

2015

A PROGRESS REPORT ON OCTA ACCOMPLISHMENTS

FINANCIALS

- Statement of Net Position
- Statement of Activities
- Statement of Cash Flows Proprietary Funds



STATEMENT OF NET POSITION

JUNE 30, 2015 (amounts expressed in thousands)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$851,484	\$421,393	\$1,272,877
Receivables:			
Interest	1,498	1,218	2,716
Operating grants	14,247	15,599	29,846
Capital grants	24	6,451	6,475
Other	96	9,936	10,032
Internal balances	(17,799)	17,799	-
Due from other governments	128,584	2,249	130,833
Condemnation deposits	8,536	-	8,536
Note receivable	27,159	-	27,159
Inventory	-	4,345	4,345
Restricted cash and investments:			
Cash equivalents	-	23,831	23,831
Prepaid retirement	5,923	14,409	20,332
Other assets	13,037	3,011	16,048
Assets held for resale	5,435	-	5,435
Capital assets, net:			
Nondepreciable	173,394	72,841	246,235
Depreciable	3,801	183,979	187,780
Intangible asset - tollroad franchise, net	-	130,628	130,628
TOTAL ASSETS	1,215,419	907,689	2,123,108
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	10,350	10,350
Deferred outflows - pensions	10,710	26,499	37,209
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,710	36,849	47,559
LIABILITIES			
Accounts payable	36,829	36,885	73,714
Accrued payroll and related items	2,389	7,205	9,594
Accrued interest payable	8,049	2,183	10,232
Due to other governments	28,148	972	29,120
Unearned revenue	45,050	7,394	52,444
Other liabilities	82	377	459
Noncurrent liabilities:			
Due within one year	7,212	15,203	22,415
Due in more than one year	337,227	137,861	475,088
Net pension liability	59,810	148,769	208,579
TOTAL LIABILITIES	524,796	356,849	881,645
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	8,212	20,452	28,664
TOTAL DEFERRED INFLOWS OF RESOURCES	8,212	20,452	28,664
NET POSITION			
Net investment in capital assets	177,195	279,153	456,348
Restricted for:			
Measure M program	404,929	-	404,929
Debt service	12,006	15	12,021
Motorist services	4,350	-	4,350
Capital	-	10,013	10,013
Operating reserve	-	3,004	3,004
Unrestricted	94,641	275,052	369,693
TOTAL NET POSITION	\$693,121	\$567,237	\$1,260,358

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

(amounts expressed in thousands)

	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	INDIRECT EXPENSE ALLOCATION	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Functions/Programs								
Primary government								
Governmental activities:								
General government	\$74,852	\$(55,888)	\$181	\$3,460	\$460	\$(14,863)	\$-	\$(14,863)
Measure M program	301,329	16,991	911	111,145	-	(206,264)	-	(206,264)
Motorist services	5,281	709	-	5,521	-	(469)	-	(469)
Commuter rail	29,347	2,192	733	2,156	126	(28,524)	-	(28,524)
Total governmental activities	410,809	(35,996)	1,825	122,282	586	(250,120)	-	(250,120)
Business-type activities:								
Fixed route	201,630	32,154	51,265	47,317	14,139	-	(121,063)	(121,063)
Paratransit	51,392	912	8,020	20,039	-	-	(24,245)	(24,245)
Tollroad	22,980	2,607	46,132	-	-	-	20,545	20,545
Taxicab administration	584	323	675	-	-	-	(232)	(232)
Total business-type activities	276,586	35,996	106,092	67,356	14,139	-	(124,995)	(124,995)
Total primary government	\$687,395	\$-	\$107,917	\$189,638	\$14,725	(250,120)	(124,995)	(375,115)
General Revenues:								
Property taxes						-	13,293	13,293
Sales taxes						466,127	-	466,127
Unrestricted investment earnings						13,301	4,531	17,832
Other miscellaneous revenue						168	1,218	1,386
Transfers						(169,199)	169,199	-
Total general revenues and transfers						310,397	188,241	498,638
Change in net position						60,277	63,246	123,523
Net position - beginning, as restated						632,844	503,991	1,136,835
Net position - ending						\$693,121	\$567,237	\$1,260,358

