

Orange County Transportation Authority  
Orange County, California



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30,

# 2013

Orange County Transportation Authority  
Orange County, California



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Submitted by:

**FINANCE AND  
ADMINISTRATION  
DIVISION**

Andrew Oftelie, Executive Director

For the fiscal year ended June 30,

# 2013

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June, 30 2013**

**TABLE OF CONTENTS**

	Page
<b>INTRODUCTORY SECTION</b>	
Transmittal Letter.....	v
Organization Chart.....	xiii
Board of Directors.....	xiv
Management Staff.....	xv
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	xvi
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis (Required Supplementary Information).....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	16
Statement of Activities.....	17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Proprietary Funds:	
Statement of Fund Net Position.....	22
Reconciliation of the Statement of Fund Net Position of Proprietary Funds to the Statement of Net Position.....	24
Statement of Revenues, Expenses and Changes in Fund Net Position.....	25
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities.....	26
Statement of Cash Flows.....	27
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	29
Statement of Changes in Fiduciary Net Position.....	30
Notes to the Financial Statements.....	31

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
TABLE OF CONTENTS**

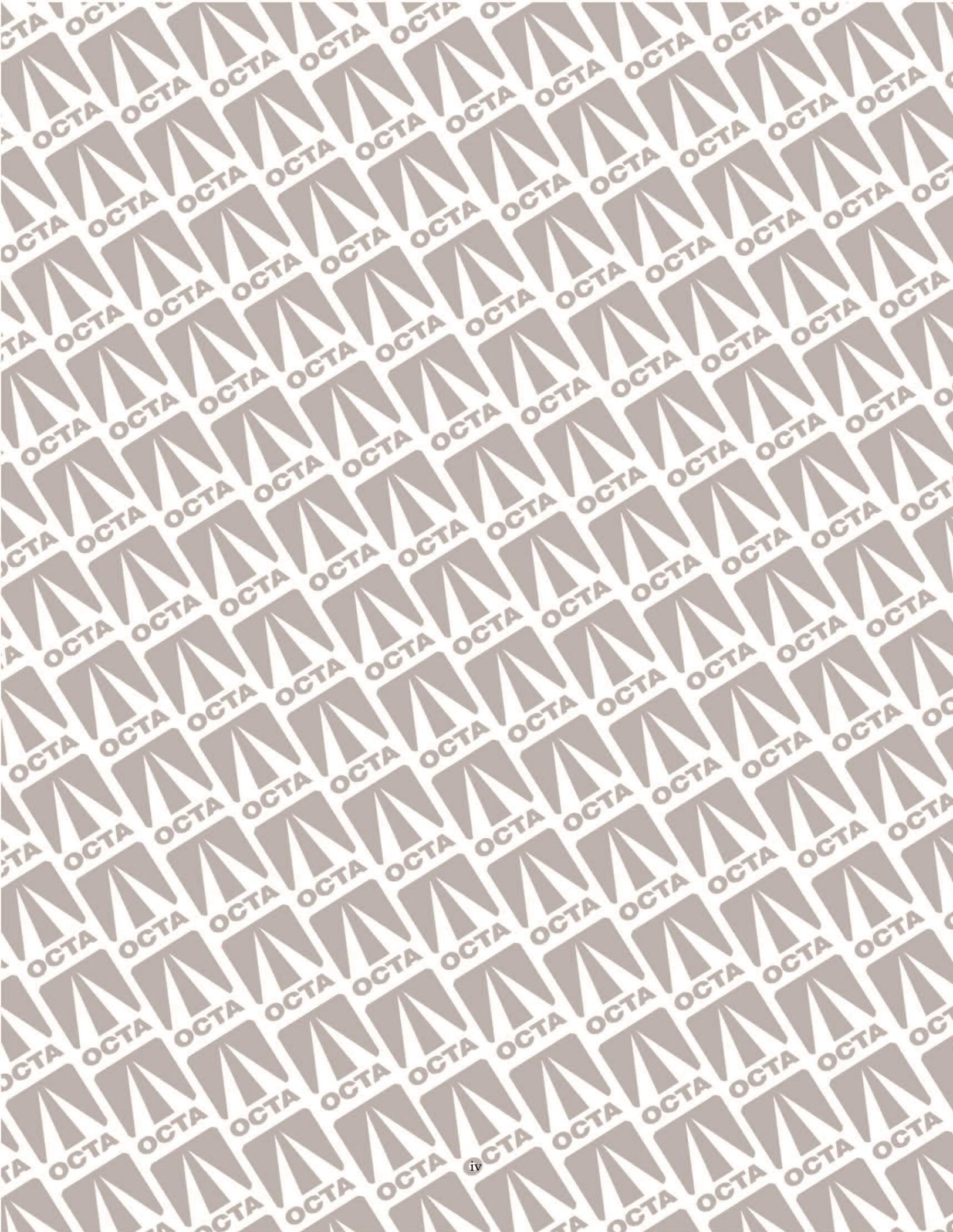
	Page
Required Supplementary Information (Other than Management’s Discussion and Analysis):	
Budgetary Comparison Schedules (Budgetary Basis):	
General Fund.....	77
Local Transportation Authority Special Revenue Fund .....	78
Local Transportation Special Revenue Fund .....	79
Commuter and Urban Rail Endowment Special Revenue Fund .....	80
Supplemental Pension Plan Trend Data.....	81
Notes to Required Supplementary Information.....	82
Other Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	85
Budgetary Comparison Schedules (Budgetary Basis):	
Local Transportation Authority Debt Service Fund .....	86
Orange County Unified Transportation Trust Special Revenue Fund .....	87
Service Authority for Freeway Emergencies Special Revenue Fund .....	88
Service Authority for Abandoned Vehicles Special Revenue Fund .....	89
State Transit Assistance Special Revenue Fund .....	90
Gas Tax Special Revenue Fund .....	91
General Capital Projects Fund .....	92
Combining Statement of Fund Net Position – Internal Service Funds .....	94
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds.....	95
Combining Statement of Cash Flows – Internal Service Funds .....	96

**STATISTICAL SECTION**

Net Position by Component, Last Ten Fiscal Years .....	98
Changes in Net Position, Last Ten Fiscal Years .....	99
Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	101
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years .....	102
Program Revenues by Function/Program, Last Ten Fiscal Years .....	103
Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years .....	104
Taxable Sales by Category, Last Ten Calendar Years .....	105
Direct and Overlapping Sales Tax Rates, Last Ten Calendar Years.....	106
Principal Taxable Sales Generation by City, Current Year and Nine Years Ago .....	107
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years .....	108
Legal Debt Margin Information, Last Ten Fiscal Years .....	109
Pledged-Revenue Coverage, Last Ten Fiscal Years.....	110
Demographic and Economic Statistics, Last Ten Calendar Years .....	111

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
TABLE OF CONTENTS**

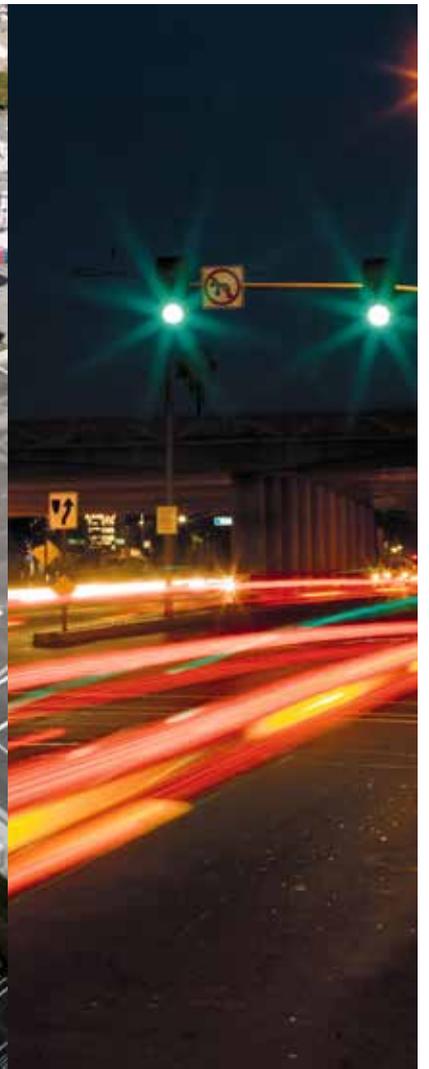
	Page
Principal Employers, Current Year and Nine Years Ago .....	112
Full-Time Equivalent Government Employees by Function/Program For Ten Years .....	113
Operating Indicators by Function/Program .....	114
Capital Asset Statistics by Function/Program .....	115



# FREEWAYS



# STREETS & ROADS





*AFFILIATED AGENCIES*

*Orange County  
Transit District*

*Local Transportation  
Authority*

*Service Authority for  
Freeway Emergencies*

*Consolidated Transportation  
Service Agency*

*Congestion Management  
Agency*

*Service Authority for  
Abandoned Vehicles*

November 25, 2013

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orange County Transportation Authority (OCTA) for the fiscal year (FY) ended June 30, 2013. 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 control 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 control should not outweigh the benefits, OCTA's system of internal control 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.

Vavrinek, Trine, Day and Company, LLP has audited OCTA's financial statements and issued an unmodified ("clean") opinion thereon for the fiscal year ended June 30, 2013. The independent auditors' 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 auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

## **Profile of OCTA**

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

OCTA serves Orange County residents and commuters by providing countywide bus and paratransit service, Metrolink commuter rail service, freeway improvements, street and road improvements, the 91 Express Lanes, motorist aid services, and taxi program regulation.

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

## **Orange County Economy**

The State of California as well as the Orange County economy continues to recover. Orange County's unemployment rate of 5.7 percent has decreased from the 7.9 percent unemployment rate as of June 2012. Orange County is faring better than the State of California, which has an unemployment rate of 8.1 percent as of May 2013.

The real estate sector continues to show improvement. Low interest rates and lower home prices continue to have a positive effect on the market. Building permits for new single and multiple housing units are forecasted to increase by 19.3 percent in 2013 and 15.2 percent in 2014. The rapid growth can be attributed to the fact that the growth levels were so low in the past, even small positive changes result in high percentage changes.

For the year-over-year period, ended June 30, 2013, Measure M2 (M2) taxable sales increased by 6.2 percent. The estimated sales tax growth rate for FY 2013-14 is 6.6 percent. This rate is based on an average of the growth rates provided by Chapman University, University of California, Los Angeles, and California State University, Fullerton in May. Like the universities, OCTA anticipates the economy will continue to emerge from the recession.

OCTA is seeing optimistic indicators that suggest the economy is stabilizing. A few examples include positive increases in sales tax receipts and a continuing trend of lower unemployment rates.

### **Long-Term Financial Planning**

In an effort to ensure long-term sustainability of transportation programs and services, OCTA developed a Comprehensive Business Plan (CBP). 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 plan details a comprehensive, multi-modal approach ensuring the financial viability of each of OCTA's programs and is developed consistent with the goals of OCTA's Strategic Plan and Long-Range Transportation Plan.

### **Relevant Financial Policies**

OCTA utilizes several financial policies in guiding day-to-day operations and ensuring long-term financial sustainability. While there are overriding agency wide financial policies, some financial policies are program-specific.

A brief description of the major financial policies follows:

#### **Budget Policy**

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

#### **Position Control Policy**

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

#### **Orange County Transit District (OCTD) 45-Day Working Capital Policy**

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

### OCTD Capital Asset Reserve Policy

Each year, OCTA sets aside operating funds derived from the Local Transportation Fund ¼-cent sales tax for the local match for capital expenditures to support the transit system. The process of establishing the set-aside involves analyzing available grant revenues and capital requirements for the next 20 years to determine the amount that needs to be set-aside in the upcoming budget year.

### 91 Express Lanes Financial Policies

In managing the 91 Express Lanes, the Board has adopted a policy on the use of “excess revenues” and the establishment of a capital replacement fund in excess of what is required under the bond indenture. “Excess revenues” are defined as total revenues less operating, capital, senior and subordinated debt service payments, and reserve fund payments. After meeting all debt service requirements, if additional revenues remain, these excess revenues may be used to retire debt early or used for SR-91 corridor improvements.

### **Major Initiatives**

During FY 2012-13, OCTA continued to move forward and accelerate projects by taking advantage of favorable financial conditions.

In 1990, Orange County voters approved Measure M (M1), a 20-year local ½-cent sales tax that expired in April 2011. In 2006, Orange County voters renewed the M2 ½-cent sales tax for an additional 30 years. Allocation of M2 funds remains the same as the original M1 with 43 percent slated for freeway improvements, 32 percent for streets and roads, and 25 percent for transit projects and programs.

Although revenue collection for M2 projects did not begin until April 2011, OCTA began delivering projects early thanks to passage by the Board of the five-year M2 Early Action Plan (EAP) in 2007. By borrowing funds at attractive rates and leveraging state and federal funds, OCTA was able to start projects years sooner.

Despite the economic recession, which resulted in a 36 percent reduction in the original sales tax revenue projections during the life of M2, OCTA continued to capitalize on the extremely competitive bidding environment and historically low debt rates. Additionally, freeway projects advanced through the EAP provided the opportunity to capture federal stimulus dollars which have helped fill in the funding gap in the M2 freeway program.

In September 2012, the Board approved the M2020 Plan which sets a course for continued progress of major M2 projects and programs between now and

the year 2020. In all, more than \$5 billion in transportation improvements are planned to be completed or under construction by 2020.

The M2020 Plan presents strategies to accelerate M2 improvements by delivering early on promises made to the voters. Accelerating projects offers advantages including leveraging today's favorable bidding environment and low debt costs, minimizing the risk of future inflation, and bringing mobility improvements sooner. This plan also sets OCTA on a course to go beyond the M2020 Plan if additional external funds can be secured.

The following accomplishments achieved during FY 2012-13 continue OCTA's strong heritage of delivering sustainable transportation solutions to the residents of Orange County:

- Completed construction of the State Route 91 widening from State Route 55 (SR-55) to State Route 241.
- Completed final design of three projects to extend the carpool lane on Interstate 5 from San Juan Creek Road to Avenida Pico.
- Completed final design of the Lakeview Avenue, Raymond Avenue, and State College Boulevard grade separation projects along the Orangethorpe railroad corridor.
- Circulated the supplemental draft environmental impact report / environmental impact statement for improvements on Interstate 405 between SR-55 and Interstate 605.
- Awarded \$21 million in state bond funds to the cities and the county for 50 projects related to street rehabilitation, street widening, bicycle trails, and transit projects to help protect the county's transportation infrastructure.
- Awarded \$9.4 million in federal funds to 11 local agencies for 21 bicycle projects that provide gap closure, bicycle facilities, education, and amenities.
- Competitively awarded \$35 million in regional capacity funds for seven projects, \$9.6 million in signal synchronization funds for 24 projects, \$732,613 for four shuttle and station van connections to Metrolink stations, and more than \$15 million in Environmental Water Quality Cleanup grants for 41 projects to improve mobility and quality of life in Orange County.
- Participated in the federal government's alternative fuel tax credit program, saving OCTA approximately \$4 million annually.
- Developed more than \$248 million in grant requests from a variety of federal, state, and local sources. Of these requests, \$67 million were pursued through

competitive grant programs. More than \$127 million in grants have been awarded for FY 2012-13, of which \$13.7 million were either nationally or regionally competitive.

- Increased Metrolink ridership for the three lines serving Orange County to 4.4 million, surpassing FY 2010-11 and FY 2011-12 by 500,000 and 200,000, respectively.
- Achieved more than 34,000 boardings on the Angels Express Metrolink rail service to 48 home games in Anaheim.
- Continued OC Fair Express special event service with grant funding from Mobile Source Air Pollution Reduction Committee. Ridership increased 26.6 percent over last year.
- Launched new bus Route 543 in June, providing limited-stop service along Harbor Boulevard between the Fullerton Transportation Center and Costa Mesa. Ridership exceeded projections in the first three weeks of service with 56,629 boardings.
- Delivered eight traffic light synchronization projects that resulted in significant travel time improvements along 153 miles of arterials and 533 signalized intersections.
- In an effort to mitigate the impact of the fare increase on bus customers, developed and introduced a new 5 Rides Pass, provided a 10 percent discount for day passes purchased off the bus, and created a new discount program for qualified non-profit organizations to purchase bus passes for their clients.
- Awarded \$2.76 million to 25 cities plus the County of Orange to upgrade existing storm drain screens, filters, inserts and other streetscale low-flow diversion projects.
- Awarded \$12.71 million to eight capital-intensive water quality improvement projects that mitigate pollutants including litter and debris as well as heavy metals, organic chemicals, sediment and nutrients.
- Coordinated regional efforts that led to the successful adoption of the 2012-35 Regional Transportation Plan/ Sustainable Communities Strategy.
- Completed the three-party agreement between OCTA, Riverside County Transportation Commission, and Cofiroute USA for the operation of the 91 Express Lanes upon completion of the extension in Riverside County.
- Exempted the 91 Express Lanes from legislation that would require an expanded class of single occupant vehicles from using the toll lanes for free.

- Secured rating affirmations in the “A” category from the three rating agencies for the 91 Express Lanes debt.
- Installed violation enforcement lights on gantries of the 91 Express Lanes to deter unlawful motorists from entering.
- Ensured that funding streams provided by the state for transit, highways, and local streets and roads were protected to comply with the terms of Propositions 22 and 26.
- Opened a new 814-space parking structure for commuters at the Fullerton Transportation Center.
- With the City of Anaheim, broke ground for the Anaheim Regional Transportation Intermodal Center transportation hub.
- Won the “Achievement of Excellence in Procurement” award sponsored by the National Purchasing Institute for the second year in a row.
- Deployed new Freeway Service Patrol tracking and assist data application using a web-based system.
- Implemented midday and weekend Freeway Service Patrol service funded with M2.
- Grew vanpool participation by 13 percent from 408 to 460 active vanpools, marking the third consecutive year of 13 percent or greater growth.
- As of the end of the fiscal year, a total of 22 percent of fixed-route service was being operated by a contractor to maintain financial sustainability.
- Increased inspections of taxicab vehicles to ensure that every taxi is inspected at least twice annually.
- Awarded a new, four-year contract for ACCESS paratransit service.

### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OCTA for its CAFR for the fiscal year ended June 30, 2012. This was the 30th 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 CAFR 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 CAFR for the fiscal year ended June 30, 2013, 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 CAFR 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,

A handwritten signature in blue ink, appearing to read "Darrell Johnson", with a long horizontal flourish extending to the right.

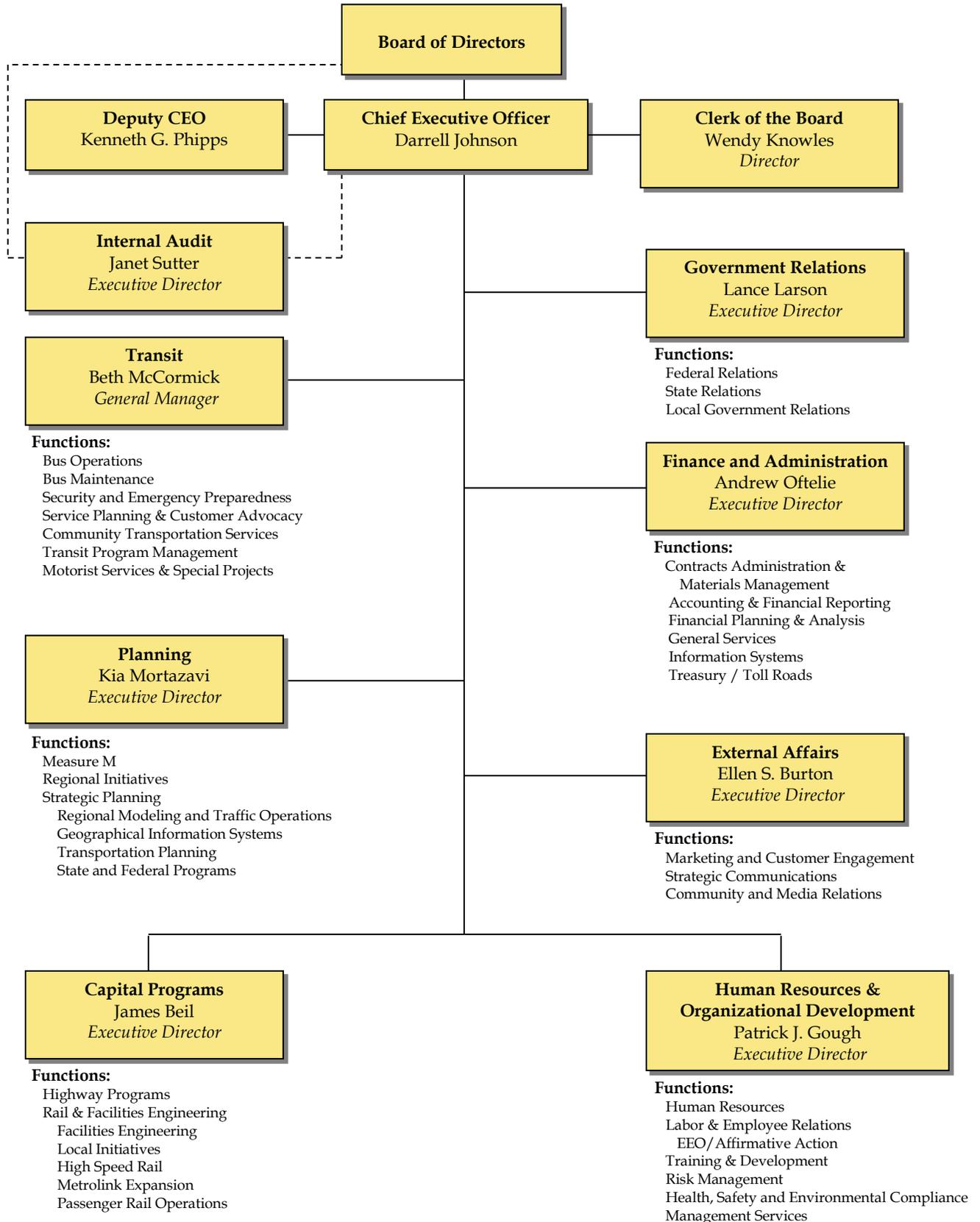
Darrell Johnson  
Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Andrew Oftelie", with a horizontal flourish extending to the right.

Andrew Oftelie  
Executive Director, Finance and Administration

ORANGE COUNTY TRANSPORTATION AUTHORITY

ORGANIZATION CHART



ORANGE COUNTY TRANSPORTATION AUTHORITY

BOARD OF DIRECTORS

<p><b>Gregory T. Winterbottom</b> <b>Chairman</b> Public Member</p>		<p><b>Shawn Nelson</b> <b>Vice Chairman</b> Supervisor, District 4 County of Orange</p>	
<p><b>Patricia Bates</b> <b>Director</b> Supervisor, District 5 County of Orange</p>		<p><b>Lori Donchak</b> <b>Director</b> Council Member, City of San Clemente</p>	
<p><b>Gail Eastman</b> <b>Director</b> Mayor Pro Tem, City of Anaheim</p>		<p><b>Matthew Harper</b> <b>Director</b> Mayor Pro Tem, City of Huntington Beach</p>	
<p><b>Michael Hennessey</b> <b>Director</b> Public Member</p>		<p><b>Steve Jones</b> <b>Director</b> Council Member, City of Garden Grove</p>	
<p><b>Jeffrey Lalloway</b> <b>Director</b> Mayor Pro Tem, City of Irvine</p>		<p><b>Gary A. Miller</b> <b>Director</b> Mayor, City of Seal Beach</p>	
<p><b>John Moorlach</b> <b>Director</b> Supervisor, District 2 County of Orange</p>		<p><b>Al Murray</b> <b>Director</b> Mayor, City of Tustin</p>	
<p><b>Janet Nguyen</b> <b>Director</b> Supervisor, District 1 County of Orange</p>		<p><b>Miguel Pulido</b> <b>Director</b> Mayor, City of Santa Ana</p>	
<p><b>Tim Shaw</b> <b>Director</b> Council Member, City of La Habra</p>		<p><b>Todd Spitzer</b> <b>Director</b> Supervisor, District 3 County of Orange</p>	
<p><b>Frank Ury</b> <b>Director</b> Council Member, City of Mission Viejo</p>		<p><b>Ryan Chamberlain</b> <b>Governor's Ex-Officio Member</b> District Director, Caltrans District 12</p>	

# ORANGE COUNTY TRANSPORTATION AUTHORITY

## MANAGEMENT STAFF

Darrell Johnson	Chief Executive Officer
Kenneth G. Phipps	Deputy Chief Executive Officer
Wendy Knowles	Clerk of the Board
Janet Sutter	Executive Director, Internal Audit
Kennard R. Smart, Jr.	General Counsel

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James Beil	Executive Director, Capital Programs
Ellen S. Burton	Executive Director, External Affairs
Patrick J. Gough	Executive Director, Human Resources & Organizational Development
Lance Larson	Executive Director, Government Relations
Beth McCormick	General Manager, Transit
Kia Mortazavi	Executive Director, Planning
Andrew Oftelie	Executive Director, Finance and Administration

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Virginia Abadessa	Director, Contracts Administration and Materials Management
Kirk Avila	Treasurer / General Manager, Toll Roads
Carolina Coppolo	Manager, Contracts and Procurement
Meena Katakia	Manager, Capital Projects
William Mao	Chief Information Officer, Information Systems
Sean Murdock	Manager, Financial Planning and Analysis
Lori Parsel	Section Manager, General Services
Tom Wulf	Manager, Accounting and Financial Reporting

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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, 2012**

Executive Director/CEO

# BUS TRANSIT



# RAIL





## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Orange County Transportation Authority  
Orange, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of OCTA as of June 30, 2013, 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.

