: Sales Tax Revenue	Less: Fair Share & Other Expenses	Debt Service: Principal	Debt Service: Interest	Coverage	Toll Road Revenue Bonds: Toll Road Revenue	Less: Operating Expenses	Debt Service: Principal	Debt Service: Interest	Coverage
2013	$ 262,468	$ (54,895)	$ 6,410	$ 15,425	9.51	$ 39,526	$ (13,254)	$ 5,245	$ 4,981	2.57
2014	277,939	(58,516)	6,600	15,786	9.80	43,857	(15,156)	5,525	5,218	2.67
2015	289,359	(61,423)	6,865	15,473	10.20	47,351	(16,526)	4,925	5,871	2.86
2016	300,602	(63,451)	7,210	15,114	10.62	54,267	(18,691)	5,075	5,721	3.30
2017	305,057	(65,330)	7,475	15,020	10.66	56,835	(31,833)	5,285	5,514	2.32
2018	316,093	(66,666)	7,775	14,594	11.15	58,613	(16,403)	5,525	5,270	3.91
2019	328,892	(70,807)	8,165	20,629	8.96	64,932	(15,308)	5,810	4,986	4.60
2020	322,448	(69,878)	8,530	35,592	0.01	52,313	(15,045)	6,110	4,688	—
2021	332,888	(70,608)	8,065	35,774	0.01	46,463	(14,729)	6,420	4,375	2.94
2022	332,888	(70,608)	8,455	35,371	5.98	46,463	(14,729)	6,750	4,046	2.94

Source: Accounting and Financial Reporting Department
Notes:

In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.
In fiscal year 2018-19, Measure M2 sales tax revenue bonds were issued.
In fiscal year 2019-20, Measure M2 sales tax revenue decreased due to COVID-19 pandemic and state order to refrain from non-essential travel.
In fiscal year 2019-20, decrease in toll road revenue is primarily due to a decrease in trips due to COVID-19 pandemic and state orders to refrain from non-essential travel.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 13

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

Calendar Year	Population (a)	Personal Income (millions) (b)	Per Capita Personal Income (c)	Median Age (d)	School Enrollment (e)	Unemployment Rate (f)
2013	3,110,678	$ 168,570	$ 54,285	36.40	501,801	6.1 %
2014	3,138,057	176,515	56,457	36.70	500,487	5.2 %
2015	3,162,622	190,100	60,369	37.10	497,116	4.3 %
2016	3,179,122	197,195	62,319	37.30	493,030	4.4 %
2017	3,200,748	205,052	64,601	37.50	490,430	3.8 %
2018	3,221,103	212,902	67,044	38.30	485,835	3.2 %
2019	3,222,498	221,803	69,951	38.60	478,823	3.0 %
2020	3,194,332	236,303	74,618	39.20	473,612	13.7 %
2021	3,153,764	n/a	n/a	n/a	456,572	6.5 %
2022	3,162,245	n/a	n/a	n/a	448,729	2.9 %

Notes:

n/a - data not available
Estimates for personal income and per capita personal income for 2013-2019 were revised for new estimates.

Sources:
(a) July 1 estimates for 2013-2017 and January 1 estimate for 2018-2022 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://dq.cde.ca.gov/dataquest/
(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 2022 Employees (a)	Rank	Percentage of Total County Employment (b)	Calendar Year 2013 Employees (a)	Rank	Percentage of Total County Employment (b)
University of California, Irvine	26,182	1	1.71 %	21,800	2	1.45 %
Walt Disney Co.	25,000	2	1.63 %	25,000	1	1.67 %
County of Orange	18,139	3	1.19 %	17,257	3	1.15 %
Providence	13,079	4	0.86 %			
Kaiser Permanente	8,800	5	0.58 %			
Albertsons Southern CA Division	7,853	6	0.51 %	5,968	8	0.40 %
Hoag Memorial Hospital Presbyterian	7,051	7	0.46 %			
Walmart Inc.	6,300	8	0.41 %			
Target Corp.	6,000	9	0.39 %	5,527	9	0.37 %
Memorial Care	5,490	10	0.36 %	5,545	8	0.37 %
St. Joseph Health System				11,679	4	0.78 %
Boeing Co.				6,873	5	0.46 %
Bank of American Corp.				6,000	7	0.40 %
Cedar Fair LP				5,527	10	0.37 %
Total County Employment	1,529,500			1,498,600		

Sources: (a) Orange County Business Journal Book of Lists - County of Orange
(b) Total County Employment information obtained from California Employment Development Department
http://www.labormarketinfo.edd.ca.gov

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 15

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

	Full-Time Equivalent Employees as of June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	224.0	226.0	224.0	238.0	239.0	240.5	247.5	243.0	246.0	250.5
Measure M program	40.0	40.0	40.0	39.5	39.0	39.0	40.5	41.5	39.5	38.0
Motorist services	3.0	3.0	3.0	4.0	4.0	5.0	5.0	5.0	5.0	3.0
Commuter rail	10.0	10.0	9.0	10.5	11.0	8.0	7.0	6.0	7.0	6.0
Fixed route	1,135.0	1,152.0	1,078.0	1,020.0	981.0	906.5	964.0	990.5	972.5	886.0
Paratransit	12.0	12.0	12.0	5.0	7.5	7.5	6.5	8.5	7.5	7.5
Tollroad	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.5
Taxicab	4.0	4.0	4.0	4.0	3.0	2.0	2.0	1.0	—	—
LOSSAN	—	—	—	6.0	7.0	8.0	11.0	14.0	14.0	15.0
Total	1,431.0	1,450.0	1,373.0	1,330.0	1,294.5	1,220.0	1,287.0	1,313.0	1,295.0	1,209.5

Source: Financial Planning & Analysis Department

Note:

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

In fiscal year 2013-14, the number of full-time equivalent positions for General government and Fixed route reported for fiscal year 2012-13 were restated.

