



To the Board of Directors
 Orange County Transportation Authority
 Orange, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Transportation Authority (OCTA) for the year ended June 30, 2013 and have issued our reports thereon dated as indicated below:

<u>Report</u>	<u>Audit Report Date</u>
Comprehensive Annual Financial Report (CAFR)	October 31, 2013
91 Express Lanes Fund	October 31, 2013
Local Transportation Fund (LTF)	October 31, 2013
State Transit Assistance Fund (STAF)	October 31, 2013
Orange County Local Transportation Authority (OCLTA)	October 31, 2013

We are currently performing the compliance audit of OCTA’s federal award programs (the single audit) and plan to issue our reports thereon prior to December 31, 2013.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 1, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by OCTA are described in Note 1 to the financial statements. 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*, during the fiscal year. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is described in Note 22.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the OCTA's financial statements were:

Management's estimates used in: establishing allowances and recognizing toll road violations, risk management claims liabilities, fair value of investments, depreciation expense and the valuation of capital assets, amortization of intangible assets, and pension and other postemployment benefit liabilities and disclosures. We evaluated the key factors and assumptions used to develop these estimates in determining that they appeared reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the restatement of beginning net position as discussed in Note 20 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letters dated as follows:

Comprehensive Annual Financial Report (CAFR)	October 31, 2013
91 Express Lanes Fund	October 31, 2013
Local Transportation Fund (LTF)	October 31, 2013
State Transit Assistance Fund (STAF)	October 31, 2013
Orange County Local Transportation Authority (OCLTA)	October 31, 2013

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

With respect to supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Information in Documents Containing Audited Financial Statements

OCTA plans to include the audited financials in the annual report for the 91 Express Lanes Fund. Our responsibility for other information in such documents does not extend beyond the financial information identified in our report. We do not have any obligation to perform any procedures to corroborate other information contained in these documents. Our procedures are limited to reading the information and comparing such information to the audited financial statements.

This information is intended solely for the use of Board of Directors and management of OCTA and is not intended to be, and should not be, used by anyone other than these specified parties.



Laguna Hills, California

October 31, 2013