### ***Emphasis of Matter***

As described in Note 22 to the financial statements, OCTA adopted Governmental Accounting Standards Board (GASB) Statement No. 60 – *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 15, the budgetary comparison information on pages 77 through 80, and the schedules and related notes on pages 81 and 82, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OCTA’s basic financial statements. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013 on our consideration of OCTA’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCTA’s internal control over financial reporting and compliance.

*Vavrich, Train, Day & Co., LLP*

Laguna Hills, California  
October 31, 2013

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(unaudited)**  
**For the Fiscal Year Ended June 30, 2013**

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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, 2013. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages v-xii and OCTA's financial statements that begin on page 16. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- Total net position of OCTA was \$1,276,869 and consisted of net investment in capital assets, of \$416,978; restricted net position of \$335,215; and unrestricted net position of \$524,676.
- Beginning net position for Governmental Activities was restated \$2,432 due to the write off of debt issuance costs related to the implementation of GASB 65 and the contribution of donated land in fiscal year 2011-12 not recorded (see note 20). Beginning net position for Business-type Activities was restated \$2,621 also due to the write off of debt issuance costs. Net position increased \$88,434 during fiscal year 2012-13. The increase in net position from governmental activities of \$36,418 was primarily due to the receipt of Prop 1B grant monies and an increase in sales tax revenue for the Measure M program and a decrease in expenditures. The increase in net position from business-type activities of \$52,016 was primarily due to the transfer of Local Transportation and State Transit Assistance operating assistance and the receipt of gas tax related to the Transportation Development Act (TDA) diversion for the County of Orange bankruptcy recovery (see note 3).
- Total capital assets, net of accumulated depreciation, were \$406,294 at June 30, 2013, representing a decrease of \$54,941, or 12%, over June 30, 2012. This decrease in capital assets was primarily due to the continued depreciation offset by the radio communication system upgrade. See note 10 regarding the implementation of GASB 60.
- OCTA's governmental funds reported combined ending fund balances of \$800,769, an increase of \$22,898 compared to fiscal year 2011-12. Approximately 78% of the governmental fund balances represent Local Transportation Authority amounts available for the Measure M program, including debt service.

**Overview of the Financial Statements**

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

Government-wide Financial Statements

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

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

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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 the financial position of OCTA 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.

Both of 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, tollroad operations and the taxicab administration program.

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

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of OCTA's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 11 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; Local Transportation Authority (LTA), Local Transportation Fund (LTF), and Commuter and Urban Rail Endowment (CURE) special revenue funds; and LTA Debt Service fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data

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

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for each of these nonmajor governmental funds is 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, LTF and CURE special revenue funds as required supplementary information to demonstrate compliance with the annual appropriated budgets.

The governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds consist of enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. OCTA uses enterprise funds to account for its transit, tollroad and taxicab administration 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) and 91 Express Lanes, which are considered to be major enterprise funds of OCTA. Additionally, data from the General Liability and Workers' Compensation internal service funds are combined into a single, aggregated presentation.

The proprietary fund financial statements can be found on pages 22-28 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside OCTA. Fiduciary funds are not reflected in the government-wide financial statements, as the resources of those funds are not available to support OCTA's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The fiduciary fund financial statements can be found on pages 29-30 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 31-76 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 supplemental pension plan, Additional Retiree Benefit Account (ARBA), is included. Required supplementary information can be found on pages 77-82 of this report.

The combining statements of nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. In addition, budgetary results for the Local Transportation Authority Debt Service Fund and nonmajor governmental funds are

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

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located in this section. This other supplementary information can be found on pages 83-96 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, 2013, OCTA's assets exceeded liabilities and deferred inflows by \$1,276,869, an \$88,434 increase from June 30, 2012. 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 \$416,978, compared to \$469,441 in 2012. OCTA's net position reflects its investment in capital assets (i.e., toll facility franchise; land; buildings and improvements; machinery, equipment and furniture; transit vehicles; 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 decrease of \$31,610 in net investment in capital assets from governmental activities was primarily due to the transfer of land for the Anaheim Regional Transportation Intermodal Center (ARTIC) to the City of Anaheim. The decrease of \$20,853 in net investment in capital assets from business-type activities was primarily related to continued depreciation offset by the new transit radio system upgrade.

Restricted net position, representing resources subjected to external restrictions on how they may be used, were 26% and 23% of the total net position at June 30, 2013 and 2012, respectively. Restricted net position from governmental activities increased \$60,580 due to an improvement in the economy that resulted in increased sales tax revenue as well as a decrease in expenditures. The increase in restricted net position from business-type activities of \$43 is related to investment activity in bond reserve accounts.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position increased \$80,274 primarily due to business-type activities and the transfers from LTF and STAF for operating assistance and the receipt of gas tax in excess of expenditures.

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

Table 1  
Orange County Transportation Authority  
Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets, as restated	\$1,004,305	\$927,532	\$377,992	\$314,295	\$1,382,297	\$1,241,827
Restricted assets	-	-	39,018	38,975	39,018	38,975
Prepaid retirement	5,541	4,887	16,525	15,019	22,066	19,906
Assets held for resale, as restated	11,056	11,056	-	-	11,056	11,056
Capital assets	159,539	191,149	246,755	270,086	406,294	461,235
Intangible asset	-	-	135,801	138,389	135,801	138,389
Total assets, as restated	1,180,441	1,134,624	816,091	776,764	1,996,532	1,911,388
Deferred Outflows of Resources	-	-	16,106	17,174	16,106	17,174
Total deferred outflows of resources	-	-	16,106	17,174	16,106	17,174
Current liabilities	143,812	127,738	50,428	57,688	194,240	185,426
Long-term liabilities	354,584	361,259	186,945	193,442	541,529	554,701
Total liabilities	498,396	488,997	237,373	251,130	735,769	740,127
Net position:						
Invested in capital assets, net of related debt	159,539	191,149	257,439	278,292	416,978	469,441
Restricted, as restated	314,832	254,252	20,383	20,340	335,215	274,592
Unrestricted, as restated	207,674	200,226	317,002	244,176	524,676	444,402
Total net position, as restated	\$682,045	\$645,627	\$594,824	\$542,808	\$1,276,869	\$1,188,435

OCTA's total revenues increased by 1%, while the total cost of all programs decreased by 2%. The increase in revenues is primarily due to an increase in sales tax revenues due to the continued improvement in the economy offset by a decrease in operating grants and contributions received for the Metrolink Service Expansion Program (MSEP) in the prior fiscal year. The decrease in program costs is primarily due to a decrease in M2 expenditures related to the purchase of rail cars for the MSEP program in the prior fiscal year. Approximately 44% of the costs of OCTA's programs were paid by those who directly benefited from the programs or by other governments that subsidized certain programs with grants and contributions. Taxes and investment earnings financed a significant portion of the programs' net costs. The analysis in Table 2 separately considers the operations of governmental and business-type activities.

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

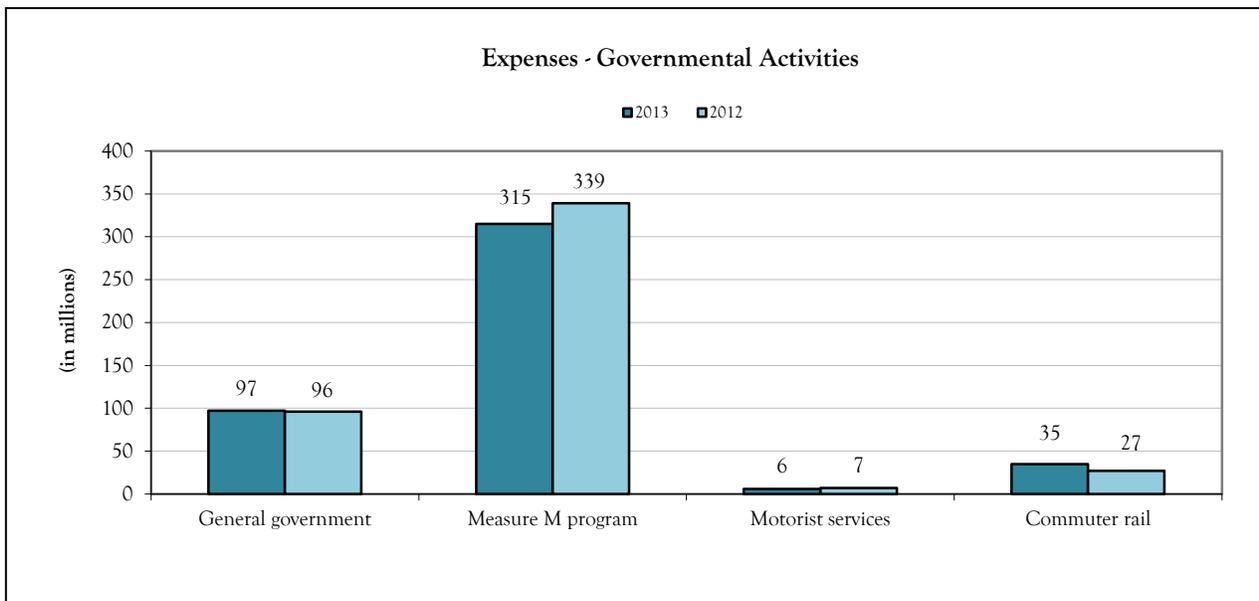
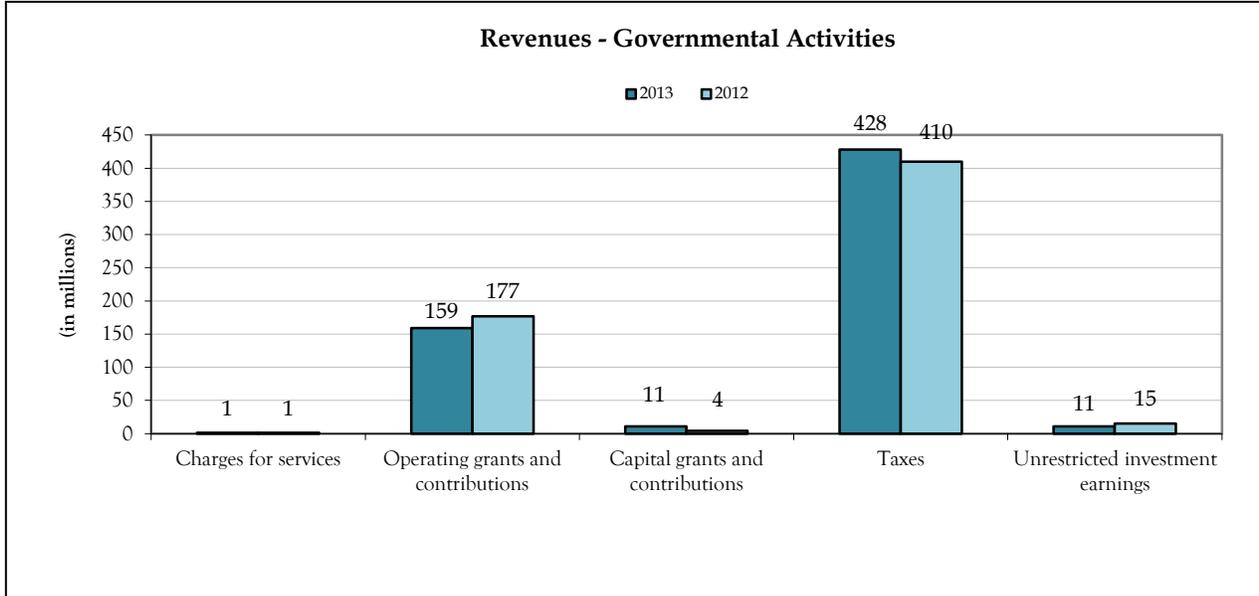
Table 2  
Orange County Transportation Authority  
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$1,273	\$1,446	\$ 100,543	\$ 95,449	\$ 101,816	\$ 96,895
Operating grants and contributions, as restated	159,069	177,166	83,305	90,099	242,374	267,265
Capital grants and contributions	10,923	4,335	8,821	10,023	19,744	14,358
General revenues:						
Taxes	428,262	409,556	13,560	11,193	441,822	420,749
Unrestricted investment earnings	11,295	15,192	2,805	926	14,100	16,118
Other miscellaneous revenue	125	355	2,832	228	2,957	583
Total revenues, as restated	610,947	608,050	211,866	207,918	822,813	815,968
Expenses:						
General government	96,925	95,679	-	-	96,925	95,679
Measure M program	314,669	339,035	-	-	314,669	339,035
Motorist services	6,004	7,347	-	-	6,004	7,347
Commuter rail	34,586	26,806	-	-	34,586	26,806
Fixed route	-	-	207,363	201,629	207,363	201,629
Paratransit	-	-	53,803	51,225	53,803	51,225
Tollroad	-	-	20,573	25,852	20,573	25,852
Taxicab administration	-	-	456	490	456	490
Total expenses	452,184	468,867	282,195	279,196	734,379	748,063
Indirect expense allocation	(33,654)	(29,340)	33,654	29,340	-	-
Increase (decrease) in net position before transfers, as restated	192,417	168,523	(103,983)	(100,618)	88,434	67,905
Transfers	(155,999)	(151,280)	155,999	151,280	-	-
Changes in net position, as restated	36,418	17,243	52,016	50,662	88,434	67,905
Net position – beginning of year, as restated	645,627	628,384	542,808	492,146	1,188,435	1,120,530
Net position – end of year	\$ 682,045	\$ 645,627	\$ 594,824	\$ 542,808	\$1,276,869	\$1,188,435

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

### Governmental Activities

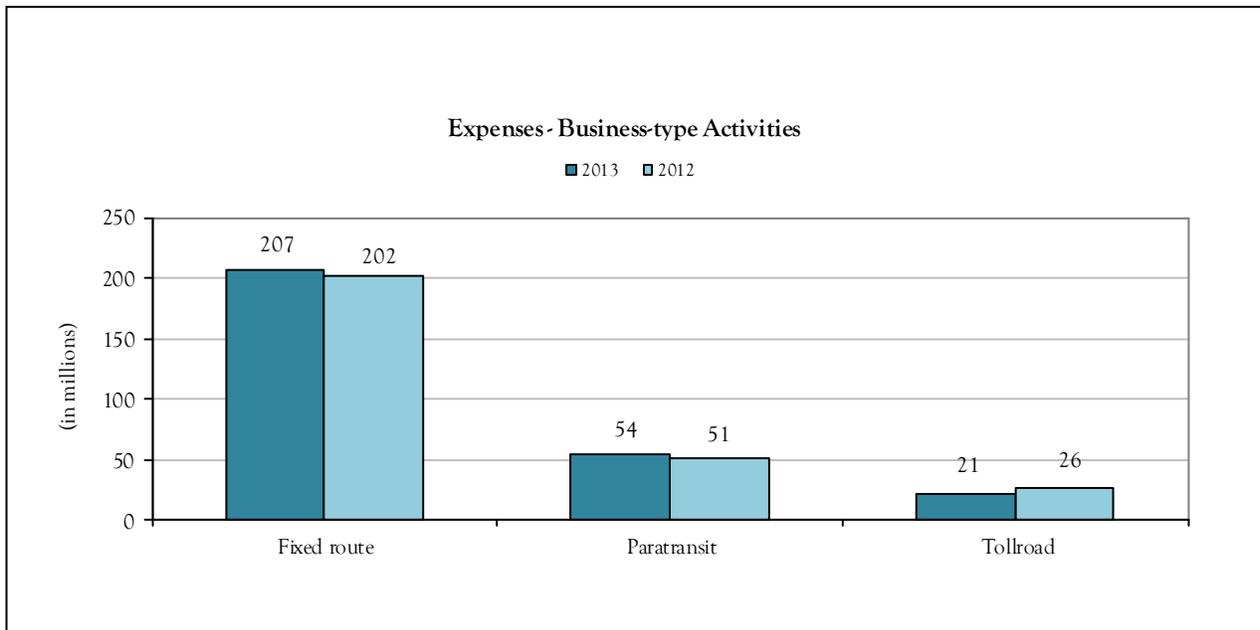
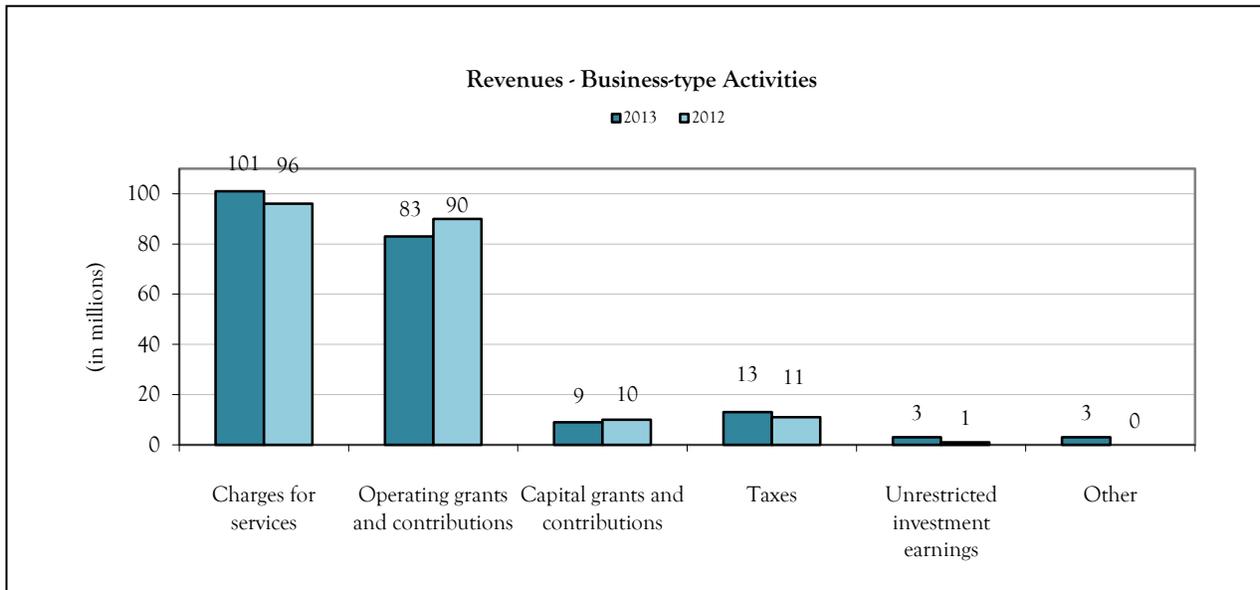
Total revenues for OCTA's governmental activities increased \$2,897 primarily due to an increase in sales tax revenues due to the continued improvement in the economy offset by a decrease in operating grants and contributions received in the prior fiscal year for the MSEP program. Total expenses decreased \$16,683 primarily due to the purchase of rail cars in the prior fiscal year.



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

**Business-type Activities**

Revenues of OCTA's business-type activities increased \$3,948 due to an increase in charges for services due to the fare increase in February 2013 offset by a decrease in operating grants and contributions due to the completion of a grant used for capital costs of contracting. Total expenses increased \$2,999, primarily due to an increase in fixed route expenses related to an increase in administrative costs and contracting fees for paratransit services offset by a decrease in tollroad expenses primarily related to the termination of the 2003-B-2 swap resulting in a gain on derivative instrument.



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

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### Financial Analysis of OCTA's Funds

As noted earlier, OCTA uses fund accounting to ensure and demonstrate compliance with finance-related 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, 2013, OCTA's governmental funds reported combined ending fund balances of \$800,769, an increase of \$22,898 compared to 2012. Approximately 80% or \$638,718 of this amount is restricted, the majority of which relates to the Measure M program. \$83,184 represents the portion of fund balance that is not in a spendable form, such as condemnation deposits and notes receivable. Assigned fund balance of \$79,035 is assigned for the commuter rail program and capital projects. The remainder of fund balance of \$(168) is unassigned.

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

The LTA fund increased by \$50,557, primarily due to the receipt of Prop 1B grant monies and an increase in sales tax revenue due to the improving economy and a decrease in expenditures primarily related to the purchase of rolling stock in the prior fiscal year for the MSEP program.

The CURE fund decreased by \$35,559. This decrease is primarily due to transfers to Southern California Regional Rail Authority (SCRRA) for operations and capital projects.

#### Proprietary Funds

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

Unrestricted net position of the enterprise funds were \$302,767 at June 30, 2013 compared to \$227,960 at June 30, 2012. Following are the significant changes in net position of OCTA's major proprietary funds:

The Orange County Transit District fund net position increased \$38,390, primarily due to the final receipt of gas tax due to the TDA diversion for the County of Orange bankruptcy recovery and the transfer of LTF and STAF for operating assistance.

The 91 Express Lanes fund net position increased \$18,078 primarily due to revenues in excess of operating expenses.

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

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**General Fund Budgetary Highlights**

Revenues

The primary sources of revenues for the general fund are from federal, state, and local sources. In fiscal year 2012-13, there were no changes to the original budget.

Actual revenues were lower than the final budget by \$11,295. This is primarily related to reimbursements associated with the construction of the Placentia Metrolink station. These funds are received on a reimbursement basis. Reimbursements are sought as expenditures are incurred throughout the life of a project.

Expenditures

During the fiscal year budgeted funds were transferred between categories; however, the original budget remained relatively unchanged.

Actual expenditures were less than the final budget by \$26,028. This was primarily due to the Placentia Metrolink station and Bristol Street widening projects. The Placentia Metrolink station project was re-budgeted in fiscal year 2013-14, as a result of the federal environmental process taking longer than originally anticipated. The Bristol Street widening project has underrun the fiscal year 2012-13 budget due to lower than anticipated costs and a revised project completion date.

**Capital Asset and Debt Administration**

Capital Assets

As of June 30, 2013, OCTA had \$406,294, net of accumulated depreciation, invested in a broad range of capital assets including: transit vehicles, land, buildings and machinery, equipment and furniture (Table 3). The total decrease in OCTA's capital assets for fiscal year 2012-13 was \$54,941, which was comprised of a \$31,610 decrease in capital assets related to governmental activities and a \$23,331 decrease in capital assets related to business-type activities.

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

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 155,127	\$ 187,627	\$ 54,545	\$ 54,545	\$ 209,672	\$ 242,172
Buildings and improvements	1,924	2,132	80,926	85,359	82,850	87,491
Transit vehicles	-	-	84,436	110,119	84,436	110,119
Machinery, equipment and furniture	2,488	1,390	26,772	19,998	29,260	21,388
Construction in progress	-	-	76	65	76	65
<b>Totals</b>	<b>\$ 159,539</b>	<b>\$ 191,149</b>	<b>\$ 246,755</b>	<b>\$ 270,086</b>	<b>\$ 406,294</b>	<b>\$ 461,235</b>

Major capital asset additions during 2013 included:

- \$8,462 for transit radio replacement systems

Major capital asset deletions during 2013 included:

- \$32,500 transfer of ARTIC to the City of Anaheim

More detailed information about OCTA's capital assets is presented in note 9 to the financial statements.

OCTA has outstanding capital expenditure commitments, the most significant of which are: \$97,299 for the Anaheim Regional Transportation Intermodal Center, \$45,137 for the Orangethorpe Grade Separation project, \$28,068 for the Tustin Avenue Grade Separation project, \$26,976 for the Bristol Street Widening project, \$41,193 for the MSEP, \$20,789 for an HOV lane on I-5 from PCH to San Juan Creek Road, \$17,116 for the purchase of articulated buses, \$14,263 for the Kraemer Boulevard Grade Separation project, and \$14,000 for the SR91/SR55/Tustin Interchange lane extension and reconstruction.

Debt Administration

As of June 30, 2013, OCTA had \$526,620 in bonds and commercial paper notes outstanding compared to \$538,275 at June 30, 2012, as presented in Table 4.

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

Table 4  
Orange County Transportation Authority  
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Sales tax revenue bonds	\$346,160	\$352,570	\$ -	\$ -	\$ 346,160	\$ 352,570
Commercial paper notes	25,000	25,000	-	-	25,000	25,000
Revenue refunding bonds	-	-	155,460	160,705	155,460	160,705
<b>Totals</b>	<b>\$371,160</b>	<b>\$377,570</b>	<b>\$155,460</b>	<b>\$160,705</b>	<b>\$526,620</b>	<b>\$538,275</b>

OCTA 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 fund the M2 program. In November 2003, OCTA issued \$195,265 in Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003-B-1 and Series 2003-B-2 to refinance outstanding taxable bonds and to reimburse the OCTA for a portion of its prior payment of the costs of acquiring the Toll Road. Subsequent to June 30, 2013, on July 30, 2013, OCTA issued \$124,415 in refunding bonds to refund the outstanding Series 2003 bonds.