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015 (amounts expressed in thousands)

	OCTD	91 EXPRESS LANES	NONMAJOR ENTERPRISE FUND OCTAP	TOTALS	INTERNAL SERVICE FUNDS
Cash flows from operating activities:					
Receipts from customers and users	\$54,534	\$45,038	\$675	\$100,247	\$-
Receipts from interfund services provided	-	-	-	-	7,760
Payments to suppliers	(109,350)	(12,384)	(84)	(121,818)	(1,749)
Payments to claimants	-	-	-	-	(6,463)
Payments to employees	(115,583)	-	(535)	(116,118)	-
Payments for interfund services used	(33,435)	(2,606)	(323)	(36,364)	(296)
Advertising revenue received	3,367	-	-	3,367	-
Miscellaneous revenue received	2,716	88	30	2,834	639
Net cash provided by (used for) operating activities	(197,751)	30,136	(237)	(167,852)	(109)
Cash flows from noncapital financing activities:					
Federal operating assistance grants received	61,237	-	-	61,237	-
Property taxes received	13,304	-	-	13,304	-
Transfers from other funds	172,900	-	-	172,900	-
Transfers to other funds	(1,600)	-	-	(1,600)	-
Net cash provided by noncapital financing activities	245,841	-	-	245,841	-
Cash flows from capital and related financing activities:					
Federal capital grants for acquisition and construction of capital assets	11,771	-	-	11,771	-
Proceeds from sale of capital assets	190	-	-	190	-
Principal payment on long-term debt	-	(4,925)	-	(4,925)	-
Interest paid on long-term debt	(11)	(5,872)	-	(5,883)	-
Acquisition and construction of capital assets	(33,686)	(807)	-	(34,493)	-
Net cash used for capital and related financing activities	(21,736)	(11,604)	-	(33,340)	-
Cash flows from investing activities:					
Investment earnings	3,364	680	12	4,056	294
Net cash provided by investing activities	3,364	680	12	4,056	294
Net increase (decrease) in cash and cash equivalents	29,718	19,212	(225)	48,705	185
Cash and cash equivalents at beginning of year	264,924	97,321	925	363,170	33,164
Cash and cash equivalents at end of year	\$ 294,642	\$116,533	\$700	\$411,875	\$33,349

Statement of Net Position:

The statement of net position presents information on all of OCTA's assets and liabilities, with the difference between them reported as net position. Information presented in the statement of net position can be used to assess OCTA's ability to cover its costs and to continue financing services in the future. Increases or decreases in net position are a useful indicator of whether the financial position of OCTA is improving or deteriorating over time.

Statement of Activities:

The statement of activities presents information identifying how OCTA's net assets changed during the fiscal year. It includes information on the costs of providing public services (expenses) and the resources obtained to finance those services (revenues). All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the actual cash is received.

Both statements distinguish functions of OCTA as either governmental activities (supported by taxes and intergovernmental revenues) or as business-type activities (where a significant portion of costs are recovered through user fees and charges).

Statement of Cash Flows – Proprietary Funds:

The statement of cash flows categorizes OCTA's sources and uses of cash as either operating, noncapital financing, capital and related financing, and lastly, investing for all its proprietary funds. The purpose of this statement is to identify where cash comes from and how it is used. This statement is required to be presented for all proprietary funds.

Proprietary funds:

Proprietary funds report the finances of activities that OCTA operates like a business and are classified as either enterprise funds or internal service funds. OCTA uses enterprise funds to account for its transit, tollroad and taxicab administration operations. Internal service funds are used to accumulate and allocate costs internally to the departments benefiting from OCTA's risk management activities, which include general liability and workers' compensation. All proprietary funds are reported as business-type activities on the statement of net position and statement of activities.