In fiscal year 2015-16, the LOSSAN Division was created. The number of full-time equivalent positions for General government were increased due to new hires. There were decreases in the full-time equivalent positions in Fixed Route and Paratransit due to service reductions.

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

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

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

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

In fiscal year 2021-22, the decrease of full-time equivalent positions in Fixed Route is due to service reductions.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 16

Operating Indicators by Function/Program (Unaudited)

	For the Year Ended June 30,									
Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Measure M1 program (thousands)										
Freeways	$ 25,107	$ 11,318	$ 30,434	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Regional streets and roads	15,017	17,697	25,371	–	–	–	–	–	–	–
Local streets and roads	8,142	14,614	14,796	–	–	–	–	–	–	–
Transit	13,256	14,392	128,110	–	–	–	–	–	–	–
Total program expenses	$ 61,522	$ 58,021	$ 198,711	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Measure M2 program (thousands)										
Freeways	$ 31,986	$ 32,387	$ 58,775	$ 68,486	$ 100,729	$ 251,130	$ 204,726	$ 295,020	$ 355,936	$ 399,043
Streets and roads	168,895	199,311	161,622	163,699	138,273	106,691	110,412	105,555	92,472	60,180
Transit	38,884	82,721	47,876	22,464	16,516	20,419	173,782	74,815	68,617	143,009
Environmental cleanup	1,961	2,398	2,220	9,578	10,189	6,409	7,117	2,656	1,499	1,938
Total program expenses	$ 241,726	$ 316,817	$ 270,493	$ 264,227	$ 265,707	$ 384,649	$ 496,037	$ 478,046	$ 518,524	$ 604,170
Motorist services										
Calls made from call boxes	2,744	4,949	2,011	1,717	1,363	1,246	1,049	845	922	953
Vehicles removed	1,256	357	–	–	–	–	–	–	–	–
Vehicles assisted by FSP	64,851	59,014	69,045	68,678	62,527	54,136	52,673	56,374	60,062	67,224
511 Motorist Assistance Calls	–	–	2,886	4,023	4,120	3,888	4,298	3,838	3,774	4,689
Commuter rail										
Weekday trips	54	54	54	54	54	54	54	54	41	45
Annual boardings	4,443,362	4,437,991	4,579,000	4,198,189	4,477,735	5,069,929	5,073,474	3,874,618	797,715	1,592,803
Fixed route										
Annual boardings	51,418,393	48,963,660	47,021,445	43,202,265	39,903,682	39,272,747	37,846,066	30,800,075	19,880,122	26,680,576
Vehicle revenue hours	1,556,967	1,603,969	1,613,276	1,618,070	1,629,802	1,602,192	1,626,394	1,443,821	1,210,496	1,378,707
Miles of fixed route	2,048	2,045	2,047	2,045	1,820	1,801	1,762	1,792	1,562	1,587
Paratransit										
Annual boardings	1,631,527	1,654,081	1,714,550	1,779,530	1,864,312	1,647,378	1,667,292	1,268,429	485,746	837,644
Vehicle revenue hours	687,618	718,150	741,291	754,004	780,798	744,746	756,391	603,477	312,776	461,261
Eligible riders	30,992	31,576	31,602	32,173	32,871	32,735	32,744	31,812	28,851	28,248
Tollroad										
Annual drivers trips	12,085,552	12,326,874	13,106,882	13,772,971	14,384,133	16,719,371	17,546,304	14,990,602	15,359,785	19,810,256
Taxicab										
Permits Issued	3,090	3,066	2,513	1,855	1,521	1,214	971	437	–	–

Source: Various departments within OCTA

Notes:

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

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

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

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

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

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

In fiscal year 2021-22, the increase in Measure M program is primarily due to Project R for high frequency Metrolink Service expenditures. The increase in other functions is due to travel and ridership recovery post-pandemic.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 17

Capital Asset Statistics by Function/Program (Unaudited)

	For the Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fixed route										
Bus bases	5	5	5	5	5	5	5	5	5	5
Large revenue vehicles	527	537	537	537	517	492	498	505	495	508
Small revenue vehicles	19	19	19	18	11	35	43	24	38	36
Paratransit										
Paratransit vehicles	248	248	248	248	248	248	248	248	245	245
Tollroad										
Transponders in use	168,507	171,304	176,790	182,522	196,997	213,993	225,621	208,656	163,235	145,393

Source: Various departments within the Orange County Transportation Authority

Note:

In fiscal year 2017-18, the decreases in Fixed route large vehicles is due to the change in service levels.
In fiscal year 2017-18, the increase in Fixed route small vehicles resulted from operations of Irvine I-Shuttle.
In fiscal year 2018-19, the increase in Fixed route small vehicles was a result of increase in I-Shuttle service.
In fiscal year 2019-20, the decrease in fixed route small revenue vehicles is related to a decrease in service levels due to COVID-19 pandemic.
In fiscal year 2019-20, the balance was adjusted to reflect only transponders that are considered capital asset, the newly assigned 6C transponders are considered to be inventory.
In fiscal year 2020-22, the decrease in tollroad transponders is due to the newly assigned 6C transponders.

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