OCTA maintains an "AA+" rating from Standard & Poor's, an "AA+" rating from Fitch and an "Aa2" rating from Moody's for its M2 Sales Tax Revenue Bonds. The Toll Road Revenue Refunding Bonds (91 Express Lanes) have ratings of "A1" by Moody's, "A" from Fitch, and "A" by Standard and Poor's.

Additional information on OCTA's short-term debt, interest rate swaps and long-term debt can be found in notes 12, 13 and 14 to the financial statements, respectively.

**Economic and Other Factors**

On June 10, 2013, OCTA's Board of Directors (Board) adopted the fiscal year 2013-14 budget. The \$1.26 billion budget has been developed consistent with the assumptions and goals of OCTA's Strategic Plan and Comprehensive Business Plan. This balanced budget is a result of OCTA's ongoing effort to deliver long-term sustainable transportation solutions for the residents of Orange County while remaining a responsible steward of limited taxpayer dollars.

The fiscal year 2013-14 budget reflects a multi-year effort by OCTA staff and the Board of Directors to effectively manage OCTA programs and services through the recent recession. The result of these efforts is financial stability across OCTA programs and services, which has provided OCTA the opportunity to make strategic improvements to programs and services. This budget includes 61,000 additional service hours for bus operations, which represents a 3.9 percent increase in service from fiscal year 2012-13. Approximately 30,000 hours will be used to improve on-time performance and overcrowding on existing OCTA bus routes. The balance of 31,000 hours will be used to implement Board of Directors-approved pilot projects from the Transit System Study completed in 2011. The

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

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pilot projects include limited stop service on Harbor Boulevard, as well as express service on State Route 22 and State Route 73.

OCTA remains committed to controlling costs. Growth in General Fund related expenditures remained tightly controlled by executive management, and the plan to contract additional fixed-route service commensurate with coach operator attrition will continue, with approximately 90,000 revenue hours to be converted during the fiscal year. Additionally, reductions in ACCESS costs will be reinvested in fixed-route service as well as areas that will improve the transit experience for ACCESS customers.

OCTA will continue to honor the commitment made to the residents of Orange County when they passed Measure M. Approximately \$726 million in combined Measure M1 and Measure M2 funds are budgeted to improve transportation within Orange County. These funds will provide improvements to freeways, streets and roads throughout Orange County, as well as fund rail and transit programs.

### **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, 2013**

<i>(amounts expressed in thousands)</i>	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 792,835	\$ 303,733	\$ 1,096,568
Receivables:			
Interest	2,176	1,343	3,519
Operating grants	15,618	26,981	42,599
Capital grants	-	285	285
Other	495	8,150	8,645
Internal balances	(16,935)	16,935	-
Due from other governments	132,473	13,862	146,335
Condemnation deposits	36,905	-	36,905
Note receivable	30,683	-	30,683
Inventory	-	5,174	5,174
Restricted cash and investments:			
Cash equivalents	-	39,018	39,018
Prepaid retirement	5,541	16,525	22,066
Other assets	10,055	1,529	11,584
Assets held for resale	11,056	-	11,056
Capital assets, net:			
Nondepreciable	155,127	54,621	209,748
Depreciable	4,412	192,134	196,546
Intangible asset - tollroad franchise, net	-	135,801	135,801
<b>Total Assets</b>	<b>1,180,441</b>	<b>816,091</b>	<b>1,996,532</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	-	16,106	16,106
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>16,106</b>	<b>16,106</b>
<b>Liabilities</b>			
Accounts payable	33,724	24,214	57,938
Accrued payroll and related items	1,309	6,529	7,838
Accrued interest payable	8,276	1,630	9,906
Due to other governments	53,086	1,008	54,094
Unearned revenue	22,351	16,647	38,998
Other liabilities	66	400	466
Commercial paper notes	25,000	-	25,000
Noncurrent liabilities:			
Due within one year	6,617	16,475	23,092
Due in more than one year	347,967	170,470	518,437
<b>Total Liabilities</b>	<b>498,396</b>	<b>237,373</b>	<b>735,769</b>
<b>Net Position</b>			
Net investment in capital assets	159,539	257,439	416,978
Restricted for:			
Measure M program	290,425	-	290,425
Debt service	18,974	6,988	25,962
Motorist services	5,433	-	5,433
Capital	-	10,156	10,156
Operating reserve	-	3,239	3,239
Unrestricted	207,674	317,002	524,676
<b>Total Net Position</b>	<b>\$ 682,045</b>	<b>\$ 594,824</b>	<b>\$ 1,276,869</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Program Revenues					Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Functions/Programs								
Primary government								
Governmental activities:								
General government	\$ 96,925	\$ (50,960)	\$ 137	\$ 31,421	\$ 1,027	\$ (13,380)	\$ -	\$ (13,380)
Measure M program	314,669	14,775	371	119,894	-	(209,179)	-	(209,179)
Motorist services	6,004	772	-	5,259	-	(1,517)	-	(1,517)
Commuter rail	34,586	1,759	765	2,495	9,896	(23,189)	-	(23,189)
Total governmental activities	<u>452,184</u>	<u>(33,654)</u>	<u>1,273</u>	<u>159,069</u>	<u>10,923</u>	<u>(247,265)</u>	<u>-</u>	<u>(247,265)</u>
Business-type activities:								
Fixed route	207,363	30,259	53,361	61,285	8,821	-	(114,155)	(114,155)
Paratransit	53,803	992	7,060	22,020	-	-	(25,715)	(25,715)
Tollroad	20,573	2,168	39,289	-	-	-	16,548	16,548
Taxicab administration	456	235	833	-	-	-	142	142
Total business-type activities	<u>282,195</u>	<u>33,654</u>	<u>100,543</u>	<u>83,305</u>	<u>8,821</u>	<u>-</u>	<u>(123,180)</u>	<u>(123,180)</u>
Total primary government	<u>\$ 734,379</u>	<u>\$ -</u>	<u>\$ 101,816</u>	<u>\$ 242,374</u>	<u>\$ 19,744</u>	<u>(247,265)</u>	<u>(123,180)</u>	<u>(370,445)</u>
General Revenues:								
Property taxes						-	13,560	13,560
Sales taxes						428,262	-	428,262
Unrestricted investment earnings						11,295	2,805	14,100
Other miscellaneous revenue						125	2,832	2,957
Transfers						(155,999)	155,999	-
Total general revenues and transfers						<u>283,683</u>	<u>175,196</u>	<u>458,879</u>
Change in net position						36,418	52,016	88,434
Net position - beginning, as restated						<u>645,627</u>	<u>542,808</u>	<u>1,188,435</u>
<b>Net position - ending</b>						<u><b>\$ 682,045</b></u>	<u><b>\$ 594,824</b></u>	<u><b>\$ 1,276,869</b></u>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Balance Sheet - Governmental Funds**  
**June 30, 2013**

<i>(amounts expressed in thousands)</i>	General	LTA	Local Transportation	CURE	LTA Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 2,810	\$ 611,115	\$ 14,990	\$ 123,214	\$ 18,973	\$ 21,733	\$ 792,835
Receivables:							
Interest	-	1,526	1	556	1	92	2,176
Operating grants	1,872	11,301	-	2,445	-	-	15,618
Other	37	395	-	33	-	30	495
Due from other funds	2,028	-	-	333	-	-	2,361
Due from other governments	2,233	83,947	26,313	9,874	-	7,511	129,878
Condemnation deposits	-	36,905	-	-	-	-	36,905
Note receivable	-	-	-	30,683	-	-	30,683
Advances to other funds	-	-	-	-	-	4,638	4,638
Prepaid retirement	5,541	-	-	-	-	-	5,541
Other assets	96	6,000	-	-	-	3,959	10,055
<b>Total Assets</b>	<b>\$ 14,617</b>	<b>\$ 751,189</b>	<b>\$ 41,304</b>	<b>\$ 167,138</b>	<b>\$ 18,974</b>	<b>\$ 37,963</b>	<b>\$ 1,031,185</b>
<b>Liabilities</b>							
Accounts payable	3,989	28,588	-	503	-	644	33,724
Accrued payroll and related items	1,309	-	-	-	-	-	1,309
Compensated absences	17	-	-	-	-	-	17
Due to other funds	-	333	13,647	732	-	4,521	19,233
Due to other governments	1,845	35,638	738	11,874	-	2,991	53,086
Unearned revenue - other	613	21,541	-	197	-	-	22,351
Other liabilities	41	25	-	-	-	-	66
Advances from other funds	-	4,638	-	-	-	-	4,638
Commercial paper notes	-	25,000	-	-	-	-	25,000
<b>Total Liabilities</b>	<b>7,814</b>	<b>115,763</b>	<b>14,385</b>	<b>13,306</b>	<b>-</b>	<b>8,156</b>	<b>159,424</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - interest on advances	-	-	-	-	-	667	667
Unavailable revenue - grant reimbursements	1,334	26,532	-	12,075	-	34	39,975
Unavailable revenue - ARTIC	-	-	-	30,350	-	-	30,350
<b>Total Deferred Inflows of Resources</b>	<b>1,334</b>	<b>26,532</b>	<b>-</b>	<b>42,425</b>	<b>-</b>	<b>701</b>	<b>70,992</b>
<b>Fund Balances</b>							
Nonspendable:							
Condemnation deposits	-	36,905	-	-	-	-	36,905
Note receivable	-	-	-	30,683	-	-	30,683
Prepaid retirement	5,541	-	-	-	-	-	5,541
Other assets	96	6,000	-	-	-	3,959	10,055
Restricted for:							
Transportation programs	-	565,989	26,919	11,193	-	9,701	613,802
Streets and roads	-	-	-	-	-	543	543
Motorist services	-	-	-	-	-	5,399	5,399
Debt service	-	-	-	-	18,974	-	18,974
Assigned to:							
Metrolink/rail operations	-	-	-	69,531	-	-	69,531
Transportation capital projects	-	-	-	-	-	9,504	9,504
Unassigned	(168)	-	-	-	-	-	(168)
<b>Total Fund Balances</b>	<b>5,469</b>	<b>608,894</b>	<b>26,919</b>	<b>111,407</b>	<b>18,974</b>	<b>29,106</b>	<b>800,769</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,617</b>	<b>\$ 751,189</b>	<b>\$ 41,304</b>	<b>\$ 167,138</b>	<b>\$ 18,974</b>	<b>\$ 37,963</b>	<b>\$ 1,031,185</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2013**

*(amounts expressed in thousands)*

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

<b>Total fund balances (page 18)</b>	\$	800,769
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		159,539
Interest subsidy on the Build America Bonds is not reported in the funds.		2,595
Assets held for resale are not financial resources and, therefore, are not reported in the funds.		11,056
Revenue that was earned but not collected within the availability period has not been recognized in the governmental funds.		70,992
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.		(63)
Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds.		(8,276)
Other liabilities, including other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.		(89)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(354,478)
<b>Net position of governmental activities (page 16)</b>	<b>\$</b>	<b>682,045</b>

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, 2013**

<i>(amounts expressed in thousands)</i>	<b>General</b>	<b>LTA</b>	<b>Local Transportation</b>	<b>CURE</b>	<b>LTA Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>							
Sales taxes	\$ -	\$ 264,974	\$ 141,571	\$ -	\$ -	\$ 21,717	\$ 428,262
Gasoline taxes	-	-	-	-	-	22,553	22,553
Vehicle registration fees	-	-	-	-	-	2,588	2,588
Fines	137	-	-	3	-	-	140
Contributions from other agencies	11,035	121,870	-	168	-	2,689	135,762
Interest and investment income	492	2,644	-	453	6,973	140	10,702
Capital assistance grants	853	-	-	265	-	-	1,118
Miscellaneous	190	391	-	761	-	9	1,351
<b>Total Revenues</b>	<b>12,707</b>	<b>389,879</b>	<b>141,571</b>	<b>1,650</b>	<b>6,973</b>	<b>49,696</b>	<b>602,476</b>
<b>Expenditures</b>							
Current:							
General government	5,347	56,398	1,878	24,701	-	6,131	94,455
Transportation:							
Contributions to other local agencies	11,088	117,138	3,600	11,403	-	23,670	166,899
Capital outlay	1,175	134,049	-	240	-	504	135,968
Debt service:							
Principal	-	-	-	-	6,410	-	6,410
Interest	-	126	-	-	22,383	-	22,509
<b>Total Expenditures</b>	<b>17,610</b>	<b>307,711</b>	<b>5,478</b>	<b>36,344</b>	<b>28,793</b>	<b>30,305</b>	<b>426,241</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,903)</b>	<b>82,168</b>	<b>136,093</b>	<b>(34,694)</b>	<b>(21,820)</b>	<b>19,391</b>	<b>176,235</b>
<b>Other financing sources (uses)</b>							
Transfers in	9,116	1	-	-	28,792	-	37,909
Transfers out	-	(31,612)	(136,715)	(3,527)	-	(22,054)	(193,908)
Proceeds from sale of capital assets	-	-	-	2,662	-	-	2,662
<b>Total other financing sources (uses)</b>	<b>9,116</b>	<b>(31,611)</b>	<b>(136,715)</b>	<b>(865)</b>	<b>28,792</b>	<b>(22,054)</b>	<b>(153,337)</b>
<b>Net change in fund balances</b>	<b>4,213</b>	<b>50,557</b>	<b>(622)</b>	<b>(35,559)</b>	<b>6,972</b>	<b>(2,663)</b>	<b>22,898</b>
Fund balances - beginning	1,256	558,337	27,541	146,966	12,002	31,769	777,871
<b>Fund balances - ending</b>	<b>\$ 5,469</b>	<b>\$ 608,894</b>	<b>\$ 26,919</b>	<b>\$ 111,407</b>	<b>\$ 18,974</b>	<b>\$ 29,106</b>	<b>\$ 800,769</b>

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, 2013**

*(amounts expressed in thousands)*

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

<b>Net change in fund balances - total governmental funds (page 20)</b>	<b>\$</b>	<b>22,898</b>
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. This is the amount by which capital outlays exceeded depreciation in the current period.		890
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(2,667)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds, but are deferred.		8,473
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 assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and 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.		7,099
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.		(340)
The effect of the elimination entries between the Governmental and the Business-type activities and the Governmental activities share of the allocation of the profit and loss of the Workers Compensation Internal Service Fund.		65
<b>Change in net position of governmental activities (page 17)</b>	<b>\$</b>	<b>36,418</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2013**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	Nonmajor Enterprise Fund OCTAP	Total Enterprise Funds	Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 213,394	\$ 57,145	\$ 867	\$ 271,406	\$ 32,327
Receivables:					
Interest	1,078	92	2	1,172	171
Operating grants	26,981	-	-	26,981	-
Capital grants	285	-	-	285	-
Violations, net	-	4,481	-	4,481	-
Farebox	953	-	-	953	-
Other	1,046	1,069	-	2,115	601
Due from other funds	17,386	-	-	17,386	-
Due from other governments	13,862	-	-	13,862	-
Inventory	5,174	-	-	5,174	-
Prepaid retirement	16,475	-	50	16,525	-
Other assets	-	267	-	267	1,262
<b>Total current assets</b>	<b>296,634</b>	<b>63,054</b>	<b>919</b>	<b>360,607</b>	<b>34,361</b>
Noncurrent assets:					
Restricted cash and investments:					
Cash equivalents	-	39,018	-	39,018	-
Capital assets, net:					
Nondepreciable	54,621	-	-	54,621	-
Depreciable	188,197	3,937	-	192,134	-
Intangible asset - tollroad franchise, net	-	135,801	-	135,801	-
<b>Total noncurrent assets</b>	<b>242,818</b>	<b>178,756</b>	<b>-</b>	<b>421,574</b>	<b>-</b>
<b>Total Assets</b>	<b>539,452</b>	<b>241,810</b>	<b>919</b>	<b>782,181</b>	<b>34,361</b>
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding	-	16,106	-	16,106	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>16,106</b>	<b>-</b>	<b>16,106</b>	<b>-</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Fund Net Position**  
**Proprietary Funds, Continued**  
**June 30, 2013**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	Nonmajor Enterprise Fund OCTAP	Total Enterprise Funds	Internal Service Funds
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	19,986	3,221	10	23,217	997
Accrued payroll and related items	6,507	-	22	6,529	-
Accrued interest	-	1,630	-	1,630	-
Due to other funds	514	-	-	514	-
Claims payable	-	-	-	-	3,994
Due to other governments	939	67	2	1,008	-
Unearned revenue	12,517	4,128	2	16,647	-
Other liabilities	2	296	-	298	102
Current portion of long-term liabilities	6,937	5,525	19	12,481	-
<b>Total current liabilities</b>	<b>47,402</b>	<b>14,867</b>	<b>55</b>	<b>62,324</b>	<b>5,093</b>
Noncurrent liabilities:					
Claims payable	-	-	-	-	15,096
Long-term liabilities	1,039	154,333	2	155,374	-
<b>Total noncurrent liabilities</b>	<b>1,039</b>	<b>154,333</b>	<b>2</b>	<b>155,374</b>	<b>15,096</b>
<b>Total Liabilities</b>	<b>48,441</b>	<b>169,200</b>	<b>57</b>	<b>217,698</b>	<b>20,189</b>
<b>Net Position</b>					
Net investment in capital assets	242,818	14,621	-	257,439	-
Restricted for:					
Debt service	-	6,988	-	6,988	-
Capital	-	10,156	-	10,156	-
Operating reserves	-	3,239	-	3,239	-
Unrestricted	248,193	53,712	862	302,767	14,172
<b>Total Net Position</b>	<b>\$ 491,011</b>	<b>\$ 88,716</b>	<b>\$ 862</b>	<b>\$ 580,589</b>	<b>\$ 14,172</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Reconciliation of the Statement of Fund Net Position of Proprietary Funds to the Statement of Net Position**  
**June 30, 2013**

*(amounts expressed in thousands)*

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

<b>Total net position (page 23)</b>	\$	580,589
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Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the general liability and workers' compensation internal service funds are included in business-type activities. Additionally, the effect of the elimination entries between the Governmental and the Business-type activities and the Governmental activities share of the allocation of the profit and loss of the Workers Compensation Internal Service Fund is included in this difference.

14,235

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<b>Net position of business-type activities (page 16)</b>	<b>\$</b>	<b><u>594,824</u></b>
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See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	Nonmajor Enterprise Fund OCTAP	Total Enterprise Funds	Internal Service Funds
<b>Operating revenues:</b>					
User fees and charges	\$ 53,788	\$ 39,289	\$ -	\$ 93,077	\$ -
Permit fees	-	-	833	833	-
Charges for services	-	-	-	-	7,293
<b>Total operating revenues</b>	<b>53,788</b>	<b>39,289</b>	<b>833</b>	<b>93,910</b>	<b>7,293</b>
<b>Operating expenses:</b>					
Wages, salaries and benefits	111,652	-	361	112,013	-
Maintenance, parts and fuel	19,106	-	-	19,106	-
Purchased services	66,470	7,505	-	73,975	-
Administrative services	31,076	2,168	235	33,479	175
Other	5,816	7	2	5,825	138
Insurance claims and premiums	-	312	-	312	10,192
Professional services	16,751	2,580	73	19,404	2,119
General and administrative	3,962	509	21	4,492	-
Depreciation and amortization	32,886	3,887	-	36,773	-
<b>Total operating expenses</b>	<b>287,719</b>	<b>16,968</b>	<b>692</b>	<b>305,379</b>	<b>12,624</b>
<b>Operating income (loss)</b>	<b>(233,931)</b>	<b>22,321</b>	<b>141</b>	<b>(211,469)</b>	<b>(5,331)</b>
<b>Nonoperating revenues (expenses):</b>					
Gas tax exchange	23,000	-	-	23,000	-
Federal operating assistance grants	59,523	-	-	59,523	-
Property taxes allocated by the County of Orange	13,560	-	-	13,560	-
Investment earnings	1,164	198	6	1,368	125
Investment gain on derivative instruments	-	1,312	-	1,312	-
Interest expense	(2)	(5,773)	-	(5,775)	-
Other	9,478	21	3	9,502	669
<b>Total nonoperating revenues (expenses)</b>	<b>106,723</b>	<b>(4,242)</b>	<b>9</b>	<b>102,490</b>	<b>794</b>
<b>Income (loss) before contributions and transfers</b>	<b>(127,208)</b>	<b>18,079</b>	<b>150</b>	<b>(108,979)</b>	<b>(4,537)</b>
Capital contributions	9,598	-	-	9,598	-
Transfers in	159,999	-	-	159,999	-
Transfers out	(3,999)	(1)	-	(4,000)	-
<b>Change in net position</b>	<b>38,390</b>	<b>18,078</b>	<b>150</b>	<b>56,618</b>	<b>(4,537)</b>
Total net position - beginning, as restated	452,621	70,638	712	523,971	18,709
<b>Total net position - ending</b>	<b>\$ 491,011</b>	<b>\$ 88,716</b>	<b>\$ 862</b>	<b>\$ 580,589</b>	<b>\$ 14,172</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Reconciliation of the Statement of Revenues, Expenses and**  
**Changes in Fund Net Position of Proprietary Funds to the Statement of Activities**  
**For the Year Ended June 30, 2013**

*(amounts expressed in thousands)*

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

<b>Net change in fund net position - total enterprise funds (page 25)</b>	\$ 56,618
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Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue of the general liability and workers' compensation internal service funds are included in business-type activities in the Statement of Net Position. Additionally, the effect of allocating the workers' compensation Internal Service Fund loss to the governmental activities is included in this difference.

(4,602)

<b>Change in net position of business-type activities (page 17)</b>	<b>\$ 52,016</b>
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See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	Nonmajor Enterprise Fund OCTAP	Totals	Internal Service Funds
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 52,012	\$ 40,462	\$ 833	\$ 93,307	\$ -
Receipts from interfund services provided	-	-	-	-	7,257
Payments to suppliers	(108,615)	(10,635)	(115)	(119,365)	(1,693)
Payments to claimants	-	-	-	-	(10,683)
Payments to employees	(112,630)	-	(369)	(112,999)	-
Payments for interfund services used	(31,076)	(2,168)	(235)	(33,479)	(175)
Advertising revenue received	3,092	-	-	3,092	-
Miscellaneous revenue received	5,483	21	3	5,507	669
<b>Net cash provided by (used for) operating activities</b>	<b>(191,734)</b>	<b>27,680</b>	<b>117</b>	<b>(163,937)</b>	<b>(4,625)</b>
<b>Cash flows from noncapital financing activities:</b>					
Gas tax exchange received	20,372	-	-	20,372	-
Federal operating assistance grants received	51,910	-	-	51,910	-
Property taxes received	13,693	-	-	13,693	-
Transfers from other funds	148,867	-	-	148,867	-
Transfers to other funds	(3,485)	(1)	-	(3,486)	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>231,357</b>	<b>(1)</b>	<b>-</b>	<b>231,356</b>	<b>-</b>
<b>Cash flows from capital and related financing activities:</b>					
Federal capital grants for acquisition and construction of capital assets	5,925	-	-	5,925	-
Proceeds from sale of capital assets	132	-	-	132	-
Payment of capital lease	(1,149)	-	-	(1,149)	-
Principal payment on long-term debt	-	(5,245)	-	(5,245)	-
Interest paid on long-term debt	(6)	(5,447)	-	(5,453)	-
Acquisition and construction of capital assets	(10,495)	(393)	-	(10,888)	-
<b>Net cash used for capital and related financing activities</b>	<b>(5,593)</b>	<b>(11,085)</b>	<b>-</b>	<b>(16,678)</b>	<b>-</b>
<b>Cash flows from investing activities:</b>					
Gain on derivatives	-	1,312	-	1,312	-
Termination payment for derivative instrument	-	(7,764)	-	(7,764)	-
Investment earnings	1,045	169	6	1,220	140
<b>Net cash provided by (used for) investing activities</b>	<b>1,045</b>	<b>(6,283)</b>	<b>6</b>	<b>(5,232)</b>	<b>140</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>35,075</b>	<b>10,311</b>	<b>123</b>	<b>45,509</b>	<b>(4,485)</b>
Cash and cash equivalents at beginning of year	178,319	85,852	744	264,915	36,812
<b>Cash and cash equivalents at end of year</b>	<b>\$ 213,394</b>	<b>\$ 96,163</b>	<b>\$ 867</b>	<b>\$ 310,424</b>	<b>\$ 32,327</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Funds, Continued**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	Nonmajor Enterprise Fund OCTAP	Totals	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>					
Operating income (loss)	\$ (233,931)	\$ 22,321	\$ 141	\$ (211,469)	\$ (5,331)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation expense	32,886	1,301	-	34,187	-
Amortization of franchise agreement	-	2,586	-	2,586	-
Amortization of prepaid retirement	13,871	-	39	13,910	-
Amortization of prepaid expense	-	257	-	257	-
Amortization of prepaid insurance	-	312	-	312	-
Net OPEB obligation	3	-	-	3	-
Advertising revenue	3,375	-	-	3,375	-
Miscellaneous	6,078	21	3	6,102	-
Insurance recoveries	-	-	-	-	669
Change in assets and liabilities:					
Receivables	569	1,168	-	1,737	(75)
Due from other governments	(3,107)	-	-	(3,107)	-
Inventory	159	-	-	159	-
Prepaid retirement	(15,369)	-	(47)	(15,416)	-
Other assets	50	(586)	-	(536)	(37)
Accounts payable	3,235	315	(19)	3,531	553
Accrued payroll and related items	540	-	2	542	-
Compensated absences	(24)	-	(2)	(26)	-
Claims payable	-	-	-	-	(404)
Due to other governments	(69)	(20)	-	(89)	-
Unearned revenue	-	10	-	10	-
Other liabilities	-	(5)	-	(5)	-
Total adjustments	42,197	5,359	(24)	47,532	706
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (191,734)</b>	<b>\$ 27,680</b>	<b>\$ 117</b>	<b>\$ (163,937)</b>	<b>\$ (4,625)</b>
<b>Reconciliation of cash and cash equivalents to statement of net assets</b>					
Cash and investments	\$ 213,394	\$ 57,145	\$ 867	\$ 271,406	\$ 32,327
Restricted cash and cash equivalents	-	39,018	-	39,018	-
<b>Total cash and cash equivalents</b>	<b>\$ 213,394</b>	<b>\$ 96,163</b>	<b>\$ 867</b>	<b>\$ 310,424</b>	<b>\$ 32,327</b>
<b>Noncash capital, financing and investing activities:</b>					
Capital contributions	598	-	-	598	-
Amortization of bond premium	-	(253)	-	(253)	-
Amortization of deferred amount on refunding	-	1,068	-	1,068	-

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

<i>(amounts expressed in thousands)</i>	<b>Scholarship Trust Fund</b>	<b>ARBA Trust Fund</b>
<b>Assets</b>		
Cash and cash equivalents held in OCTA pool	\$ 15	\$ -
Cash and cash equivalents held in OCERS pool	-	5
Investments at fair value:		
Mutual funds	-	11,865
Accounts receivable	1	-
<b>Total Assets</b>	<b>16</b>	<b>11,870</b>
<b>Net Position</b>		
Held in trust for future scholarships	16	-
Held in trust for pension benefits	-	11,870
<b>Total Net Position</b>	<b>\$ 16</b>	<b>\$ 11,870</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	<b>Scholarship Trust Fund</b>	<b>ARBA Trust Fund</b>
<b>Additions</b>		
Contributions:		
Employer contributions	\$ -	\$ 825
Private donations	14	-
<b>Total contributions</b>	<b>14</b>	<b>825</b>
Investment income:		
Investment income	-	1,282
<b>Net investment income</b>	<b>-</b>	<b>1,282</b>
<b>Total additions</b>	<b>14</b>	<b>2,107</b>
<b>Deductions</b>		
Benefits	-	820
Investment expense	-	22
<b>Total deductions</b>	<b>-</b>	<b>842</b>
<b>Change in net position</b>	<b>14</b>	<b>1,265</b>
Net position - beginning	2	10,605
<b>Net position - ending</b>	<b>\$ 16</b>	<b>\$ 11,870</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**  
**(amounts expressed in thousands)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

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

On January 3, 2003, OCTA purchased from the California Private Transportation Company (CPTC) its interest in a franchise agreement for a toll facility (see note 10).