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS, CONTINUED

FOR THE YEAR ENDED JUNE 30, 2015 (amounts expressed in thousands)

	OCTD	91 EXPRESS LANES	NONMAJOR ENTERPRISE FUND OCTAP	TOTALS	INTERNAL SERVICE FUNDS
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$(233,365)	\$26,424	\$(233)	\$(207,174)	\$1,251
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation expense	22,196	1,035	-	23,231	-
Amortization of franchise agreement	-	2,586	-	2,586	-
Amortization of prepaid retirement	17,607	-	55	17,662	-
Amortization of prepaid expense	-	291	-	291	-
Amortization of prepaid insurance	-	351	-	351	-
Pension expense	18,512	-	69	18,581	-
Advertising revenue	3,675	-	-	3,675	-
Miscellaneous	2,501	88	30	2,619	-
Insurance recoveries	-	-	-	-	639
Change in assets and liabilities:					
Receivables	126	(1,276)	-	(1,150)	71
Due from other governments	1,016	-	-	1,016	-
Inventory	853	-	-	853	-
Prepaid retirement	(11,550)	-	(68)	(11,618)	-
Other assets	(1,356)	(674)	-	(2,030)	(29)
Deferred outflows of resources related to pensions	(17,539)	-	(68)	(17,607)	-
Accounts payable	8,753	916	(11)	9,658	479
Accrued payroll and related items	195	-	7	202	-
Compensated absences	166	-	17	183	-
Claims payable	-	-	-	-	(2,521)
Due to other governments	(375)	213	(1)	(163)	-
Unearned revenue	-	190	-	190	-
Other liabilities	-	(8)	-	(8)	1
Net pension liability	(9,166)	-	(34)	(9,200)	-
Total adjustments	35,614	3,712	(4)	39,322	(1,360)
Net cash provided by (used for) operating activities	\$(197,751)	\$30,136	\$(237)	\$(167,852)	\$(109)
Reconciliation of cash and cash equivalents to statement of net position:					
Cash and investments	\$294,642	\$92,702	\$700	\$388,044	\$33,349
Restricted cash and cash equivalents	-	23,831	-	23,831	-
Total cash and cash equivalents	\$294,642	\$116,533	\$700	\$411,875	\$33,349
Noncash capital, financing and investing activities:					
Capital contributions *	5,455	-	-	5,455	-
Investment earnings	619	22	-	641	(5)
Amortization of bond premium	-	(645)	-	(645)	-
Amortization of deferred amount on refunding	-	670	-	670	-

*Cash portion related to this amount includes \$10,687 for federal capital grants from acquisition and construction of capital assets and \$3,539 from change in unearned revenues relating to federal capital grants.

See accompanying notes to the financial statements.

DEFINITIONS:

Condemnation deposits: These are deposits paid to the State of California that are held for condemnation of property.

Capital assets: Tangible and intangible property with an initial unit cost of more than \$5,000 and a useful life exceeding one year.

Nondepreciable: Capital assets that generally do not decrease in value over time. Examples include land and construction in progress.

Depreciable and amortizable: Capital assets that decrease in value over time due to age, obsolescence or wear and tear. Examples include buildings and improvements, machinery, equipment, furniture, transit vehicles and the toll facility franchise.

Unearned revenue: A liability to offset assets recognized in connection with a transaction before the earning process is complete.

General government: General government is a function reported as a governmental activity on the statement of net assets and statement of activities that comprises all the activity reported in OCTA's General Fund, Local Transportation Authority (LTA), Local Transportation Fund (LTF), Orange County Unified Transportation Trust (OCUTT), Service Authority for Freeway Emergencies (SAFE), Service Authority for Abandoned Vehicles (SAAV), State Transit Assistance Fund (STAF), and Capital Project Funds.