The OCTA Board of Directors (Board) consists of 18 members. Five members are the Orange County Board of Supervisors, ten 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

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

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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 fee paid at the time of vehicle registration. The Board also serves as the Board of Directors for SAFE. Management of OCTA is responsible for the operations of SAFE. Separate financial statements are not issued for SAFE.

The Orange County Service Authority for Abandoned Vehicles (SAAV), a blended component unit of OCTA, was created by Senate Bill 4114 which authorized the County Board of Supervisors, upon approval from a majority of the cities with a majority of the population, to establish SAAV. In 1992, SAAV began funding cities' efforts to remove unsightly and potentially dangerous abandoned vehicles. SAAV is funded by a \$1.00 fee paid at the time of vehicle registration. The Board also serves as the Board of Directors for SAAV. Management of OCTA is responsible for the operations of SAAV. Separate financial statements are not issued for SAAV. In April 2012, the fee authorization for SAAV expired. SAAV will continue to fund abandoned vehicle abatements until all revenue is expended.

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 a one quarter of one percent sales tax. 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.

The Orange County Transit District Financing Corporation (Corporation), a blended component unit of OCTA, was formed in November 1990 as a nonprofit corporation to provide financial assistance to OCTD by acquiring, constructing, financing and refinancing various facilities, land and equipment. The Corporation provides a financial benefit to OCTD by enabling OCTD to borrow funds from the municipal market. The OCTA Board also serves as the Board of Directors for the Corporation. Separate financial statements are not issued for the Corporation.

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.

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

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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 tollroad 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 has been removed from these statements. 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 capital lease, and the taxable bonds and advances from OCTA funds is reported as a direct expense of the Measure M program, fixed route, and tollroad 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, 2013, interest expense of \$21,820, \$2 and \$5,773, was included in Measure M, fixed route, and tollroad program costs, respectively. Program revenues include: charges to customers or applicants who purchase, use, or 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, including its fiduciary funds, though the latter are excluded from the government-wide financial statements. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

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OCTA reports the following major governmental funds:

- **General Fund** – The General Fund is the general operating fund of OCTA. It is used to account for the financial resources of the general government, except those required to be accounted for in another fund.
- **Local Transportation Authority (LTA) Fund** – This 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). Financing 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 fund accounts for revenues received and expenditures made and is restricted for use on certain transit projects within Orange County. Financing 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.
- **Commuter and Urban Rail Endowment (CURE) Fund** – This fund accounts for OCTA’s share of the Metrolink commuter rail operations in Orange County. Funding for the CURE consists of Measure M, interest earnings, and local funds which are provided through actions of the Board. The Measure M funds and related interest earnings are restricted.
- **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.

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, gas tax exchange 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.

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

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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. The internal service funds are:

General Liability

Workers' Compensation

OCTA reports the following fiduciary funds:

- ***Additional Retiree Benefit Account (ARBA) Trust Fund*** - This fund accounts for the resources legally held in trust for additional retiree benefits. Employees who retire directly from OCTA with 10 years or more of service receive an additional 10 dollars per month for each year of service up to 150 dollars per month.
- ***Private-Purpose Trust Fund*** - This fund accounts for the resources legally held in trust for providing scholarships and supporting activities for other organizations' special programs.

**Measurement Focus and Basis of Accounting**

The government-wide and the proprietary and fiduciary 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.

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

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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 based upon the expenditures incurred. 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 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 Annual Investment Policy (AIP) originally adopted by the Board on May 8, 1995, and most recently amended on June 10, 2013. The AIP complies with, or is more restrictive than, the California Government Code (Code). The majority of OCTA's investments are managed by six private sector investment managers. At June 30, 2013, the investment portfolios were held by Union 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.

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

The AIP requires that assets in the portfolio consist of the following investments, with maximum permissible concentrations based on book value, and may be more restrictive than applicable state statutes for the following investment types: OCTA notes and bonds, U.S. treasuries, federal instrumentality securities, federal agencies, state of California and local agency obligations,

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

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

LAIF is regulated by California Government Code (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 AIP. 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 mutual 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 twelve-month average of violations collected during that time and is recorded net of an allowance for uncollectible accounts of \$541. For those violations in excess of 90 days, the receivable is estimated using a 3-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 \$414. Approximately \$4,049 of the 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

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

---

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 2012-13 fiscal year, \$50,970 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 \$7,293 to OCTA’s operating funds.

**Inventory**

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

**Prepaid Retirement**

Orange County Employee Retirement System (OCERS) provides a 7.75 percent discount to employers for early payment of employer contributions. OCTA elected to prepay employer contributions for fiscal year 2013-14 in order to benefit from this discount.

**Restricted Cash and Investments**

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

**Assets Held for Resale**

OCTA holds title to property in connection with the purchase of rights-of-way for infrastructure not held by OCTA (see above). These assets are reported as assets held for resale in the governmental activities column in the government-wide financial statements. These assets will be sold and proceeds will be reimbursed to the fund in which the initial expenditure was recorded.

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

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**Capital Assets**

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

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

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

Buildings, machinery, equipment and furniture, vehicles, and transponders are depreciated using the straight line method over the following estimated useful lives:

<b><u>Asset Type</u></b>	<b><u>Useful Life</u></b>
Buildings and improvements	10-30 years
Machinery, equipment and furniture	3-10 years
Transit vehicles	3-12 years
Transponders	5 years

**Intangible Asset - Toll Facility Franchise**

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

**Compensated Absences**

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

Sick leave is recorded as an expenditure or expense when taken by the employee. Annually, all administrative, maintenance, and Transportation Communication International Union

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

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

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

**Long-Term Debt**

In the government-wide financial statements 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 deferred and amortized over the life of the bonds using the straight-line method. Bonds

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

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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.

**Interest Rate Swap**

As a means of lowering borrowing costs on variable rate debt compared to fixed rate bonds at the time of issuance in November 2003, OCTA entered into two parity interest rate swaps totaling \$100,000. The parity swaps were to effectively change OCTA's variable rate bonds to a synthetically fixed rate of 4.06227%. On March 15, 2011, OCTA terminated one of the swaps in the amount of \$75,000. On January 30, 2013, OCTA terminated the remaining swap in the amount of \$25,000.

**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, OCTD and OCTAP enterprise funds 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

ORANGE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS

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**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, gas tax monies are transferred to local governmental agencies in exchange for nonrestricted funds and contributions are made to Southern California Regional Rail Authority (SCRRA) from the CURE fund.

**Net Position**

In the government-wide financial statements, net position represents the difference between assets and liabilities 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. 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 \$295,858 of net assets restricted by enabling legislation for transportation programs and motorist services.
- *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.

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

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- *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 of Directors, 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 do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. OCTA’s assigned fund balance represents the remaining amounts reported in governmental funds. The Board retains the authority to assign fund balance.
  
- *Unassigned* – this classification includes the residual fund balance for the General Fund. It also includes the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

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

**Use of Estimates**

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

**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.

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

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 \$159,539 difference are as follows:

Capital assets	\$ 169,901
Less accumulated depreciation	<u>(10,362)</u>
<b>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b><u><u>\$ 159,539</u></u></b>

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 \$(354,478) difference are as follows:

Bonds payable	\$ (346,160)
Plus unamortized bond issuance premium (to be amortized to interest expense)	(4,216)
Compensated absences	<u>(4,102)</u>
<b>Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b><u><u>\$ (354,478)</u></u></b>

**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.” The details of this \$890 difference are as follows:

Capital outlay	\$1,540
Depreciation expense	<u>(650)</u>
<b>Net adjustment to decrease net change in fund balance - total governmental funds to arrive at change in net position - governmental activities</b>	<b><u><u>\$ 890</u></u></b>

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

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

amounts are deferred and amortized in the Statement of Activities.” The details of this \$7,099 difference are as follows:

Change in accrued interest	\$ 86
Principal repayments	6,410
Amortization of premium	603
	_____
<b>Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities</b>	<b>\$ 7,099</b>
	_____

**3. DIVERSION OF TDA FUNDING**

In September 1995, as a result of and to assist the County of Orange in recovering from its December 1994 bankruptcy, the California State Legislature adopted legislation diverting \$38,000 annually to the County from OCTA’s TDA sales tax revenue. In return, \$23,000 in annual County gasoline tax revenue is being diverted to OCTA. Diversion from OCTA of the TDA revenue began on July 1, 1996, and ended June 2011. Diversion to OCTA of the gasoline tax revenue began on July 1, 1997, and ended June 2013. The net result of this diversion is a loss of revenue to OCTA of \$202,000. As all anticipated bankruptcy litigation settlements have occurred and been distributed to Orange County Investment Pool participants, OCTA does not anticipate recovery of this loss.

OCTA entered into agreements with nine Orange County cities and the SCRRA effective July 1, 1997 to exchange the gasoline tax funds for flexible funding from each agency.

**4. CASH AND INVESTMENTS**

Cash and investments are comprised of the following at June 30, 2013:

<b>Deposits:</b>	
Deposits	\$ 56,784
Petty Cash	7
	_____
<b>Total cash</b>	<b>56,791</b>
 <b>Investments:</b>	
With Orange County Treasurer	14,997
With LAIF	10,101
With Trustee	217,614
With Custodian	847,968
	_____
<b>Total investments</b>	<b>1,090,680</b>
 <b>Total Cash and Investments</b>	 <b>\$ 1,147,471</b>
	_____

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

Total cash and investments are reported in the following funds:

<b>Unrestricted Cash and Investments:</b>	
Governmental Funds	\$ 792,835
Proprietary Funds:	
Enterprise	271,406
Internal Service	32,327
Fiduciary Funds	11,885
 <b>Restricted Cash and Investments:</b>	
Proprietary Funds:	
Enterprise	39,018
<b>Total Cash and Investments</b>	<u><u><b>\$ 1,147,471</b></u></u>

Restricted investments at June 30, 2013, represent reserves for debt service, capital and operations.

As of June 30, 2013, OCTA had the following investments:

<b>Investment</b>	<b>Fair Value</b>	<b>Principal</b>	<b>Interest Rate Range</b>	<b>Maturity Range</b>	<b>Weighted Average Maturity (Years)</b>
Orange County Investment Pool	\$ 14,997	\$ 15,033	.38%-.54%	1 day-5 years	380 days or 1.04
Local Agency Investment Fund	10,101	10,101	.244%-.358%	270-278 days	278 days or .76
U. S. Treasuries	406,078	407,515	Discount, .125%-4.5%	7/15/13-4/30/18	1.94
U. S. Agency Notes	257,401	258,890	Discount, .23%-6.045%	7/17/13-7/3/17	1.54
Medium Term Notes	184,797	186,535	Discount, .45%-7.375%	7/2/13-6/1/18	1.95
Mortgage and Asset Backed Securities	41,889	42,318	Discount .323%-6.5%	6/23/14-12/25/17	3.00
Money Market & Mutual Funds	110,356	110,356	Variable	7/1/13	1 Day
Certificate of Deposit	13,393	13,393	.12%	8/1/13	.09
Variable Rate Notes	16,193	16,210	Variable	8/23/13-5/22/18	2.67
State of CA & Local Agencies	3,859	3,878	.65% - 2.605%	3/15/14 - 2/1/16	1.39
Commercial Paper	31,616	31,616	Discount	8/1/13-10/23/13	.12
<b>Total Investments</b>	<u><u><b>\$ 1,090,680</b></u></u>	<u><u><b>\$ 1,095,845</b></u></u>			
 <b>Portfolio Weighted Average</b>					 <b>1.63</b>

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

**Interest Rate Risk**

OCTA manages exposure to declines in fair value from increasing interest rates by having an investment policy that limits maturities to five years while also staggering maturities. OCTA maintains a low duration strategy, targeting an estimated average portfolio duration of three years or less, with the intent of reducing interest rate risk. Portfolios with low duration are less volatile, therefore, less sensitive to interest rate changes. In accordance with the OCTA investment 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, 2013, mortgage and asset-backed securities totaled \$41,889. The underlying assets are consumer receivables that include credit cards, auto and home loans. The securities have a fixed interest rate and are rated AAA/Aaa by at least two of the three nationally recognized statistical rating organizations (NRSROs).

As of June 30, 2013, OCTA had the following variable rate notes:

<b>Investment</b>	<b>Fair Value</b>	<b>Coupon Multiplier</b>	<b>Coupon Reset Date</b>
American Express	\$ 1,009	LIBOR + 59 basis points	Quarterly
Apple	1,319	LIBOR + 5 basis points	Quarterly
Apple	1,085	LIBOR + 25 basis points	Quarterly
Bank of America	758	LIBOR + 82 basis points	Quarterly
BB&T Corporation	622	LIBOR + 70 basis points	Quarterly
Credit Suisse	907	LIBOR + 96 basis points	Quarterly
Daimler Finance	722	LIBOR + 78 basis points	Quarterly
Goldman Sachs	652	LIBOR + 100 basis points	Quarterly
Goldman Sachs	1,080	LIBOR + 120 basis points	Quarterly
JP Morgan Chase	2,036	LIBOR + 90 basis points	Quarterly
Mass Mutual Global	751	LIBOR + 16 basis points	Quarterly
Merck & Co. Bonds	858	LIBOR + 36 basis points	Quarterly
National Rural Utilities	329	LIBOR + 25 basis points	Quarterly
NBC Universal	612	LIBOR + 53.7 basis points	Quarterly
Principal Life Income	751	LIBOR + 18 basis points	Quarterly
Target	1,102	LIBOR + 17 basis points	Quarterly
Toronto Dominion	1,100	LIBOR + 18 basis points	Quarterly
VF Corporate Notes	500	LIBOR + 75 basis points	Quarterly
<b>Total Variable Rate Notes</b>	<b>\$ 16,193</b>		

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

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. OCTA's investment policy requires that a third party bank custody department hold all securities owned by OCTA. All trades are settled on a delivery versus payment basis through OCTA's safekeeping agent. At June 30, 2013, OCTA did not have any deposits or securities exposed to custodial credit risk and there was no securities lending.

**Credit Risk**

The AIP sets minimum acceptable credit ratings for investments from any of the three 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 F-1 (Fitch), while an issuer of long-term debt shall be rated no less than an "A" by two of the three rating services. LAIF is not rated.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2013. (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U. S. government):

<b>Investments</b>	<b>S &amp; P</b>	<b>Moody's</b>	<b>Fitch</b>	<b>% of Portfolio</b>
Orange County Investment Pool	AAA	NR	NR	1.37%
Local Agency Investment Fund	NR	NR	NR	0.93%
U.S. Treasuries	US	US	US	37.23%
U.S. Agency Notes				
FNMA and FMAC	AA	Aaa	AAA	23.51%
NCUA Guaranteed Notes	AA	Aaa	NR	0.09%
Medium Term Notes				
Corporate Notes	AAA	Aaa	AAA	0.11%
Corporate Notes	AAA	Aaa	AA	0.18%
Corporate Notes	AAA	Aaa	NR	0.04%
Corporate Notes	AA	Aaa	AAA	0.13%
Corporate Notes	AA	Aa	AA	0.61%
Corporate Notes	AA	Aa	A	1.55%
Corporate Notes	AA	Aa	NR	1.35%
Corporate Notes	AA	A	A	0.25%
Corporate Notes	AA	A	NR	0.82%

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

<b>Investments</b>	<b>S &amp; P</b>	<b>Moody's</b>	<b>Fitch</b>	<b>% of Portfolio</b>
Corporate Notes	A	Aa	AAA	0.02%
Corporate Notes	A	Aa	AA	0.31%
Corporate Notes	A	Aa	NR	0.04%
Corporate Notes	A	A	AA	0.75%
Corporate Notes	A	A	A	7.18%
Corporate Notes	A	A	BBB	0.19%
Corporate Notes	A	A	NR	1.81%
Corporate Notes	A	Baa	A	1.56%
Corporate Notes	A	NR	A	0.04%
<b>Mortgage and Asset Backed Securities</b>				
Securities	AAA	Aaa	AAA	0.86%
Securities	AAA	Aaa	NR	0.47%
Securities	AAA	NR	AAA	0.52%
Securities	AA	Aaa	AAA	0.70%
Securities	NR	Aaa	AAA	1.29%
<b>Variable Rate Notes</b>				
Notes	AA	Aa	AA	0.17%
Notes	AA	Aa	NR	0.22%
Notes	AA	A	A	0.08%
Notes	A	Aa	AA	0.07%
Notes	A	A	A	0.65%
Notes	A	A	BBB	0.06%
Notes	A	A	NR	0.08%
Notes	A	Baa	A	0.07%
Notes	BBB	A	A	0.09%
<b>Money Market and Mutual Funds</b>				
Funds	AAA	Aaa	AAA	3.72%
Funds	AAA	Aaa	NR	6.39%
<b>State of CA &amp; Local Agencies</b>				
CA State Department of Water	AAA	Aa1	NR	0.05%
Irvine Ranch Water District	AA	Aaa	NR	0.14%
Orange County CA Pension	A	Aa3	AA	0.10%
California State Bonds	A	A1	A	0.07%
Certificates of Deposit	A-1	P-1	F1	1.23%
<b>Commercial Paper</b>				
Various	A-1	P-1	F1	0.46%
Various	A-1	P-1	F3	0.09%
Various	A-1	P-1	NR	2.35%
<b>Total</b>				<b>100%</b>

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

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**Concentration of Credit Risk**

At June 30, 2013, OCTA did not exceed the AIP maximum concentrations as stated below:

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

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

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

- 35% of any one Federal Agency or Federal Instrumentalities.
- 50% of any one repurchase agreement counter-party name if maturity/term is  $\leq 7$  days.
- 35% of any one repurchase agreement counter-party name if maturity/term is  $> 7$  days.

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

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

The following is a summary of the concentration of credit risk by issuer as a percentage of the fair value of the 91 Express Lanes Fund's investment portfolio at June 30, 2013:

<u>Issuer</u>	<u>Amount</u>	<u>% of 91 Express Lanes Portfolio</u>
<b>Enterprise Fund: 91 Express Lanes</b>		
Bank of the West (Certificates of Deposit)	\$ 13,393	13.99%
General Electric (Commercial Paper)	\$ 25,620	26.76%

**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

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

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State of California. 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 LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**5. GRANTS AND STATE ASSISTANCE**

**Operating Assistance Grants**

Under provisions of the Federal Transit Administration (FTA), funds are available to OCTD for Americans with Disabilities Act (ADA) paratransit operating assistance, preventive maintenance, capital cost of contracting, demonstration projects, transportation planning, and acquisition and construction of facilities, transit vehicles and related support equipment. On July 18, 2012, the federal government issued the fiscal year 2011-12 appropriations in the amount of \$58,296, of which \$14,153 is for operating assistance. On October 16, 2012, the federal government issued the fiscal year 2012-13 appropriations in the amount \$52,562, of which \$32,953 is for operating assistance. A receivable of \$42,599 is outstanding as of June 30, 2013.

Currently, the U.S. Department of Labor (DOL) is holding the federal transit grant funding, presently at over \$114,000. This is a result of the Teamsters union objections to the DOL resulting from employee pension changes directed by the recently enacted California Public Employees' Pension Reform Act (PEPRA). The union believes that it has the right to collectively bargain these changes, and that the inability to do so violates collective bargaining protections in Federal transit funding law, commonly known as Section 13c. On October 4, 2013, Governor Brown signed AB 1222 which temporarily exempts those public transit employees whose rights are protected under Section 13c. Simultaneously, the Governor filed a lawsuit against the DOL arguing that the DOL improperly denied grants to California public transit providers due to an erroneous conclusion that pension reforms constrain workers' collective bargaining rights. The temporary fifteen month exemption from PEPRA provided under AB 1222 allows the Governor to pursue this litigation against the DOL, while also allowing the federal government to start to release the federal transit grants currently on hold. The timeline for release of these grants is currently unknown due to the current shutdown of the federal government.

**Capital Grants**

Under the provisions of FTA, appropriations are available for the development and operation of a public transportation system. OCTA received an appropriation for capital grants of \$44,143 and \$19,609 for fiscal year 2011-12 and 2012-13, respectively and had a receivable of \$285 outstanding as of June 30, 2013.

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

**Local Transportation Fund**

In fiscal year 2012-13, LTF received revenues from a one-quarter percent state sales and use tax through provisions of the TDA, as amended. Under TDA, monies are to be made available to OCTD for acquisitions of property, plant and equipment and for operating expenses. In fiscal year 2012-13, OCTA and OCTD became entitled to \$3,258 and \$133,457 in LTF monies, respectively. This revenue was recorded as a transfer from LTF. The remaining revenues received by LTF were contributed to other agencies for use in transit projects.

**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. STA revenues are then distributed based on several demographic factors. OCTA received \$21,717 in fiscal year 2012-13.

**Proposition 1B**

As part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by California voters as Proposition 1B (Prop 1B) on November 7, 2006, OCTA was awarded funding from the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) and the Transit System Safety, Security and Disaster Response Account (TSSSDRA). During fiscal year 2012-13, OCTA received \$43,872 and \$3,135 in PTMISEA and TSSSDRA funding, respectively. As of June 30, 2013, OCTA has unspent Prop 1B proceeds and interest of \$26,351 and \$6,032 in PTMISEA and TSSSDRA funds, respectively.

**6. DUE FROM/TO OTHER GOVERNMENTS**

Amounts due from other governments as of June 30, 2013 are as follows:

Receivables:	Governmental Funds					Enterprise Funds	
	General	LTA	LTF	CURE	Nonmajor Funds	OCTD	Total
Sales taxes	\$ -	\$50,187	\$26,313	\$ -	\$ 4,438	\$ -	\$ 80,938
Project reimbursements	2,222	27,864	-	9,705	8	-	39,799
Gas tax exchange	-	-	-	-	-	8,910	8,910
Other	11	5,896	-	169	3,065	4,952	14,093
<b>Total</b>	<b>\$2,233</b>	<b>\$83,947</b>	<b>\$26,313</b>	<b>\$9,874</b>	<b>\$7,511</b>	<b>\$13,862</b>	<b>\$143,740</b>

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

Amounts due to other governments as of June 30, 2013 are as follows:

	<u>Governmental Funds</u>					<u>Enterprise Funds</u>			
	General	LTA	LTF	CURE	Nonmajor Funds	OCTD	91 Express Lanes	Nonmajor Fund OCTAP	Total
<b>Payables:</b>									
Projects	\$1,801	\$34,389	\$ -	\$11,874	\$ 147	\$354	\$ -	\$ -	\$48,565
Use taxes	-	-	-	-	-	22	-	-	22
Gas tax exchange	-	-	-	-	2,822	-	-	-	2,822
Other	44	1,249	738	-	22	563	67	2	2,685
<b>Total</b>	<b>\$1,845</b>	<b>\$35,638</b>	<b>\$738</b>	<b>\$11,874</b>	<b>\$2,991</b>	<b>\$939</b>	<b>\$67</b>	<b>\$2</b>	<b>\$54,094</b>

**7. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

The composition of interfund balances at June 30, 2013 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount	Explanation
General Fund	CURE Fund	\$ 732	VSS Program Metrolink Stations and Irvine Shuttle Program
General Fund	OCTD Fund	514	Laguna Beach Municipal Transit Lines Operating
General Fund	LTF Fund	699	TDA Planning/ Administration
General Fund	Nonmajor Governmental Funds	83	I-405 & I-5 HOV Projects
OCTD Fund	LTF Fund	12,948	OCTD Operations
OCTD Fund	Nonmajor Governmental Funds	4,438	OCTD Operations
CURE Fund	LTA Fund	333	ARTIC
<b>Total</b>		<b>\$ 19,747</b>	

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount	Explanation
Nonmajor Governmental Funds	LTA Fund	\$ 4,638	M2 Expenditures
<b>Total</b>		<b>\$4,638</b>	

Beginning with fiscal year 2006-07, OCUTT advanced monies to LTA to cover expenditures such as election costs, administrative costs, and accrued interest. Interest accrues monthly at an

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

interest rate representing OCTA's rate of return on short-term investments, adjusted each July (1.43% for fiscal year 2012-13). LTA began repaying OCUTT when M2 funds were collected.

Interfund Transfers:

Transfers Out	Transfers In	Amount	Explanation
LTA Fund	LTA Debt Service Fund	\$ 28,792	Debt service
LTA Fund	OCTD Enterprise Fund	2,820	Fare Stabilization and Senior Mobility program
Local Transportation Fund	General Fund	3,258	OCTA planning
Local Transportation Fund	OCTD Enterprise Fund	133,457	OCTD and CTSA operations
CURE Fund	General Fund	1,522	VSS program Metrolink Stations and Irvine Shuttle program
CURE Fund	OCTD Enterprise Fund	2,005	Stationlink and rail feeder service
Nonmajor Governmental Funds	General Fund	337	Transportation projects and administrative costs
Nonmajor Governmental Funds	OCTD Enterprise Fund	21,717	OCTD operations
OCTD Enterprise Funds	General Fund	3,999	Bristol Street Widening and Laguna Beach Municipal Transit Lines projects
91 Express Lanes Fund	LTA Fund	1	Transportation projects
		<u>\$ 197,908</u>	

**8. RELATED PARTY TRANSACTIONS**

In June 2009, OCTA entered into a contract of employment with an officer of OCTA. In August 2009, OCTA amended the contract of employment to include a loan for a down payment on a house in Orange County in an amount not to exceed \$75. The loan bears simple interest on the unpaid principal balance at a percentage equal to the yield on OCTA's short-term portfolio investments plus two percent. The loan amount and interest were to be paid to OCTA no later than July 31, 2012.

In August 2010, OCTA amended the contract of employment to state that the loan amount and interest shall be paid to OCTA no later than July 31, 2013. The receivable was fully paid in March 2013.

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

**9. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 187,627	\$ -	\$ (32,500)	\$ 155,127
Total capital assets, not being depreciated	187,627	-	(32,500)	155,127
Capital assets, being depreciated:				
Building and improvements	4,351	-	-	4,351
Machinery, equipment and furniture	9,009	1,540	(126)	10,423
Total capital assets, being depreciated	13,360	1,540	(126)	14,774
Less accumulated depreciation for:				
Buildings and improvements	(2,219)	(208)	-	(2,427)
Machinery, equipment and furniture	(7,619)	(442)	126	(7,935)
Total accumulated depreciation	(9,838)	(650)	126	(10,362)
Total capital assets, being depreciated, net	3,522	890	-	4,412
<b>Governmental activities capital assets, net</b>	<b>\$ 191,149</b>	<b>\$ 890</b>	<b>\$ (32,500)</b>	<b>\$ 159,539</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 54,545	\$ -	\$ -	\$ 54,545
Construction in progress	65	11	-	76
Total capital assets, not being depreciated	54,610	11	-	54,621
Capital assets, being depreciated:				
Building and improvements	148,337	487	-	148,824
Transit vehicles	288,798	152	464	288,486
Machinery, equipment and furniture	77,150	10,239	1,940	85,449
Total capital assets, being depreciated	514,285	10,878	2,404	522,759
Less accumulated depreciation for:				
Buildings and improvements	(62,978)	(4,920)	-	(67,898)
Transit vehicles	(178,679)	(25,813)	(442)	(204,050)
Machinery, equipment and furniture	(57,152)	(3,452)	(1,927)	(58,677)
Total accumulated depreciation	(298,809)	(34,185)	(2,369)	(330,625)
Total capital assets, being depreciated, net	215,476	(23,307)	35	192,134
<b>Business-type activities capital assets, net</b>	<b>\$ 270,086</b>	<b>\$ (23,296)</b>	<b>\$ 35</b>	<b>\$ 246,755</b>

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

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

<b>Governmental activities:</b>	
General government	\$ 605
Measure M program	39
Motorist services	6
<b>Total depreciation expense - governmental activities</b>	<b>\$ 650</b>
 <b>Business-type activities:</b>	
Fixed route	\$ 27,646
Paratransit	5,240
Tollroad	1,299
<b>Total depreciation expense - business-type activities</b>	<b>\$ 34,185</b>

**10. SERVICE CONCESSION ARRANGEMENTS - TOLL FACILITY FRANCHISE**

On January 3, 2003, OCTA purchased from the California Private Transportation Company (CPTC) its interest in a franchise agreement for a toll facility on a 10 mile segment of the Riverside Freeway/State Route (SR) 91 between the Orange/Riverside County line and the Costa Mesa Freeway/SR-55. The purchase was enabled by State Assembly Bill (AB) 1010 (Correa), passed by the California legislature and signed by the governor in September 2002. The legislation provided the authority for OCTA to collect tolls and pay related financing costs until 2030, and eliminated 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.

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

Intangible asset activity for the year ended June 30, 2013 was as follows:

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
Toll facility franchise	\$ 205,264	\$ -	\$ -	\$ 205,264
Less accumulated amortization	(66,875)	(2,588)	-	(69,463)
Total toll facility franchise, net	<u>\$ 138,389</u>	<u>\$ (2,588)</u>	<u>\$ -</u>	<u>\$ 135,801</u>

**11. RISK MANAGEMENT - CLAIMS LIABILITY**

OCTA is self-insured for workers' compensation and general liability claims, and also purchases excess workers' compensation and general liability insurance. Workers' compensation claims are self-insured up to a maximum amount of \$500 per claim and have statutory coverage through a commercial insurer. General liability claims are self-insured up to a maximum amount of \$4,000 and have additional coverage of \$35,000 per occurrence through two commercial insurers. No losses have exceeded insurance coverage in the past three fiscal years. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability may not result in an exact amount. General liability and workers' compensation reserves are actuarially determined. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Management is of the opinion that the recorded liabilities for OCTA's self-insured claims are adequate.

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

	<u>2013</u>	<u>2012</u>
<b>General Liability</b>		
<b>Unpaid claims as of July 1</b>	<b>\$ 8,318</b>	<b>\$ 9,282</b>
Incurred claims (including claims incurred but not reported as of June 30)	3,245	225
Payments	(4,472)	(1,093)
Increase/(decrease) in provision for prior years' events	739	(96)
<b>Unpaid claims at June 30</b>	<u><b>7,830</b></u>	<u><b>8,318</b></u>

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

	2013	2012
<b>Workers' Compensation</b>		
<b>Unpaid claims as of July 1</b>	<b>11,176</b>	<b>11,403</b>
Incurred claims (including claims incurred but not reported as of June 30)	2,983	981
Payments	(4,893)	(3,703)
Increase/(decrease) in provision for prior years' events	1,994	2,495
<b>Unpaid claims at June 30</b>	<b>11,260</b>	<b>11,176</b>
<b>Total unpaid claims at June 30</b>	<b>19,090</b>	<b>19,494</b>
<b>Less current portion of unpaid claims</b>	<b>3,994</b>	<b>4,171</b>
<b>Total long-term portion of unpaid claims</b>	<b>\$ 15,096</b>	<b>\$ 15,323</b>

**12. SHORT-TERM DEBT**

On January 28, 2008, LTA was authorized to issue up to \$400,000 in Renewed Measure M Subordinate Tax-Exempt Commercial Paper Notes Series A and Series B (M2 Notes). As a requirement for the issuance of the M2 Notes, OCTA entered into an irrevocable direct-pay Letter of Credit and Reimbursement Agreement, issued on a several and not joint basis, with Dexia Credit Local, Bank of America, N.A., BNP Paribas, and JP Morgan Chase Bank, N. A. as liquidity support for the M2 Notes. The Letter of Credit and Reimbursement Agreement had a termination date of November 2011. In October 2011, the Board approved the selection of JP Morgan Chase Bank, N.A. (JP Morgan) to serve as the successor Letter of Credit provider for the M2 Notes. The JP Morgan Letter of Credit expires in November 2014.

In December 2010, OCTA issued taxable and tax-exempt sales tax revenue bonds for the M2 program (see note 13). A portion of the bonds issued (\$75,000) were used to pay down the outstanding M2 Notes balance of \$100,000. The M2 Notes program and supporting Letter of Credit were reduced from \$400,000 to \$50,000.

As of June 30, 2013, LTA had outstanding M2 Notes in the amount of \$25,000. Interest is payable on the respective maturity dates of the M2 Notes, which are the earlier of 270 days from date of issuance or program termination. The maximum allowable interest rate on the M2 Notes is 12.0%. The average issuance rate during fiscal year 2012-13 was 0.18%.

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

**Changes in Short-Term Debt**

Short-term debt activity for the year ended June 30, 2013, was as follows:

	<b>Beginning Balance</b>	<b>Issues</b>	<b>Redemptions</b>	<b>Ending Balance</b>
Tax exempt commercial paper – M2 Notes	\$ 25,000	\$100,000	\$100,000	\$ 25,000
<b>Total short-term debt</b>	<b>\$ 25,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$ 25,000</b>

**13. INTEREST RATE SWAP**

**Interest Rate Swap**

As a means to lower its borrowing costs on variable rate debt when compared against fixed rate bonds at the time of issuance in November 2003, OCTA entered into two parity interest rate swaps totaling \$100,000. The parity swaps were entered into to effectively change OCTA's variable rate bonds to a synthetic fixed rate of 4.06227%. \$95,265 was issued on a fixed rate basis and \$100,000 was issued on a variable rate basis. The Series 2003-B-1 swap was for \$75,000 and was terminated on March 15, 2011. The Series 2003-B-2 swap was for \$25,000 and was terminated on January 30, 2013.

The termination of the swap resulted in a \$1,312 gain on derivative instrument for the year ended June 30, 2013.

**14. 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.

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

A summary of the bonds outstanding is as follows:

	<b>2010 Series A (Taxable Build America Bonds)</b>	<b>2010 Series B (Tax-Exempt Bonds)</b>
Issuance date	12/9/10	12/9/10
Original issue amount	\$ 293,540	\$ 59,030
Original issue premium	-	6,023
<b>Net Bond Proceeds</b>	<b>\$ 293,540</b>	<b>\$ 65,053</b>
Issuance costs	\$ 1,905	\$ 274
Interest rates	5.56%-6.91%	3.00%-5.00%
Maturity range	2021-2041	2014-2020
Final maturity	2041	2020
Bonds outstanding	\$ 293,540	\$ 52,620
Plus unamortized premium	-	4,216
<b>Total</b>	<b>\$ 293,540</b>	<b>\$ 56,836</b>

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2013, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2014	\$6,600	\$22,191
2015	6,865	21,927
2016	7,210	21,584
2017	7,475	21,317
2018	7,775	21,018
2019-2023	44,430	99,007
2024-2028	54,245	84,513
2029-2033	67,475	64,160
2034-2038	84,045	38,665
2039-2041	60,040	8,417
Total	<b>\$ 346,160</b>	<b>\$ 402,799</b>

**Taxable Senior Secured Bonds**

On January 3, 2003, as part of the purchase agreement, the 91 Express Lanes Fund assumed \$135,000 of taxable 7.63% Senior Secured Bonds. On November 12, 2003, the taxable bonds were refunded as noted below. As required by the indenture, OCTA paid a \$26,428 Yield

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

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Maintenance Premium in connection with the defeasance of the Senior Secured Bonds, which is deferred and amortized over the life of the Series 2003 tax-exempt bonds, on the straight line basis.

**Toll Road Revenue Refunding Bonds**

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

On November 24, 2008, OCTA remarketed the \$100,000 in Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-B Bonds, which were purchased by OCIP. In connection with the mandatory tender of the Series 2003-B Bonds required by the Indenture, the interest rate was converted to a Long Term Interest Rate equal to the OCIP Rate. On December 20, 2010, OCTA entered into a new transaction with OCIP for the Series 2003-B Bonds at a 1.55% rate. The 2003-B Bonds have a mandatory tender date of August 15, 2013. On May 13, 2013, the Board approved the restructuring of the bonds prior to the mandatory tender date. See note 21 for subsequent event.

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

Issuance date	11/12/03
Original issue amount	\$195,265
Cash reserve requirements	\$38,020*
Cash reserve balance	\$39,018
Interest rate	1.55% - 5.375% **
Maturity	December 2030
Principal payment date	August 15
Current balance	\$155,460
Unamortized premium	\$4,398
Deferred amount on refunding	\$(16,106)

\*Pursuant to the 2003 Toll Road Revenue Refunding Bonds Master Indenture of Trust, the following four reserve funds are required to be maintained: Reserve Fund - \$12,635, Supplemental Reserve Fund - \$12,635, Major Maintenance Reserve Fund - \$10,000, and Operating Reserve Fund - \$2,750. At June 30, 2013, all reserve requirements have been satisfied.

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

\*\*2003 Series B-2 Bonds were issued as variable rate revenue bonds with a floating-to-fixed interest rate swap transaction in place. See note 13 for interest rate swap description.

Annual debt service requirements on the tax-exempt bonds as of June 30, 2013, are as follows:

<b>Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2014	\$ 5,525	\$ 4,217
2015	5,815	3,927
2016	6,130	3,613
2017	6,460	3,282
2018	6,800	2,943
2019-2023	39,525	9,602
2024-2028	49,660	4,748
2029-2031	35,545	850
<b>Total</b>	<b>\$ 155,460</b>	<b>\$ 33,182</b>

The interest rate used to determine the future annual debt service requirements for the Series 2003-B Bonds was the 1.55% OCIP rate at June 30, 2013. As rates vary, bond interest payments will vary.

**Changes in Long-Term Liabilities**

Long-term liabilities activity for the year ended June 30, 2013, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within one year</b>
<b>Governmental activities:</b>					
Sales tax revenue bonds	\$ 352,570	\$ -	\$ 6,410	\$ 346,160	\$ 6,600
Unamortized premium	4,819	-	603	4,216	-
Compensated absences	3,788	4,255	3,924	4,119	17
Other post employment benefits	82	7	-	89	-
<b>Total governmental activities long-term liabilities</b>	<b>\$ 361,259</b>	<b>\$ 4,262</b>	<b>\$ 10,937</b>	<b>\$ 354,584</b>	<b>\$ 6,617</b>

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within one year</b>
<b>Business-type activities:</b>					
Tax-exempt bonds	\$ 160,705	\$ -	\$ 5,245	\$ 155,460	\$ 5,525
Capital leases	571	-	571	-	-
Unamortized premium	4,651	-	253	4,398	-
Claims payable	19,494	8,961	9,365	19,090	3,994
Compensated absences	7,972	10,143	10,169	7,946	6,956
Other post employment benefits	49	2	-	51	-
<b>Total business-type activities long-term liabilities</b>	<b>\$ 193,442</b>	<b>\$ 19,106</b>	<b>\$ 25,603</b>	<b>\$ 186,945</b>	<b>\$ 16,475</b>

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

**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.

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

Debt service payments as a ratio of the pledged gross revenue, less certain expenses as required by the debt agreement, for the year ended June 30, 2013, are indicated in the following table:

<b>Description of Pledged Revenue</b>	<b>Annual Amount of Net Pledged Revenue</b>	<b>Annual Debt Service Payments</b>	<b>Pledged Revenue Coverage</b>
Measure M2 Net Sales Tax Revenue	\$ 207,573	\$ 21,835	9.51
91 Express Lanes Net Toll Road Revenue	\$ 26,272	\$ 10,226	2.57

\*OCTA received \$6,958 in Build America Bonds subsidy to offset annual debt service payments for Measure M2 Sales Tax Revenue Bonds. OCTA set aside \$11,095 in a capitalized interest account to fund a portion of the annual debt service payments for Measure M2 Sales Tax Revenue Bonds.

**15. PENSION PLANS**

Plan Description - OCTA contributes to two retirement plans, the Public Employees' Retirement System (PERS) of the State of California and the Orange County Employees Retirement System (OCERS).

**Public Employees' Retirement System**

PERS is a cost-sharing multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and agency ordinance. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans administered by PERS. A copy of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy - Beginning in 1991, OCTA elected to contribute 7% of gross salary to PERS for all participating employees employed as of June 30, 1991. The election is subject to renewal every year. OCTA is required to contribute at an actuarially determined rate. For fiscal year 2012-13, OCTA's actuarially determined contribution requirement was 0.0% of annual covered payroll. The contribution requirements are established and may be amended by PERS. OCTA's contributions to PERS were \$0 for the years ended June 30, 2013, 2012, and 2011, and were equal to the required contribution calculated by the PERS actuary for each year. OCTA's plan and risk pool has a status of being superfunded.

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

---

Annual Pension Cost - Annual required contributions for fiscal year 2012-13 were based on the June 30, 2010 actuarial valuation, the latest available from PERS. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.75% per annum compounded annually and an inflation factor of 3.0%; and (b) projected annual salary increases that vary by duration of service and include a factor of 3.0% for inflation, .25% for annual production growth and various amounts for merit according to longevity.

**Orange County Employees Retirement System**

Except for two former employees of the OCTC who elected to participate in PERS, all full time employees of OCTA participate in OCERS, a cost-sharing multiple-employer defined benefit plan. OCERS provides for retirement, death, disability and cost-of-living benefits and is subject to provisions of the County Employees Retirement Law of 1937 and other applicable statutes. OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans administered by OCERS. Copies of OCERS' annual financial report may be obtained from its executive office: 2223 Wellington Avenue, Santa Ana, CA 92701.

Funding Policy - OCTA's actuarially determined contribution requirement was 21.86% of total covered payroll. OCTA's contributions to OCERS for the years ended June 30, 2013, 2012, and 2011 were \$19,180, \$18,882 and \$16,755, respectively, and were equal to the required contribution calculated by the OCERS actuary for each year.

Additionally, OCTA makes the employee contribution on behalf of administrative employees that range from 4.19% to 11.77% (depending on age of entry). Employees that are employed under collective bargaining units pay their own employee contributions. In accordance with the Public Employees' Pension Reform Act of 2013, all new employees hired after January 1, 2013, pay their employee contribution.

Annual Pension Cost - Annual required contributions for fiscal year 2012-13 were based on the OCERS actuarial valuation as of December 31, 2010, in which the investment return assumption was 7.75%, and the inflation factor was 3.50%. The salary increase rate assumption varies by duration of service between 4.50% and 11.50% for General members, which includes the inflation factor of 3.50%. There are assumed to be no across the board salary increases.

**Supplemental Pension Plan**

Plan Description - On January 1, 1995, OCTA established the Additional Retiree Benefit Account (Plan). The Plan is a single-employer defined benefit retirement plan. The Plan is administered for OCTA through OCERS. The Plan provides a supplemental retirement benefit to individuals age 50 and over with at least 10 years of service with OCTA. Employees deferring retirement

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

---

more than 30 days from date of separation from OCTA are not eligible. There is no separate benefit plan report issued.

The Plan provides a lifetime monthly annuity equal to 10 dollars times the number of years of OCTA continuous service prior to retirement with a maximum of 150 dollars per month. The Plan requires no employee contributions and has no termination, disability, or survivor benefits.

Funding Policy - OCTA's funding policy is to fund an annual required contribution as determined by the Plan's actuary.

Annual Pension Cost - The Plan's Annual Pension Cost for the fiscal year ending June 30, 2013 is \$825 which is equal to OCTA's required and actual contributions.

**Three-year Trend Information**

<b>Fiscal Year Ending June</b>	<b>Annual Pension Cost</b>	<b>Actual Contribution</b>	<b>Percentage Contribution</b>	<b>Net Pension Obligation</b>
2013	\$ 825	\$ 825	100%	\$ 0
2012	\$ 797	\$ 797	100%	\$ 0
2011	\$ 935	\$ 935	100%	\$ 0

The following information describes the calculation methodology:

- The actuarial liabilities and assets are valued as of January 1, 2012.
- The actuarial funding method used is the entry age normal cost method. Under this method, the plan's normal cost is developed as a level percent of payroll throughout the participants' working lifetime.

The unfunded actuarial liability is the difference between the actuarial accrued liability and Plan assets. This difference is amortized as a level percent of payroll over an initial 20-year closed period. The remaining amortization period at January 1, 2013, is 15 years.

The following is a summary of the actuarial assumptions used in the January 1, 2012 valuation:

- Interest rate: 7.75%
- Mortality: OCERS assumptions

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

---

- Termination: Sample rates in the first five years of service are:

<u>Years of</u>	<u>Rate</u>
0	17.0%
1	9.0%
2	8.0%
3	7.0%
4	6.0%

Sample rates with 5+ years of service are:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
25	4.0%	45	3.4%
30	4.0%	50	2.7%
35	4.0%	55	1.9%
40	4.0%	60	.6%

- Aggregate Payroll Increases: 3.5%
- Retirement Rates: Same as OCERS assumption. Sample rates are:

<u>Age</u>	<u>Rate</u>
50	3.0%
55	4.0%
60	11.0%
65	25.0%
70	100.0%

The actuarial asset value is the same as market asset value.

Funding Status and Funding Progress - As of January 1, 2012, the most recent actuarial valuation date, the Plan was 69% funded. The actuarial accrued liability for benefits was \$14,868 and the actuarial value of assets was \$10,222 resulting in an unfunded actuarial accrued liability (UAAL) of \$4,646. The estimated covered payroll (annual payroll of active employees covered by the Plan) was \$90,104 and the ratio of the UAAL to the covered payroll was 5.2% percent. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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**16. 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.

OCTA allows Unrepresented Administrative Employees and Transportation Communications International Union Employees to continue participating in the group healthcare insurance program after retirement until age 65 for retirees who retire directly from OCTA at a minimum of age 50 with at least ten years of OCTA service. 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.

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. GASB 45 requires that this implied subsidy be reclassified when reporting the contributions for retiree medical costs.

For fiscal year 2012-13, OCTA contributed \$60 in implied subsidy through the active healthcare premiums:

	<u>Amount</u>
Total Active Health Premiums	\$ 7,463
Reclassification for Implied Subsidy	<u>(60)</u>
<b>Net Active Health Premiums</b>	<b><u><u>\$ 7,403</u></u></b>

Annual Other Postemployment Benefit Cost and Net Obligation - OCTA's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

The following table shows the components of OCTA's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the Plan, and changes in OCTA's net OPEB obligation.

	<b>Amount</b>
Annual required contribution	\$ 69
Interest on net OPEB obligation	6
Adjustment to annual required contribution	(6)
Annual OPEB cost	69
Benefit payments made	60
Increase in net OPEB obligation	9
Net OPEB obligation - beginning of year	131
Net OPEB obligation - end of year	\$ 140

OCTA's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net postemployment healthcare plan obligation for the year ended June 30, 2013 and the two preceding years were as follows:

<b>Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/13	\$ 69	86.9%	\$ 140
6/30/12	\$ 67	80.6%	\$ 131
6/30/11	\$ 74	54.1%	\$ 118

Funded Status - The June 30, 2012 funded status, based on the January 1, 2012 actuarial valuation was:

	<b>Amount</b>
Actuarial Accrued Liability (AAL)	\$ 726
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 726
Funded ratio (Actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 36,670
UAAL as a percentage of covered payroll	2.0%

**Schedule of Employer Contributions**

<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/13	\$ 69	86.9%
6/30/12	\$ 67	80.6%
6/30/11	\$ 74	54.1%

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

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point.

In the January 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), and annual healthcare cost trend rates for medical of 7.8% (8.2% for Preferred Provider Organizations) decreasing to 5% over eight years. The salary increase rate assumption varies by age between 7% at age 20 to 0.6% at age 60. The inflation rate assumption is 3.50%. There are assumed to be no across the board salary increases. Salary scale and demographic assumptions for withdrawal, mortality, disability, and retirement rates were based on OCERS assumptions.

The UAAL is amortized over an initial 30-year closed period as a level percentage of payroll. The remaining amortization period at January 1, 2013 is 25 years.

Current trend information about the funding progress is presented in the Required Supplementary Information following the notes to the basic financial statements.

**17. 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, 2013 are as follows:

	<b>Total Purchase Commitments</b>	<b>Reserve for Encumbrances</b>	<b>Unencumbered Purchase Commitments</b>
<b>Governmental Funds:</b>			
General	\$ 115,080	\$ 6,464	\$ 108,616
LTA	830,990	127,075	703,915
LTF	1,547	-	1,547
CURE	25,084	1,263	23,821
Nonmajor governmental funds	15,918	167	15,751
<b>Total Governmental Funds</b>	<b>988,619</b>	<b>134,969</b>	<b>853,650</b>
<b>Proprietary Funds:</b>			
OCTD	388,579	32,987	355,592
91 Express Lanes	34,631	1,836	32,795
Internal Service Funds	1,056	885	171
<b>Total Proprietary Funds</b>	<b>424,266</b>	<b>35,708</b>	<b>388,558</b>
<b>Total</b>	<b>\$ 1,412,885</b>	<b>\$ 170,677</b>	<b>\$ 1,242,208</b>

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

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The majority of the contracts relate to the expansion of Orange County's freeway and road systems, grade separation projects, expansion of commuter rail service, upgrades to rail facilities, the design and build of a regional transportation center and paratransit bus services.

**18. OTHER COMMITMENTS AND CONTINGENCIES**

**Litigation**

OCTA is a defendant in various legal actions. Management believes that the ultimate resolution of these actions will not have a significant effect on OCTA's financial position or changes in financial position.

**Federal Grants**

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

**Lease Commitments**

**Operating leases**

OCTA is committed under various leases for building, office space, non-revenue vehicles and tires for revenue vehicles. These leases are considered for accounting purposes to be operating leases. The lease for OCTA's administrative headquarters in Orange was originally for 15 years beginning in September 1993, but was amended to extend the lease term to April 30, 2018. Lease expenditures for the year ended June 30, 2013 amounted to \$7,039.

Future minimum payments for these leases are as follows:

<b>Fiscal Year Ended</b>	<b>Amount</b>
2014	\$ 6,667
2015	6,415
2016	4,616
2017	4,748
2018	3,785
2019	21
<b>Total</b>	<b>\$ 26,252</b>

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

**19. JOINT VENTURE**

OCTA is one of five members of the Southern California Regional Rail Authority (SCRRA), a joint powers authority 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 Associated Governments (SANBAG) 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 prorata share of rail lines serving Orange County. OCTA expended \$28,930 during fiscal year 2012-13 for its share of Metrolink capital and operating costs. Separate financial statements are prepared by, and available from, SCRRA, which is located at 700 N. Flower Street, 26th floor, Los Angeles, CA 90017.

**20. CUMMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

During the fiscal year, OCTA implemented GASB 65, Items Previously Reported as Assets and Liabilities. It was determined that debt issuance costs do not meet the definition of an asset or a deferred outflow and should be recognized as an outflow of resources in the reporting period in which they are incurred.

During fiscal years 2010-11 and 2011-12, OCTA was deeded \$4,433 in donated land as part of the I-5 Gateway Project. The revenue related to the donation was not recorded.

Following is a summary of the effect of these adjustments on net position:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>91 Express Lanes</b>
Beginning balance, as previously reported	\$ 643,195	\$ 545,429	\$ 73,259
Cost of issuance	(2,001)	(2,621)	(2,621)
Donated land	4,433	-	-
<b>Beginning Balance, as restated</b>	<b>\$ 645,627</b>	<b>\$ 542,808</b>	<b>\$ 70,638</b>

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

Following is the pro forma effect of the retroactive application:

	2012		
<b>Governmental activities</b>	<b>Previously Presented</b>	<b>Restatement</b>	<b>2012 Restated</b>
Other assets	\$ 6,686	\$ (2,001)	\$ 4,685
Assets held for resale	6,623	4,433	11,056
Net Position, restricted for Measure M	232,312	2,432	234,744
Operating Grants and Contributions,			
Measure M program	133,976	4,433	138,409
Expenses, Measure M program	337,034	(92)	336,942
Change in net position,			
Governmental Activities	14,811	4,525	19,336
Net position, beginning, as restated	628,384	(2,093)	626,291
	2012		
<b>Business-type activities</b>	<b>Previously Presented</b>	<b>Restatement</b>	<b>2012 Restated</b>
Capital assets, net			
Depreciable and amortizable	\$ 353,865	\$ (138,389)	\$ 215,476
Intangible assets	-	138,389	138,389
Other assets	4,146	(2,621)	1,525
Deferred charge on refunding	-	16,106	16,106
Noncurrent liabilities			
Due in more than one year	158,794	(16,106)	142,688
Expenses, Tollroad	23,231	(142)	23,089
Change in net position,			
Business-type Activities	53,283	142	53,425
Net position, beginning, as restated	492,146	(2,763)	489,383
	2012		
<b>91 Express Lanes Fund</b>	<b>Previously Presented</b>	<b>Restatement</b>	<b>2012 Restated</b>
Capital assets, net			
Depreciable and amortizable	\$ 143,232	\$ (138,389)	\$ 4,843
Intangible assets	-	138,389	138,389
Other assets	2,621	(2,621)	-
Deferred charge on refunding	-	16,106	16,106
Noncurrent liabilities			
Long term liabilities	142,937	(16,106)	126,831
Net position unrestricted	39,234	(2,621)	36,613
Other operating expenses	153	(142)	11
Change in net position	9,537	142	9,679
Net position, beginning	63,722	(2,763)	60,959

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

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**21. SUBSEQUENT EVENTS**

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 Lane) 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 Orange County Investment Pool. The Series 2013 Bonds were issued as fixed rate bonds. The transaction closed on August 8, 2013.

**22. EFFECT OF NEW PRONOUNCEMENTS**

**GASB Statement No. 60**

In November 2010, GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. OCTA implemented this statement in fiscal year 2013. See note 10.

**GASB Statement No. 61**

In November 2010, GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. OCTA implemented this statement in fiscal year 2013. Blended component units are further defined in note 1.

**GASB Statement No. 62**

In June 2011, GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements. OCTA implemented this statement in fiscal year 2013. See note 20.

**GASB Statement No. 63**

In June 2011, GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and the resulting net position. OCTA implemented this statement in fiscal year 2013.

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

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**GASB Statement No. 65**

In March 2012, GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. OCTA has early implemented this GASB for the fiscal year ending June 30, 2013.

**GASB Statement No. 66**

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

**GASB Statement No. 67**

In June 2012, GASB issued Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement is effective for OCTA's fiscal year ending June 30, 2014.

**GASB Statement No. 68**

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

**GASB Statement No. 69**

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

**GASB Statement No. 70**

In April 2013, GASB issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement requires a government that extends a

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

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nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. Additionally, this Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This statement is effective for OCTA's fiscal year ending June 30, 2014.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines	\$ 127	\$ 127	\$ 137	\$ 10
Contributions from other agencies	7,895	7,895	12,903	5,008
Interest and investment income	50	50	492	442
Capital assistance grants	18,440	18,440	1,725	(16,715)
Miscellaneous	230	230	190	(40)
<b>Total revenues</b>	<b>26,742</b>	<b>26,742</b>	<b>15,447</b>	<b>(11,295)</b>
<b>Expenditures</b>				
Current:				
General government:				
Salaries and benefits	40,246	40,234	38,347	1,887
Supplies and services	26,606	27,086	24,358	2,728
Interfund reimbursements	(56,928)	(56,928)	(50,970)	(5,958)
Transportation:				
Contributions to other local agencies	22,233	22,378	11,114	11,264
Capital outlay	17,853	17,332	1,225	16,107
<b>Total expenditures</b>	<b>50,010</b>	<b>50,102</b>	<b>24,074</b>	<b>26,028</b>
<b>Deficiency of revenues under expenditures</b>	<b>(23,268)</b>	<b>(23,360)</b>	<b>(8,627)</b>	<b>14,733</b>
<b>Other financing sources</b>				
Transfers in	18,968	19,150	10,028	(9,122)
<b>Total other financing sources</b>	<b>18,968</b>	<b>19,150</b>	<b>10,028</b>	<b>(9,122)</b>
<b>Net change in fund balance</b>	<b>\$ (4,300)</b>	<b>\$ (4,210)</b>	<b>\$ 1,401</b>	<b>\$ 5,611</b>

**Reconciliation to GAAP:**

Net change in fund balance (budgetary basis)	\$ 1,401
Less: Estimated revenues for encumbrances outstanding at June 30	3,652
Add: Current year encumbrances outstanding at June 30	6,464
Net change in fund balance (GAAP basis)	\$ 4,213

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, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax revenue	\$ 267,245	\$ 267,245	\$ 264,974	\$ (2,271)
Contributions from other agencies	127,656	172,945	259,695	86,750
Interest and investment income	6,906	6,906	2,644	(4,262)
Miscellaneous	225	225	391	166
<b>Total revenues</b>	<b>402,032</b>	<b>447,321</b>	<b>527,704</b>	<b>80,383</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	129,184	137,463	74,225	63,238
Transportation:				
Contributions to other local agencies	241,122	238,265	118,652	119,613
Capital outlay	213,614	257,184	241,575	15,609
Debt service:				
Interest	125	125	126	(1)
<b>Total expenditures</b>	<b>584,045</b>	<b>633,037</b>	<b>434,578</b>	<b>198,459</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(182,013)</b>	<b>(185,716)</b>	<b>93,126</b>	<b>278,842</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	1	1
Transfers out	(27,961)	(27,961)	(31,612)	(3,651)
<b>Total other financing sources (uses)</b>	<b>(27,961)</b>	<b>(27,961)</b>	<b>(31,611)</b>	<b>(3,650)</b>
<b>Net change in fund balance</b>	<b>\$ (209,974)</b>	<b>\$ (213,677)</b>	<b>\$ 61,515</b>	<b>\$ 275,192</b>

**Reconciliation to GAAP:**

Net change in fund balance (budgetary basis)	\$ 61,515
Less: Estimated revenues for encumbrances outstanding at June 30	137,825
Add: Current year encumbrances outstanding at June 30	126,867
	\$ 50,557
Net change in fund balance (GAAP basis)	\$ 50,557

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, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax revenue	\$ 144,214	\$ 144,214	\$ 141,571	\$ (2,643)
Interest and investment income	46	46	-	(46)
<b>Total revenues</b>	<b>144,260</b>	<b>144,260</b>	<b>141,571</b>	<b>(2,689)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	1,586	1,586	1,878	(292)
Transportation:				
Contributions to other local agencies	1,343	1,343	3,600	(2,257)
<b>Total expenditures</b>	<b>2,929</b>	<b>2,929</b>	<b>5,478</b>	<b>(2,549)</b>
<b>Excess of revenues over expenditures</b>	<b>141,331</b>	<b>141,331</b>	<b>136,093</b>	<b>(5,238)</b>
<b>Other financing uses</b>				
Transfers out	(141,996)	(141,996)	(136,715)	5,281
<b>Total other financing uses</b>	<b>(141,996)</b>	<b>(141,996)</b>	<b>(136,715)</b>	<b>5,281</b>
<b>Net change in fund balance</b>	<b>\$ (665)</b>	<b>\$ (665)</b>	<b>\$ (622)</b>	<b>\$ 43</b>

See accompanying notes to required supplementary information.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Commuter and Urban Rail Endowment Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines	\$ 18	\$ 18	\$ 3	\$ (15)
Contributions from other agencies	300	300	168	(132)
Interest and investment income	2,100	2,100	453	(1,647)
Capital assistance grants	5,210	5,210	1,259	(3,951)
Miscellaneous	605	605	761	156
<b>Total revenues</b>	<b>8,233</b>	<b>8,233</b>	<b>2,644</b>	<b>(5,589)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	29,205	29,137	25,009	4,128
Transportation:				
Contributions to other local agencies	7,159	5,471	11,403	(5,932)
Capital outlay	2,400	17,299	1,195	16,104
<b>Total expenditures</b>	<b>38,764</b>	<b>51,907</b>	<b>37,607</b>	<b>14,300</b>
<b>Deficiency of revenues under expenditures</b>	<b>(30,531)</b>	<b>(43,674)</b>	<b>(34,963)</b>	<b>8,711</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(4,465)	(4,465)	(3,527)	938
Proceeds from sale of capital assets	-	-	2,662	2,662
<b>Total other financing uses</b>	<b>(4,465)</b>	<b>(4,465)</b>	<b>(865)</b>	<b>3,600</b>
<b>Net change in fund balance</b>	<b>\$ (34,996)</b>	<b>\$ (48,139)</b>	<b>\$ (35,828)</b>	<b>\$ 12,311</b>

**Reconciliation to GAAP:**

Net change in fund balance (budgetary basis)	\$ (35,828)
Less: Estimated revenues for encumbrances outstanding at June 30	994
Add: Current year encumbrances outstanding at June 30	1,263
Net change in fund balance (GAAP basis)	\$ (35,559)

See accompanying notes to required supplementary information.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Required Supplementary Information**  
**Supplemental Pension Plan Trend Data**  
**June 30, 2013**

*(amounts expressed in thousands)*

Presented below is the schedule of funding progress and schedule of employer contributions for OCTA's supplemental pension plan, Additional Retiree Benefit Account (Plan), a single-employer defined benefit retirement plan. OCTA obtains actual valuations biennially. Actuarial information is available beginning fiscal year 2007-08.

**Schedule of Funding Progress for Years Ended June 30**

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	\$ 10,222	\$ 14,868	\$ 4,646	69%	\$ 90,104	5.2%
2010	\$ 8,947	\$ 13,746	\$ 4,799	65%	\$ 101,596	4.7%
2008	\$ 8,013	\$ 11,545	\$ 3,532	69%	\$ 98,063	3.6%

**Schedule of Employer Contributions for Years Ended June 30**

Fiscal Year Ending	Annual Pension Cost	Actual Contribution	Percentage Contribution	Net Pension Obligation
2013	\$ 825	\$ 825	100%	\$ 0
2012	\$ 797	\$ 797	100%	\$ 0
2011	\$ 935	\$ 935	100%	\$ 0
2010	\$ 883	\$ 883	100%	\$ 0
2009	\$ 786	\$ 786	100%	\$ 0
2008	\$ 786	\$ 786	100%	\$ 0

Presented below is the schedule of funding progress for OCTA's postemployment healthcare plan. This plan is a single-employer defined benefit healthcare plan.

OCTA implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for fiscal year 2007-08. In conformance with GASB 45, OCTA obtains actual valuations biennially.

**Schedule of Funding Progress for Years Ended June 30**

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll*	UAAL as a Percentage of Covered Payroll
2012	\$ -	\$ 726	\$ 726	0%	\$ 36,670	2.0%
2010	\$ -	\$ 659	\$ 659	0%	\$ 38,764	1.7%
2008	\$ -	\$ 491	\$ 491	0%	\$ 36,085	1.4%

\*Annual covered payroll represents active employees earning service credit towards eligibility for continuation of health coverage at retirement.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2013**  
**(amounts expressed in thousands)**

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**1. BUDGETARY DATA**

OCTA establishes accounting control through formal adoption of an annual operating budget for all governmental funds. The operating budget is prepared in conformity with accounting principles generally accepted in the United States (GAAP) except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. The adopted budget can be amended by the Board to increase both appropriations and estimated revenues as unforeseen circumstances come to management’s attention. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Division heads are authorized to approve appropriation transfers within major objects subject to approval by the Finance and Administration Division. Major objects are defined as Salaries and Benefits, Supplies and Services, and Capital Outlay. Supplies and Services includes Contributions to Other Local Agencies, Debt Service and Transfers. Appropriation transfers between major objects require approval of the Board. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations, for budgeted funds, is at the major object level for the budgeted governmental funds. A Fourth Quarter Budget Status Report, June 2013 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**

Expenditures exceeded appropriations for the following major governmental fund as of June 30, 2013.

Fund	Account	Appropriations	Expenditures	Explanations
CURE Fund	Contributions to Other Local Agencies	\$ 5,471	\$ 11,403	Overrun due to expenditures related to prior year budgeted amounts.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
OTHER SUPPLEMENTARY INFORMATION

June 30, 2013

(amounts expressed in thousands)

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**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 projects fund. Expenditures of monies in this fund must be made in accordance with provisions of the California Transportation Development Act (TDA).

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

**Service Authority for Abandoned Vehicles (SAAV)** - This fund is used to account for revenues received and expenditures made for the removal of abandoned vehicles from streets and roads throughout Orange County. The source of revenue is a one dollar per vehicle registration fee on vehicles registered in Orange County. Expenditure of monies in this fund must be made in accordance with the provisions of Section 22710 of the California Vehicle Code.

**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.

**Gas Tax Fund** - As of July 1, 1997, OCTA began receiving \$23,000 in gas tax revenue from the County of Orange. The revenues are restricted and must either be used for their designated purpose or swapped with other Orange County government agencies that can utilize the revenues for their intended purpose and in return provide OCTA with unrestricted revenues. OCTA carries the responsibility of annually pursuing and securing the swapping of restricted revenues with unrestricted revenues from Orange County government agencies.

**Capital Projects Funds**

**General Capital Projects Fund** - This fund, formerly known as the Transit Development Reserve, is used to account for transportation capital projects.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2013**

<i>(amounts expressed in thousands)</i>	Special Revenue						Capital Projects	<b>Total Nonmajor Governmental Funds</b>
	OCUTT	SAFE	SAAV	STAF	Gas Tax	Total	General	
<b>Assets</b>								
Cash and investments	\$ 5,746	\$ 3,077	\$ 34	\$ 7	\$ 3,365	\$ 12,229	\$ 9,504	\$ 21,733
Receivables:								
Interest	65	27	-	-	-	92	-	92
Other	-	30	-	-	-	30	-	30
Due from other governments	-	3,070	3	4,438	-	7,511	-	7,511
Advances to other funds	4,638	-	-	-	-	4,638	-	4,638
Other assets	3,959	-	-	-	-	3,959	-	3,959
<b>Total Assets</b>	<b>\$ 14,408</b>	<b>\$ 6,204</b>	<b>\$ 37</b>	<b>\$ 4,445</b>	<b>\$ 3,365</b>	<b>\$ 28,459</b>	<b>\$ 9,504</b>	<b>\$ 37,963</b>
<b>Liabilities</b>								
Accounts payable	\$ 5	\$ 639	\$ -	\$ -	\$ -	\$ 644	\$ -	\$ 644
Due to other funds	83	-	-	4,438	-	4,521	-	4,521
Due to other governments	-	169	-	-	2,822	2,991	-	2,991
Unearned revenue - other	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Commercial paper notes	-	-	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-	-
Long-term debt	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>88</b>	<b>808</b>	<b>-</b>	<b>4,438</b>	<b>2,822</b>	<b>8,156</b>	<b>-</b>	<b>8,156</b>
<b>Deferred Inflows of Resources</b>								
Unavailable revenue - interest on advances	667	-	-	-	-	667	-	667
Unavailable revenue - grant reimbursements	-	34	-	-	-	34	-	34
<b>Total Deferred Inflows of Resources</b>	<b>667</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>701</b>	<b>-</b>	<b>701</b>
<b>Fund Balances</b>								
Nonspendable:								
Other assets	3,959	-	-	-	-	3,959	-	3,959
Restricted for:								
Transportation programs	9,694	-	-	7	-	9,701	-	9,701
Streets and roads	-	-	-	-	543	543	-	543
Motorist services	-	5,362	37	-	-	5,399	-	5,399
Assigned to:								
Transportation capital projects	-	-	-	-	-	-	9,504	9,504
<b>Total Fund Balances</b>	<b>13,653</b>	<b>5,362</b>	<b>37</b>	<b>7</b>	<b>543</b>	<b>19,602</b>	<b>9,504</b>	<b>29,106</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,408</b>	<b>\$ 6,204</b>	<b>\$ 37</b>	<b>\$ 4,445</b>	<b>\$ 3,365</b>	<b>\$ 28,459</b>	<b>\$ 9,504</b>	<b>\$ 37,963</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Special Revenue						Capital Projects	<b>Total Nonmajor Governmental Funds</b>
	OCUTT	SAFE	SAAV	STAF	Gas Tax	Total	General	
<b>Revenues</b>								
Sales taxes	\$ -	\$ -	\$ -	\$ 21,717	\$ -	\$ 21,717	\$ -	\$ 21,717
Gasoline taxes	-	-	-	-	22,553	22,553	-	22,553
Vehicle registration fees	-	2,576	12	-	-	2,588	-	2,588
Contributions from other agencies	-	2,689	-	-	-	2,689	-	2,689
Interest and investment income	110	26	-	4	-	140	-	140
Miscellaneous	-	9	-	-	-	9	-	9
<b>Total revenues</b>	<b>110</b>	<b>5,300</b>	<b>12</b>	<b>21,721</b>	<b>22,553</b>	<b>49,696</b>	<b>-</b>	<b>49,696</b>
<b>Expenditures</b>								
Current:								
General government:								
Supplies and services	20	6,011	89	1	-	6,121	10	6,131
Transportation:								
Contributions to other local agencies	-	-	670	-	23,000	23,670	-	23,670
Capital outlay	-	504	-	-	-	504	-	504
<b>Total expenditures</b>	<b>20</b>	<b>6,515</b>	<b>759</b>	<b>1</b>	<b>23,000</b>	<b>30,295</b>	<b>10</b>	<b>30,305</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>90</b>	<b>(1,215)</b>	<b>(747)</b>	<b>21,720</b>	<b>(447)</b>	<b>19,401</b>	<b>(10)</b>	<b>19,391</b>
<b>Other financing uses</b>								
Transfers out	(336)	-	(1)	(21,717)	-	(22,054)	-	(22,054)
<b>Total other financing uses</b>	<b>(336)</b>	<b>-</b>	<b>(1)</b>	<b>(21,717)</b>	<b>-</b>	<b>(22,054)</b>	<b>-</b>	<b>(22,054)</b>
<b>Net change in fund balances</b>	<b>(246)</b>	<b>(1,215)</b>	<b>(748)</b>	<b>3</b>	<b>(447)</b>	<b>(2,653)</b>	<b>(10)</b>	<b>(2,663)</b>
Fund balances - beginning	13,899	6,577	785	4	990	22,255	9,514	31,769
<b>Fund balances - ending</b>	<b>\$ 13,653</b>	<b>\$ 5,362</b>	<b>\$ 37</b>	<b>\$ 7</b>	<b>\$ 543</b>	<b>\$ 19,602</b>	<b>\$ 9,504</b>	<b>\$ 29,106</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Local Transportation Authority Debt Service Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Interest and investment income	\$ 7,088	\$ 7,087	\$ 6,973	\$ (114)
<b>Total revenues</b>	<b>7,088</b>	<b>7,087</b>	<b>6,973</b>	<b>(114)</b>
<b>Expenditures</b>				
Debt service:				
Principal payments on long-term debt	6,410	6,410	6,410	-
Interest on long-term debt and commercial paper	22,383	22,383	22,383	-
<b>Total expenditures</b>	<b>28,793</b>	<b>28,793</b>	<b>28,793</b>	<b>-</b>
<b>Deficiency of revenues under expenditures</b>	<b>(21,705)</b>	<b>(21,706)</b>	<b>(21,820)</b>	<b>(114)</b>
<b>Other financing sources</b>				
Transfers in	21,706	21,706	28,792	7,086
<b>Total other financing sources</b>	<b>21,706</b>	<b>21,706</b>	<b>28,792</b>	<b>7,086</b>
<b>Net change in fund balance</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 6,972</b>	<b>\$ 6,972</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Orange County Unified Transportation Trust Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Interest and investment income	\$ 197	\$ 197	\$ 110	\$ (87)
<b>Total revenues</b>	<b>197</b>	<b>197</b>	<b>110</b>	<b>(87)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	6	6	20	(14)
<b>Total expenditures</b>	<b>6</b>	<b>6</b>	<b>20</b>	<b>(14)</b>
<b>Excess of revenues over expenditures</b>	<b>191</b>	<b>191</b>	<b>90</b>	<b>(101)</b>
<b>Other financing uses</b>				
Transfers out	(450)	(450)	(336)	114
<b>Total other financing uses</b>	<b>(450)</b>	<b>(450)</b>	<b>(336)</b>	<b>114</b>
<b>Net change in fund balance</b>	<b>\$ (259)</b>	<b>\$ (259)</b>	<b>\$ (246)</b>	<b>\$ 13</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Service Authority for Freeway Emergencies Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Vehicle registration fees	\$ 2,447	\$ 2,447	\$ 2,576	\$ 129
Contributions from other agencies	2,594	2,594	2,689	95
Interest and investment income	75	75	26	(49)
Miscellaneous	20	20	9	(11)
<b>Total revenues</b>	<b>5,136</b>	<b>5,136</b>	<b>5,300</b>	<b>164</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	7,013	7,013	6,073	940
Capital outlay	-	854	608	246
<b>Total expenditures</b>	<b>7,013</b>	<b>7,867</b>	<b>6,681</b>	<b>1,186</b>
<b>Deficiency of revenues under expenditures</b>	<b>(1,877)</b>	<b>(2,731)</b>	<b>(1,381)</b>	<b>1,350</b>
<b>Other financing sources</b>				
Transfers in	3,195	3,195	-	(3,195)
<b>Total other financing sources</b>	<b>3,195</b>	<b>3,195</b>	<b>-</b>	<b>(3,195)</b>
<b>Net change in fund balance</b>	<b>\$ 1,318</b>	<b>\$ 464</b>	<b>\$ (1,381)</b>	<b>\$ (1,845)</b>

**Reconciliation to GAAP:**

Net change in fund balance (budgetary basis)	\$ (1,381)
Less: Estimated revenues for encumbrances outstanding at June 30	-
Add: Current year encumbrances outstanding at June 30	166
Net change in fund balance (GAAP basis)	\$ (1,215)

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Service Authority for Abandoned Vehicles Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Vehicle registration fees	\$ 80	\$ 80	\$ 12	\$ (68)
Interest and investment income	7	7	-	(7)
<b>Total revenues</b>	<b>87</b>	<b>87</b>	<b>12</b>	<b>(75)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	103	103	89	14
Transportation:				
Contributions to other local agencies	700	700	670	30
<b>Total expenditures</b>	<b>803</b>	<b>803</b>	<b>759</b>	<b>44</b>
<b>Deficiency of revenues under expenditures</b>	<b>(716)</b>	<b>(716)</b>	<b>(747)</b>	<b>(31)</b>
<b>Other financing uses</b>				
Transfers out	-	-	(1)	(1)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>
<b>Net change in fund balance</b>	<b>\$ (716)</b>	<b>\$ (716)</b>	<b>\$ (748)</b>	<b>\$ (32)</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**State Transit Assistance Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax revenue	\$ 21,818	\$ 21,818	\$ 21,717	\$ (101)
Interest and investment income	-	-	4	4
<b>Total revenues</b>	<b>21,818</b>	<b>21,818</b>	<b>21,721</b>	<b>(97)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	-	-	1	(1)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(1)</b>
<b>Excess of revenues over expenditures</b>	<b>21,818</b>	<b>21,818</b>	<b>21,720</b>	<b>(98)</b>
<b>Other financing uses</b>				
Transfers out	(21,818)	(21,818)	(21,717)	101
<b>Total other financing uses</b>	<b>(21,818)</b>	<b>(21,818)</b>	<b>(21,717)</b>	<b>101</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3</b>	<b>\$ 3</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Gas Tax Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Gasoline taxes	\$ 23,000	\$ 23,000	\$ 22,553	\$ (447)
<b>Total revenues</b>	<b>23,000</b>	<b>23,000</b>	<b>22,553</b>	<b>(447)</b>
<b>Expenditures</b>				
Current:				
Transportation:				
Contributions to other local agencies	23,000	23,000	23,000	-
<b>Total expenditures</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (447)</b>	<b>\$ (447)</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**General Capital Projects Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	\$ -	\$ -	\$ 10	\$ (10)
<b>Total expenditures</b>	-	-	10	(10)
<b>Deficiency of revenues     under expenditures</b>	-	-	(10)	(10)
<b>Net change in fund balance</b>	\$ -	\$ -	\$ (10)	\$ (10)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
OTHER SUPPLEMENTARY INFORMATION  
June 30, 2013  
(amounts expressed in thousands)

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**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 Fund Net Position - Internal Service Funds**  
**June 30, 2013**

<i>(amounts expressed in thousands)</i>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 17,218	\$ 15,109	\$ 32,327
Receivables:			
Interest	97	74	171
Other	106	495	601
Other assets	330	932	1,262
Total current assets	<u>17,751</u>	<u>16,610</u>	<u>34,361</u>
<b>Total Assets</b>	<b><u>17,751</u></b>	<b><u>16,610</u></b>	<b><u>34,361</u></b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	348	649	997
Claims payable	2,192	1,802	3,994
Other liabilities	-	102	102
Total current liabilities	<u>2,540</u>	<u>2,553</u>	<u>5,093</u>
Noncurrent liabilities:			
Claims payable	5,638	9,458	15,096
Total noncurrent liabilities	<u>5,638</u>	<u>9,458</u>	<u>15,096</u>
<b>Total Liabilities</b>	<b><u>8,178</u></b>	<b><u>12,011</u></b>	<b><u>20,189</u></b>
<b>Net Position</b>			
Unrestricted	9,573	4,599	14,172
<b>Total Net Position</b>	<b><u>\$ 9,573</u></b>	<b><u>\$ 4,599</u></b>	<b><u>\$ 14,172</u></b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues:</b>			
Charges for services	\$ 1,093	\$ 6,200	\$ 7,293
<b>Total operating revenues</b>	<b>1,093</b>	<b>6,200</b>	<b>7,293</b>
<b>Operating expenses:</b>			
Administrative services	128	47	175
Other	30	108	138
Insurance claims and premiums	4,856	5,336	10,192
Professional services	1,691	428	2,119
<b>Total operating expenses</b>	<b>6,705</b>	<b>5,919</b>	<b>12,624</b>
<b>Operating income (loss)</b>	<b>(5,612)</b>	<b>281</b>	<b>(5,331)</b>
<b>Nonoperating revenues:</b>			
Investment earnings	68	57	125
Other	220	449	669
<b>Total nonoperating revenues</b>	<b>288</b>	<b>506</b>	<b>794</b>
<b>Change in net position</b>	<b>(5,324)</b>	<b>787</b>	<b>(4,537)</b>
Total net position - beginning	14,897	3,812	18,709
<b>Total net position - ending</b>	<b>\$ 9,573</b>	<b>\$ 4,599</b>	<b>\$ 14,172</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Cash Flows - Internal Service Funds**  
**For the Year Ended June 30, 2013**

<i>(amounts expressed in thousands)</i>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>			
Receipts from interfund services provided	\$ 1,093	\$ 6,164	\$ 7,257
Payments to suppliers	(1,589)	(104)	(1,693)
Payments to claimants	(5,353)	(5,330)	(10,683)
Payments for interfund services used	(128)	(47)	(175)
Miscellaneous revenue received	220	449	669
<b>Net cash provided by (used for) operating activities</b>	<b>(5,757)</b>	<b>1,132</b>	<b>(4,625)</b>
<b>Cash flows from investing activities:</b>			
Investment earnings	87	53	140
<b>Net cash provided by investing activities</b>	<b>87</b>	<b>53</b>	<b>140</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,670)</b>	<b>1,185</b>	<b>(4,485)</b>
Cash and cash equivalents at beginning of year	22,888	13,924	36,812
<b>Cash and cash equivalents at end of year</b>	<b>\$ 17,218</b>	<b>\$ 15,109</b>	<b>\$ 32,327</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (5,612)	\$ 281	\$ (5,331)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Insurance recoveries	220	449	669
Change in assets and liabilities:			
Other receivables	21	(96)	(75)
Other assets	(19)	(18)	(37)
Accounts payable	121	432	553
Claims payable	(488)	84	(404)
Total adjustments	(145)	851	706
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (5,757)</b>	<b>\$ 1,132</b>	<b>\$ (4,625)</b>

# 91 EXPRESS LANES



# VANPOOL



**ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATISTICAL SECTION  
June 30, 2013**

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> .....	98
These schedules contain trend information to help the reader understand how OCTA’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b> .....	104
These schedules contain information to help the reader assess OCTA’s most significant local revenue source, the sales tax.	
<b>Debt Capacity</b> .....	108
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.	
<b>Demographic and Economic Information</b> .....	111
These schedules offer demographic and economic indicators to help the reader understand the environment within which OCTA’s financial activities take place.	
<b>Operating Information</b> .....	114
These schedules contain service and infrastructure data to help the reader understand how the information in OCTA’s financial report relates to the services OCTA provides and the activities it performs.	

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 1**

**Net Position by Component, Last Ten Fiscal Years**

(accrual basis of accounting - thousands)

For Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 139,044	\$ 278,006	\$ 551,907	\$ 652,407	\$ 155,502	\$ 175,769	\$ 180,131	\$ 193,968	\$ 191,149	\$ 159,539
Restricted	566,921	637,820	568,581	524,399	531,318	328,463	303,605	199,540	251,820	314,832
Unrestricted	(305,530)	(231,120)	(204,361)	(124,558)	(63,434)	149,839	133,070	234,876	200,226	207,674
<b>Total governmental activities net position</b>	<b>\$ 400,435</b>	<b>\$ 684,706</b>	<b>\$ 916,127</b>	<b>\$ 1,052,248</b>	<b>\$ 623,386</b>	<b>\$ 654,071</b>	<b>\$ 616,806</b>	<b>\$ 628,384</b>	<b>\$ 643,195</b>	<b>\$ 682,045</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 241,883	\$ 249,263	\$ 230,878	\$ 259,930	\$ 335,732	\$ 367,144	\$ 331,460	\$ 303,063	\$ 278,292	\$ 257,439
Restricted	22,942	25,771	28,046	13,168	15,349	19,355	20,219	20,298	20,340	20,383
Unrestricted	273,330	249,883	260,158	248,194	222,926	190,736	170,902	162,903	246,797	317,002
<b>Total business-type activities net position</b>	<b>\$ 538,155</b>	<b>\$ 524,917</b>	<b>\$ 519,082</b>	<b>\$ 521,292</b>	<b>\$ 574,007</b>	<b>\$ 577,235</b>	<b>\$ 522,581</b>	<b>\$ 486,264</b>	<b>\$ 545,429</b>	<b>\$ 594,824</b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 380,927	\$ 527,269	\$ 782,785	\$ 912,337	\$ 491,234	\$ 542,913	\$ 511,591	\$ 497,031	\$ 469,441	\$ 416,978
Restricted	589,863	663,591	596,627	537,567	546,667	347,818	323,824	219,838	272,160	335,215
Unrestricted	(32,200)	18,763	55,797	123,636	159,492	340,575	303,972	397,779	447,023	524,676
<b>Total primary government net position</b>	<b>\$ 938,590</b>	<b>\$ 1,209,623</b>	<b>\$ 1,435,209</b>	<b>\$ 1,573,540</b>	<b>\$ 1,197,393</b>	<b>\$ 1,231,306</b>	<b>\$ 1,139,387</b>	<b>\$ 1,114,648</b>	<b>\$ 1,188,624</b>	<b>\$ 1,276,869</b>

Source: Accounting and Financial Reporting Department

Note:

In fiscal year 2007-08, the SR-22 freeway project was transferred to Caltrans.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 2**

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

(accrual basis of accounting - thousands)

For Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 76,583	\$ 79,777	\$ 80,961	\$ 125,160	\$ 105,009	\$ 106,676	\$ 112,138	\$ 104,305	\$ 95,679	\$ 96,925
Measure M program	147,135	108,370	133,524	174,314	748,962	222,731	302,851	291,703	337,034	314,669
Motorist services	7,619	7,672	8,451	6,717	7,669	7,814	7,497	7,545	7,347	6,004
Commuter rail	10,463	20,505	18,442	49,791	21,585	27,009	29,395	14,393	26,806	34,586
Urban rail	15,755	10,115	128	-	-	-	-	-	-	-
Total governmental activities expenses	257,555	226,439	241,506	355,982	883,225	364,230	451,881	417,946	466,866	452,184
Business-type activities:										
Fixed route	199,375	220,037	223,160	233,827	243,151	224,538	210,526	200,999	201,629	207,363
Paratransit	28,935	32,558	28,285	28,002	35,631	37,980	42,999	46,151	51,225	53,803
Tollroad	33,508	33,886	33,693	34,430	35,375	38,224	33,713	31,371	23,231	20,573
Taxicab administration	243	245	271	366	431	299	344	393	490	456
Total business-type activities expenses	262,061	286,726	285,409	296,625	314,588	301,041	287,582	278,914	276,575	282,195
Total primary government expenses	\$ 519,616	\$ 513,165	\$ 526,915	\$ 652,607	\$ 1,197,813	\$ 665,271	\$ 739,463	\$ 696,860	\$ 743,441	\$ 734,379
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 37,189	\$ 39,429	\$ 37,517	\$ 43,840	\$ 47,509	\$ 133	\$ 121	\$ 140	\$ 149	\$ 137
Other activities	797	735	713	880	1,172	967	1,008	1,093	1,297	1,136
Operating grants and contributions	4,325	35,263	29,632	31,963	35,125	36,092	68,015	115,154	172,733	159,069
Capital grants and contributions	38,787	154,565	107,349	59,344	34,142	30,747	8,279	1,204	4,335	10,923
Total governmental activities program revenues	81,098	229,992	175,211	136,027	117,948	67,939	77,423	117,591	178,514	171,265
Business-type activities:										
Charges for services:										
Fixed route	47,940	52,636	54,178	48,562	50,522	52,641	48,776	49,412	50,553	53,361
Tollroad	32,391	39,598	44,238	49,838	46,236	43,705	43,009	41,837	37,742	39,289
Other activities	3,770	4,660	5,016	6,063	6,593	6,870	7,133	7,206	7,154	7,893
Operating grants and contributions	55,094	42,681	44,555	46,493	53,561	80,242	88,597	72,441	90,099	83,305
Capital grants and contributions	22,910	25,218	8,750	15,948	69,693	56,588	1,841	8,648	10,023	8,821
Total business-type activities program revenues	162,105	164,793	156,737	166,904	226,605	240,046	189,356	179,544	195,571	192,669
Total primary government program revenues	\$ 243,203	\$ 394,785	\$ 331,948	\$ 302,931	\$ 344,553	\$ 307,985	\$ 266,779	\$ 297,135	\$ 374,085	\$ 363,934

Source: Accounting and Financial Reporting Department

Notes:

(Continued)

In fiscal year 2004-05, the OCTA Board directed staff to cease all efforts towards the CenterLine project and redirect resources to other rapid transit projects.

In fiscal year 2007-08, the SR-22 freeway project was transferred to Caltrans and OCTD purchased additional CNG buses and paratransit vans.

In fiscal year 2008-09, the decrease in General Government Program Revenues is due to the allocation of indirect costs shown as a reduction of expenditures as opposed to charges for services.

In fiscal year 2009-10, Capital grants and contributions revenue decrease is primarily due to governmental activities grant reimbursements reclassified from capital to operating and business-type activities grants for CNG and LNG buses received in prior fiscal years.

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

(accrual basis of accounting - thousands)

For Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Indirect expenses allocation:										
Governmental activities	-	-	-	-	-	\$ (36,091)	\$ (31,187)	\$ (27,248)	\$ (29,340)	\$ (33,654)
Business-type activities	-	-	-	-	-	36,091	31,187	27,248	29,340	33,654
Net (expense)/program revenue										
Governmental activities	\$ (176,457)	\$ 3,553	\$ (66,295)	\$ (219,955)	\$ (765,277)	\$ (260,200)	\$ (343,271)	\$ (273,107)	\$ (259,012)	\$ (247,265)
Business-type activities	(99,956)	(121,933)	(128,672)	(129,721)	(87,983)	(97,086)	(129,413)	(126,618)	(110,344)	(123,180)
Total primary government net expense	\$ (276,413)	\$ (118,380)	\$ (194,967)	\$ (349,676)	\$ (853,260)	\$ (357,286)	\$ (472,684)	\$ (399,725)	\$ (369,356)	\$ (370,445)

**General Revenues and Other Changes in Net Position**

Governmental activities:

Taxes:

Sales taxes	\$ 328,853	\$ 351,185	\$ 385,090	\$ 421,067	\$ 393,350	\$ 335,465	\$ 326,005	\$ 329,971	\$ 409,556	\$ 428,262
Vehicle registration	4,840	-	-	-	-	-	-	-	-	-
Motor fuel taxes	23,000	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	8,513	20,496	16,583	37,322	49,331	31,501	17,325	14,487	15,192	11,295
Other miscellaneous revenue	3,046	310	494	668	1,271	412	328	229	355	125
Transfers	(79,799)	(91,273)	(104,451)	(102,981)	(107,537)	(76,493)	(75,038)	(66,230)	(151,280)	(155,999)
Total governmental activities	288,453	280,718	297,716	356,076	336,415	290,885	268,620	278,457	273,823	283,683

Business-type activities:

Taxes:

Property taxes	7,846	8,473	9,762	10,338	11,178	11,295	10,220	10,736	11,193	13,560
Unrestricted investment earnings	2,900	8,506	8,127	18,117	21,476	12,186	4,184	15,552	926	2,805
Other miscellaneous revenue	287	443	497	495	507	340	207	2,769	228	2,832
Transfers	79,799	91,273	104,451	102,981	107,537	76,493	75,038	66,230	151,280	155,999
Total business-type activities	90,832	108,695	122,837	131,931	140,698	100,314	89,649	95,287	163,627	175,196
Total primary government	\$ 379,285	\$ 389,413	\$ 420,553	\$ 488,007	\$ 477,113	\$ 391,199	\$ 358,269	\$ 373,744	\$ 437,450	\$ 458,879

**Change in Net Position**

Governmental activities	\$ 111,996	\$ 284,271	\$ 231,421	\$ 136,121	\$ (428,862)	\$ 30,685	\$ (74,651)	\$ 5,350	\$ 14,811	\$ 36,418
Business-type activities	(9,124)	(13,238)	(5,835)	2,210	52,715	3,228	(39,764)	(31,331)	53,283	52,016
Total primary government	\$ 102,872	\$ 271,033	\$ 225,586	\$ 138,331	\$ (376,147)	\$ 33,913	\$ (114,415)	\$ (25,981)	\$ 68,094	\$ 88,434

Source: Accounting and Financial Reporting Department

Notes:

Beginning in fiscal year 2004-05, vehicle registration, motor fuel taxes and loss on sale of capital assets are reported as charges for services, operating grants and contributions and expenses, respectively.

Fiscal year 2007-08 negative Change in Net Assets, Governmental activities is due to the transfer of the SR-22 freeway project to Caltrans.

Beginning in fiscal year 2008-09, the indirect expense allocation is shown separately.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule 3**  
**Fund Balances, Governmental Funds, Last Ten Fiscal Years**

*(modified accrual basis of accounting - thousands)*

	<b>For Year Ended June 30,</b>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Reserved	\$ 8,183	\$ 5,052	\$ 4,708	\$ 9,195	\$ 10,842	\$ 12,895	\$ 10,756	\$ -	\$ -	\$ -
Unreserved	(1,189)	759	(1,096)	(4,022)	(1,754)	(8,260)	(8,378)	-	-	-
Nonspendable	-	-	-	-	-	-	-	4,711	5,459	5,637
Unassigned	-	-	-	-	-	-	-	(4,061)	(4,203)	(168)
<b>Total general fund</b>	<b>\$ 6,994</b>	<b>\$ 5,811</b>	<b>\$ 3,612</b>	<b>\$ 5,173</b>	<b>\$ 9,088</b>	<b>\$ 4,635</b>	<b>\$ 2,378</b>	<b>\$ 650</b>	<b>\$ 1,256</b>	<b>\$ 5,469</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 571,931	\$ 649,596	\$ 588,661	\$ 576,815	\$ 599,244	\$ 537,118	\$ 433,513	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	160,938	150,419	134,571	111,018	94,322	92,482	76,653	-	-	-
Capital projects funds	6,370	6,241	2,293	8,011	(4,976)	(2,082)	(3,851)	-	-	-
Nonspendable	-	-	-	-	-	-	-	10,513	18,826	77,547
Restricted	-	-	-	-	-	-	-	663,669	680,191	638,718
Committed	-	-	-	-	-	-	-	70,304	68,084	-
Assigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	69,531
Capital projects funds	-	-	-	-	-	-	-	9,557	9,514	9,504
<b>Total all other governmental funds</b>	<b>\$ 739,239</b>	<b>\$ 806,256</b>	<b>\$ 725,525</b>	<b>\$ 695,844</b>	<b>\$ 688,590</b>	<b>\$ 627,518</b>	<b>\$ 506,315</b>	<b>\$ 754,043</b>	<b>\$ 776,615</b>	<b>\$ 795,300</b>

Source: Accounting and Financial Reporting Department  
Note: GASB 54 was implemented during fiscal year 2010-11.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule 4**  
**Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years**

(modified accrual basis of accounting - thousands)

	For Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Sales taxes	\$ 328,853	\$ 351,185	\$ 385,090	\$ 421,067	\$ 393,350	\$ 335,465	\$ 326,005	\$ 326,804	\$ 412,722	\$ 428,262
Gasoline taxes	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,447	22,553
Vehicle registration fees	4,840	4,816	5,096	5,114	5,137	5,193	4,993	5,109	2,610	2,588
Fines	160	172	170	191	197	157	144	156	159	140
Contributions from other agencies	12,639	117,572	45,595	22,101	20,894	10,818	38,945	68,130	152,836	135,762
Charges for services	37,087	39,242	37,354	43,663	47,326	-	-	-	-	-
Interest and investment income	5,472	19,262	17,072	42,431	49,282	31,418	17,167	11,638	15,325	10,702
Capital assistance grants	8,585	27,549	71,250	36,357	22,132	26,998	7,655	1,877	695	1,118
Miscellaneous	3,833	1,056	1,203	1,532	4,577	3,386	3,949	1,354	1,642	1,351
<b>Total revenues</b>	<b>424,469</b>	<b>583,854</b>	<b>585,830</b>	<b>595,456</b>	<b>565,895</b>	<b>436,435</b>	<b>421,858</b>	<b>438,068</b>	<b>609,436</b>	<b>602,476</b>
<b>Expenditures</b>										
Current:										
General government	96,856	106,579	89,766	95,350	130,155	89,184	101,897	94,155	101,457	94,455
Transportation:										
Contributions to other local agencies	93,340	90,517	98,701	208,152	157,761	174,434	259,623	208,882	222,485	166,899
Capital outlay	20,745	141,805	301,496	132,514	84,201	72,666	56,462	86,106	88,529	135,968
Debt service:										
Principal payments on long-term debt	57,660	60,615	63,720	67,325	71,290	75,355	78,405	82,795	-	6,410
Interest	30,963	28,325	25,306	22,303	18,648	13,829	9,421	8,582	22,508	22,509
Bond issuance costs	-	-	-	-	-	-	-	2,181	-	-
<b>Total expenditures</b>	<b>299,564</b>	<b>427,841</b>	<b>578,989</b>	<b>525,644</b>	<b>462,055</b>	<b>425,468</b>	<b>505,808</b>	<b>482,701</b>	<b>434,979</b>	<b>426,241</b>
Excess of revenues over expenditures	124,905	156,013	6,841	69,812	103,840	10,967	(83,950)	(44,633)	174,457	176,235
<b>Other financing sources (uses):</b>										
Transfers in	120,095	138,679	103,709	175,338	111,507	113,508	128,366	289,776	29,295	37,909
Transfers out	(199,894)	(229,951)	(208,095)	(275,264)	(218,708)	(190,002)	(203,404)	(356,006)	(180,574)	(193,908)
Proceeds from sale of capital assets	5,361	1,093	7,269	1,994	22	2	5	4	-	2,662
Bond issuance	-	-	-	-	-	-	-	352,570	-	-
Bond premium	-	-	-	-	-	-	-	6,023	-	-
<b>Total other financing sources (uses)</b>	<b>(74,438)</b>	<b>(90,179)</b>	<b>(97,117)</b>	<b>(97,932)</b>	<b>(107,179)</b>	<b>(76,492)</b>	<b>(75,033)</b>	<b>292,367</b>	<b>(151,279)</b>	<b>(153,337)</b>
<b>Net changes in fund balances</b>	<b>\$ 50,467</b>	<b>\$ 65,834</b>	<b>\$ (90,276)</b>	<b>\$ (28,120)</b>	<b>\$ (3,339)</b>	<b>\$ (65,525)</b>	<b>\$ (158,983)</b>	<b>\$ 247,734</b>	<b>\$ 23,178</b>	<b>\$ 22,898</b>
Debt service as a percentage of noncapital expenditures	29.7%	29.1%	29.3%	21.1%	22.6%	22.1%	17.6%	19.5%	5.2%	6.8%

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2004-05, \$124 million in Traffic Congestion Relief Program funds were re-allocated to OCTA for the Garden Grove SR-22 project.

For both fiscal year 2004-05 and 2005-06 the increase in capital outlay was due to the SR-22 construction project which was substantially completed in November 2006.

In fiscal year 2006-07, the increase in contributions to other local agencies is primarily due to an increase in freeway construction projects, street and road projects, and contributions to Metrolink for the purchase of new rail cars and locomotives.

In fiscal year 2008-09, the decrease in charges for services is due to the allocation of indirect costs shown as a reduction of expenditures as opposed to charges for services provided.

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

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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule 5**  
**Program Revenues by Function/Program - Last Ten Fiscal Years**  
*(accrual basis of accounting - thousands)*

Program Revenues	For Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 39,919	\$ 66,437	\$ 62,570	\$ 76,481	\$ 82,704	\$ 38,715	\$ 32,876	\$ 30,225	\$ 33,981	\$ 32,585
Measure M program	30,354	148,759	106,740	27,950	23,267	18,034	33,211	78,206	137,209	120,265
Motorist services	2,140	9,096	5,387	8,186	8,576	8,170	8,042	8,172	5,325	5,259
Commuter rail	574	553	514	26,896	3,401	3,020	3,294	988	1,999	13,156
Urban rail	8,111	5,147	-	-	-	-	-	-	-	-
Total governmental activities	81,098	229,992	175,211	139,513	117,948	67,939	77,423	117,591	178,514	171,265
Business-type activities:										
Fixed route	122,914	115,180	102,824	106,127	166,327	182,941	133,122	120,534	133,785	123,467
Paratransit	6,575	9,740	9,345	10,505	13,524	12,851	12,621	16,350	23,307	29,080
Tollroad	32,391	39,598	44,238	49,838	46,246	43,705	43,048	42,010	37,742	39,289
Taxicab administration	225	225	330	434	508	549	565	650	737	833
Total business-type activities	162,105	164,743	156,737	166,904	226,605	240,046	189,356	179,544	195,571	192,669
Total primary government	\$ 243,203	\$ 394,735	\$ 331,948	\$ 306,417	\$ 344,553	\$ 307,985	\$ 266,779	\$ 297,135	\$ 374,085	\$ 363,934

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2004-05, \$124 million in Traffic Congestion Relief Program funds were re-allocated to OCTA for the Garden Grove SR-22 project.

In fiscal year 2005-06, OCTA received \$70 million in Congestion Mitigation and Air Quality funds for the SR-22 project.

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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 6**

**Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years**

*(accrual basis of accounting - thousands)*

<b>For Year Ended June 30,</b>	<b>Sales &amp; Use</b>	<b>Gasoline (a)</b>	<b>Total</b>
2004	301,012	23,000	324,012
2005	328,853	23,000	351,853
2006	385,090	23,000	408,090
2007	421,067	23,000	444,067
2008	393,350	23,000	416,350
2009	335,465	23,000	358,465
2010	326,005	23,000	349,005
2011	326,804	23,000	349,804
2012	412,722	23,447	436,169
2013	428,262	22,553	450,815
 Change 2004 - 2013	 42.3%	 -1.9%	 39.1%

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 is being diverted to OCTA.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 7**

**Taxable Sales by Category, Last Ten Calendar Years**

<i>(amounts expressed in thousands)</i>	Calendar Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
1 Apparel stores	\$ 1,697,120	\$ 1,881,882	\$ 2,062,892	\$ 2,152,410	\$ 2,217,996	\$ 2,340,116	\$ 2,742,626	\$ 2,923,680	\$ 3,164,857	\$ 1,574,237	(a)
2 General merchandise	4,855,674	5,205,075	5,467,357	5,741,912	5,856,810	5,493,287	4,376,154	4,527,201	4,771,143	2,242,751	
3 Specialty stores	5,085,612	5,700,317	6,028,089	6,514,211	4,447,931	3,665,066	1,638,968	1,622,910	1,669,585	800,166	
4 Food stores	1,574,528	1,563,145	1,716,228	1,781,284	1,815,201	1,745,903	1,894,642	1,911,192	1,990,893	999,479	
5 Eating and drinking establishments	4,149,117	4,475,791	4,798,676	5,051,841	5,296,863	5,245,480	5,024,379	5,109,383	5,449,117	2,875,357	
6 Home furnishings and appliances	1,985,255	2,135,876	2,269,650	2,202,194	2,079,957	1,900,534	2,829,758	2,928,251	3,229,447	1,732,736	
7 Building material	2,480,249	2,950,592	3,000,086	3,029,741	2,798,938	2,370,154	2,039,686	2,112,467	2,267,363	1,152,012	
8 Automotive	9,651,049	10,585,091	11,283,156	11,490,939	11,469,589	10,431,086	8,286,158	9,045,917	10,603,810	5,772,898	
9 Other	809,093	944,184	1,046,700	1,109,919	3,004,942	2,576,969	1,061,492	1,064,825	1,087,735	565,405	
10 Business and personal services	2,699,250	2,819,934	2,938,129	2,987,539	2,968,831	2,828,005	1,268,759	1,306,282	1,353,844	730,107	
11 All other outlets	12,530,119	13,420,172	14,452,283	15,140,757	15,336,413	15,010,229	14,550,164	15,115,073	16,143,344	8,079,501	
<b>Total</b>	<b>\$ 47,517,066</b>	<b>\$ 51,682,059</b>	<b>\$ 55,063,246</b>	<b>\$ 57,202,747</b>	<b>\$ 57,293,471</b>	<b>\$ 53,606,829</b>	<b>\$ 45,712,786</b>	<b>\$ 47,667,181</b>	<b>\$ 51,731,138</b>	<b>\$ 26,524,649</b>	
 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%	

Source: California State Board of Equalization

Note:

(a) Represents the first and second quarter only. 2013 data not yet available.

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

<u>Calendar Year</u>	<u>Measure M Direct rate</u>	<u>County of Orange</u>
2004	0.50%	7.25%
2005	0.50%	7.25%
2006	0.50%	7.25%
2007	0.50%	7.25%
2008	0.50%	7.25%
2009	0.50%	8.25% (a)
2010	0.50%	8.25%
2011	0.50%	8.25%
2012	0.50%	7.25%
2013	0.50%	7.50%

Sources: County of Orange information provided by the California State Board of Equalization,

Notes:

Measure M information provided by the Measure M Ordinance

(a) Effective April 1, 2009 through June 30, 2011 the state sales and use tax rate increased by 1%.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 9**

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

*(amounts expressed in thousands)*

City	Calendar Year 2011			Calendar Year 2002		
	Taxable Sales	Rank	Percentage of Total	Taxable Sales	Rank	Percentage of Total
Aliso Viejo	\$ 386,269	29	0.84%	\$ 284,795	29	0.71%
Anaheim	5,144,214	1	11.14%	4,588,964	1	11.46%
Brea	1,572,228	12	3.40%	1,260,784	13	3.15%
Buena Park	2,064,247	8	4.47%	1,231,088	14	3.07%
Costa Mesa	3,773,536	3	8.17%	3,176,417	4	7.93%
Cypress	1,006,683	16	2.18%	887,572	16	2.22%
Dana Point	397,225	28	0.86%	325,952	26	0.81%
Fountain Valley	947,178	18	2.05%	809,698	17	2.02%
Fullerton	1,585,979	11	3.43%	1,388,892	10	3.47%
Garden Grove	1,623,150	10	3.52%	1,553,394	9	3.88%
Huntington Beach	2,584,793	6	5.60%	2,104,087	6	5.25%
Irvine	4,305,169	2	9.32%	3,660,618	2	9.14%
La Habra	756,683	19	1.64%	657,650	20	1.64%
La Palma	479,850	24	1.04%	244,687	30	0.61%
Laguna Beach	368,493	30	0.80%	298,833	27	0.75%
Laguna Hills	465,971	25	1.01%	606,348	21	1.51%
Laguna Niguel	949,718	17	2.06%	800,075	18	2.00%
Laguna Woods	76,915	33	0.17%	90,117	33	0.22%
Lake Forest	1,133,096	15	2.45%	931,627	15	2.33%
Los Alamitos	225,423	32	0.49%	209,536	32	0.52%
Mission Viejo	1,380,815	13	2.99%	1,276,634	12	3.19%
Newport Beach	2,390,352	7	5.18%	1,798,205	7	4.49%
Orange	2,940,598	5	6.37%	2,468,455	5	6.16%
Placentia	445,641	26	0.97%	451,222	23	1.13%
Rancho Santa Margarita	484,007	23	1.05%	405,847	25	1.01%
San Clemente	597,571	20	1.29%	448,022	24	1.12%
San Juan Capistrano	570,878	21	1.24%	663,555	19	1.66%
Santa Ana	3,326,962	4	7.21%	3,481,362	3	8.69%
Seal Beach	443,547	27	0.96%	217,319	31	0.54%
Stanton	301,045	31	0.65%	289,710	28	0.72%
Tustin	1,756,777	9	3.80%	1,576,701	8	3.94%
Villa Park	13,663	34	0.03%	15,175	34	0.04%
Westminster	1,177,035	14	2.55%	1,333,058	11	3.33%
Yorba Linda	499,383	22	1.08%	518,944	22	1.30%
Total	<u>46,175,094</u>		<u>100%</u>	<u>40,055,343</u>		<u>100%</u>
Unincorporated Cities	<u>5,556,045</u>			<u>4,813,813</u>		
Total Orange County	<u>\$ 51,731,139</u>			<u>\$ 44,869,156</u>		

Source: California State Board of Equalization, [www.boe.ca.gov](http://www.boe.ca.gov)

Note:

The most current data available is for 2011.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 10**

**Ratios of Outstanding Debt by Type, Last Ten Fiscal Years**

*(amounts expressed in thousands except per capita)*

<b>For Year Ended June 30,</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>Sales Tax Revenue</b>	<b>Commercial Paper Notes</b>	<b>Certificates of Participation</b>	<b>Toll Road Revenue</b>	<b>Capital Leases</b>			
	<b>Bonds</b>			<b>Bonds</b>				
2004	\$ 499,505	\$ 47,400	\$ 7,410	\$ 195,265	\$ -	\$ 749,580	0.58%	253.54
2005	438,890	40,900	4,965	191,630	-	676,385	0.49%	228.73
2006	375,170	34,500	2,470	187,625	6,534	606,299	0.40%	205.15
2007	307,845	29,100	1,235	183,510	15,741	537,431	0.35%	181.21
2008	236,555	47,600	-	179,285	13,060	476,500	0.31%	159.75
2009	161,200	50,000	-	174,940	9,779	395,919	0.27%	132.03
2010	82,795	100,000	-	170,425	6,362	359,582	0.24%	119.17
2011	352,570	25,000	-	165,685	2,802	546,057	0.35%	179.20
2012	352,570	25,000	-	160,705	571	538,846	n/a	176.22
2013	346,160	25,000	-	155,460	-	526,620	n/a	170.88

Source: Accounting and Financial Reporting Department

Notes:

See schedule 13 for personal income and population data

n/a - data not available

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule 11**  
**Legal Debt Margin Information, Last Ten Fiscal Years**  
*(amounts expressed in thousands)*

Measure M Ordinance No. 2 (Measure M1)

Measure M1 bonds were paid off during fiscal year 2010-11.

Measure M Ordinance No. 3 (Measure M2)

Legal Debt Margin Calculation for Fiscal Year 2013	
Debt service	\$ 21,835
Debt coverage (1.3 % of debt service)	<u>28,386</u>
Sales tax revenue	262,468
Less: local fair share & other expenses	<u>(54,895)</u>
Net sales tax revenues	207,573
Legal debt margin	<u>\$ 179,187</u>

Toll Road Revenue Bonds

Legal Debt Margin Calculation for Fiscal Year 2013	
Debt service	\$ 10,226
Debt coverage (1.3 % of debt service)	<u>13,294</u>
Toll revenues	39,526
Less: operating expenses	<u>(13,254)</u>
Net toll revenues	26,272
Legal debt margin	<u>\$ 12,978</u>

For Year Ended June 30,	Measure M Ordinance No. 2 (Measure M1)				Measure M Ordinance No. 3 (Measure M2)				Toll Road Revenue Bonds			
	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit
2004	\$ 170,608	\$ 88,557	\$ 82,051	51.9%	\$ -	\$ -	\$ -	-	\$ 16,686	\$ 12,635	\$ 4,051	75.7%
2005	182,621	88,557	94,064	48.5%	-	-	-	-	22,793	12,635	10,158	55.4%
2006	198,671	88,557	110,114	44.6%	-	-	-	-	27,662	12,635	15,027	45.7%
2007	204,594	88,557	116,037	43.3%	-	-	-	-	34,760	12,635	22,125	36.3%
2008	198,815	88,557	110,258	44.5%	-	-	-	-	28,786	12,635	16,151	43.9%
2009	173,541	87,422	86,119	50.4%	-	-	-	-	26,503	15,504 (a)	10,999	58.5%
2010	156,246	87,422	68,824	56.0%	-	-	-	-	26,523	16,038 (a)	10,485	60.5%
2011	156,850	87,422	69,428	55.7%	6,635	21,839	(15,204)	329.1%	24,071	14,503 (a)	9,568	60.3%
2012	-	-	-	-	193,361	15,425	177,936	8.0%	22,462	10,721	11,741	47.7%
2013	-	-	-	-	201,022	21,835	179,187	10.9%	23,204	10,226	12,978	44.1%

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.

(a) In fiscal year 2008-09, 2009-10, and 2010-11 additional interest costs were incurred associated with the downgrading of Ambac Insurance Corporation and the bankruptcy of Lehman Brothers Holding Inc.; \$3,249, \$3,780, and \$2,246 respectively.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 12**

**Pledged-Revenue Coverage, Last Ten Fiscal Years**

*(amounts expressed in thousands)*

For Year Ended June 30,	Measure M1 Sales Tax Revenue Bonds					Measure M2 Sales Tax Revenue Bonds					Toll Road Revenue Bonds					Certificates of Participation				
	Sales		Debt Service			Sales		Debt Service			Less:		Debt Service			Grant		Debt Service		
	Revenue	Turnback	Principal	Interest	Coverage	Revenue	Fair Share & Other Expenses	Principal	Interest	Coverage	Revenue	Operating Expenses	Principal	Interest	Coverage	Revenues	Principal	Interest	Coverage	
2004	231,763	(34,588)	57,660	30,335	2.24	-	-	-	-	-	33,083	(12,607)	912	10,283	1.83	914	2,395	414	0.33	
2005	245,501	(36,313)	60,615	27,603	2.37	-	-	-	-	-	41,089	(14,506)	3,635	8,313	2.22	2,341	2,445	302	0.85	
2006	263,378	(38,139)	63,720	24,466	2.55	-	-	-	-	-	45,960	(14,507)	4,005	8,249	2.57	2,146	2,495	187	0.80	
2007	272,287	(41,126)	67,325	20,994	2.62	-	-	-	-	-	53,032	(14,482)	4,115	8,142	3.15	831	1,235	97	0.62	
2008	266,443	(41,061)	71,290	17,168	2.55	-	-	-	-	-	50,649	(13,659)	4,225	8,028	3.02	831	1,235	32	0.66	
2009	236,128	(36,361)	75,355	13,201	2.26	-	-	-	-	-	46,726	(15,572)	4,345	11,159	2.01	-	-	-	-	
2010	214,162	(31,689)	78,405	9,000	2.09	-	-	-	-	-	44,665	(13,330)	4,515	11,523	1.95	-	-	-	-	
2011	214,641	(31,564)	82,795	4,627	2.09	16,309	(3,286)	-	2,228	5.85	42,072	(13,650)	4,740	9,763	1.96	-	-	-	-	
2012	-	-	-	-	-	249,263	(51,274)	-	15,425	12.84	38,370	(12,692)	4,980	5,741	2.40	-	-	-	-	
2013	-	-	-	-	-	262,468	(54,895)	-	21,835	9.51	39,526	(13,254)	5,245	4,981	2.57	-	-	-	-	

Source: Accounting and Financial Reporting Department

Notes:

The Certificates of Participation matured in July 2007.

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

Measure M sales tax revenue is shown on a cash basis, net of SBOE fees.

Toll Road Revenue includes interest earnings and Toll Road operating expenses exclude depreciation and amortization expenses.

In fiscal year 2008-09, 2009-10, and 2010-11, additional Toll Road Revenue Bonds interest costs of \$3,249, \$3,780, and \$2,246 respectively were incurred associated with the downgrading of Ambac Insurance Corporation and the bankruptcy of Lehman Brothers Holding Inc.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule 13**  
**Demographic and Economic Statistics, Last Ten Calendar Years**

Calendar Year	Population (a)	Personal Income (millions) (b)	Per Capita Personal Income (c)	Median Age (d)	School Enrollment (e)	Unemployment Rate (f)
2004	2,956,482	130,321	44,301	34.7	515,464	4.3%
2005	2,957,151	139,409	47,417	35.1	513,744	3.8%
2006	2,955,433	150,598	51,359	35.4	510,114	3.7%
2007	2,965,823	153,447	52,342	35.9	503,955	3.9%
2008	2,982,788	155,925	52,720	36.1	503,492	5.3%
2009	2,998,816	145,247	48,624	35.8	504,136	9.5%
2010	3,017,327	147,138	48,760	36.1	502,239	9.5%
2011	3,047,120	154,132	50,440	36.2	502,895	9.2%
2012	3,057,879	n/a	n/a	n/a	502,195	7.9%
2013	3,081,804	n/a	n/a	n/a	501,801	6.1%

Notes:  
n/a - data not available  
Estimates for population for 2010-2012 were revised; personal income and per capita personal income for 2009-2011 were revised for new estimates.

- Sources:
- (a) July 1 estimates for 2004-2011 and January 1 estimates for 2012 and 2013 from California Department of Finance, <http://www.dof.ca.gov/>
  - (b) U.S. Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/>
  - (c) U.S. Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/>
  - (d) U.S. Census Bureau, <http://factfinder2.census.gov/>
  - (e) California Department of Education, <http://www.dq.cde.ca.gov/>
  - (f) CA Employment Development Department, <http://www.labormarketinfo.edd.ca.gov/>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 14**

**Principal Employers, Current Year and Nine Years Ago**

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	25,000	1	1.63%	21,000	1	1.40%
University of California, Irvine	21,800	2	1.42%	15,500	3	1.03%
County of Orange	17,257	3	1.13%	17,751	2	1.18%
St. Joseph Health System	11,679	4	0.76%	8,975	5	0.60%
Boeing Co.	6,873	5	0.45%	11,160	4	0.74%
Kaiser Permanente	6,300	6	0.41%			
Bank of America Corp.	6,000	7	0.39%			
Memorial Care Health System	5,545	8	0.36%			
Target Corp.	5,400	9	0.35%	5,436	10	0.36%
Cedar Fair LP	5,200	10	0.34%			
Albertsons Inc.				8,700	6	0.58%
Tenet Healthcare Corp.				8,389	7	0.56%
Yum! Brands Inc.				6,500	8	0.43%
SBC Communications, Inc.				5,658	9	0.38%

Source: Orange County Business Journal Book of Lists - County of Orange  
<http://www.labormarketinfo.edd.ca.gov>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 15**

**Full-Time Equivalent Government Employees by Function/Program for Ten Years**

**Full-Time Equivalent Employees as of June 30**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	222	210	215	233	227	220	219	215	225	254
Measure M program	24	27	27	29	39	43	45	45	40	40
Motorist services	1	1	1	1	1	1	2	2	3	3
Commuter rail	1	1	2	2	2	15	12	10	12	10
Urban rail	1	1	4	-	-	-	-	-	-	-
Fixed route	1,581	1,619	1,587	1,611	1,633	1,540	1,319	1,247	1,169	1,100
Paratransit	13	13	14	13	12	11	11	10	11	12
Tollroad	4	4	4	4	4	3	3	3	3	3
Taxicab	3	3	3	3	3	3	3	4	3	4
<b>Total</b>	<b>1,850</b>	<b>1,879</b>	<b>1,857</b>	<b>1,896</b>	<b>1,921</b>	<b>1,836</b>	<b>1,614</b>	<b>1,536</b>	<b>1,466</b>	<b>1,426</b>

Source: Financial Planning & Analysis Department

Note:

In fiscal year 2008-09, the Rail Division was created under Commuter Rail; the full-time equivalent positions were reduced from General Government and transferred to the Rail Division. In addition, from fiscal year 2008-09 through 2012-13 there were decreases in the full-time equivalent positions in Fixed Route due to service reductions.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 16**

**Operating Indicators by Function/Program**

Function/Program	For Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Measure M1 program (thousands)</b>										
Freeways	\$ 13,801	\$ 141,969	\$ 298,667	\$ 112,732	\$ 99,599	\$ 53,283	\$ 55,060	\$ 25,890	\$ 12,742	\$ 11,595
Regional streets and roads	15,752	10,493	17,198	65,247	40,556	24,169	42,591	6,946	11,468	11,818
Local streets and roads	49,375	43,996	41,057	32,481	52,681	53,534	61,863	62,348	5,273	8,142
Transit	35,829	23,195	8,169	55,916	18,309	63,822	83,677	204,916	101,628	3,379
<b>Total program expenses</b>	<b>\$ 114,757</b>	<b>\$ 219,653</b>	<b>\$ 365,091</b>	<b>\$ 266,376</b>	<b>\$ 211,145</b>	<b>\$ 194,808</b>	<b>\$ 243,191</b>	<b>\$ 300,100</b>	<b>\$ 131,111</b>	<b>\$ 34,934</b>
<b>Measure M2 program (thousands)</b>										
Freeways	\$ -	\$ -	\$ -	\$ -	\$ 6,300	\$ 16,490	\$ 17,682	\$ 43,210	\$ 34,930	\$ 27,494
Streets and roads	-	-	-	-	25	3,279	15,226	32,453	109,863	103,073
Transit	-	-	-	-	3,565	11,570	22,073	41,617	42,576	27,744
Environmental cleanup	-	-	-	-	7	175	324	1,086	401	1,993
<b>Total program expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,897</b>	<b>\$ 31,514</b>	<b>\$ 55,305</b>	<b>\$ 118,366</b>	<b>\$ 187,770</b>	<b>\$ 160,304</b>
<b>Motorist services</b>										
Calls made from call boxes	28,753	18,540	15,600	7,459	7,306	4,361	4,138	3,560	3,074	2,744
Vehicles removed	33,300	13,413	9,096	434	642	931	1,306	1,390	1,760	1,256
Vehicles assisted by FSP	58,000	68,160	70,000	70,935	70,128	43,520	60,865	67,267	65,949	64,851
<b>Commuter rail</b>										
Weekday trips	40	40	44	44	44	44	42	42	48	54
Annual boardings	2,764,870	3,230,988	3,547,697	3,841,259	4,074,443	4,189,455	3,941,628	3,871,939	4,146,016	4,443,362
<b>Fixed route</b>										
Annual boardings	67,551,870	67,009,989	67,779,946	69,035,226	65,203,611	64,353,673	53,376,023	51,305,266	52,631,935	51,418,393
Vehicle revenue hours	1,799,253	1,835,463	1,846,458	1,910,707	1,938,129	1,894,657	1,842,128	1,707,743	1,543,637	1,556,967
Miles of fixed route	2,318	2,320	2,378	2,488	2,943	2,126	2,039	2,038	2,039	2,048
<b>Paratransit</b>										
Annual boardings	1,085,329	1,181,892	1,114,639	1,231,346	1,375,370	1,464,730	1,482,950	1,554,773	1,570,341	1,631,527
Vehicle revenue hours	577,053	597,821	565,543	614,620	656,222	678,340	671,456	678,137	677,645	687,618
Eligible riders	24,955	25,569	26,204	26,110	26,611	26,834	27,104	28,447	29,856	30,992
<b>Tollroad</b>										
Annual drivers trips	11,213,741	12,741,319	14,182,916	14,639,848	13,477,488	12,036,831	12,659,051	11,998,541	11,944,555	12,085,552
<b>Taxicab</b>										
Permits Issued	1,510	1,662	1,698	2,170	2,303	2,364	2,481	2,648	2,773	3,090

Source: Various departments within OCTA

Notes:

In fiscal year 2009-10, the decrease in Fixed Route annual boardings is primarily due to the decrease in vehicle service hours.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule 17**  
**Capital Asset Statistics by Function/Program**

For Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fixed route										
Bus bases	3	4	4	4	5	5	5	5	5	5
Large revenue vehicles	558	563	570	566	572	530	510 (a)	522	527	527
Small revenue vehicles	85	84	80	82	82	80	19 (a)	19	19	19
Paratransit										
Paratransit vehicles	238	249	264	263	263	263	252 (a)	248	248	248
Tollroad										
Transponders in use	157,635	172,220	171,589	176,818	176,149	171,485	170,458	168,915	167,329	168,507

Source: Various departments within the Orange County Transportation Authority

Note:

(a) In fiscal year 2009-10, the decreases in Fixed route large and small vehicles, and in Paratransit vehicles are due to the retirement of vehicles after they had reached their useful lives.



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

[www.octa.net](http://www.octa.net)

**Orange County Transportation Authority**

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Orange, CA 92863-1584

