

STATEMENT OF NET POSITION

JUNE 30, 2013 (amounts expressed in thousands)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
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
TOTAL ASSETS	1,180,441	816,091	1,996,532
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	16,106	16,106
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	16,106	16,106
LIABILITIES			
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
TOTAL LIABILITIES	498,396	237,373	735,769
NET POSITION			
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
TOTAL NET POSITION	\$682,045	\$594,824	\$1,276,869

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

(amounts expressed in thousands)

	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	INDIRECT EXPENSE ALLOCATION	CHARGES FOR SERVICES	OPERATION GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
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	452,184	(33,654)	1,273	159,069	10,923	(247,265)	-	(247,265)
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	282,195	33,654	100,543	83,305	8,821	-	(123,180)	(123,180)
Total primary government	\$734,379	\$-	\$101,816	\$242,374	\$19,744	(247,265)	(123,180)	(370,445)
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	-	-	-	-	-	283,683	175,196	458,879
Change in net position	-	-	-	-	-	36,418	52,016	88,434
Net position - beginning, as restated	-	-	-	-	-	645,627	542,808	1,188,435
Net position - ending	\$682,045	\$-	\$101,816	\$242,374	\$19,744	\$682,045	\$594,824	\$1,276,869

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013 (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	\$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
Net cash provided by (used for) operating activities	(191,734)	27,680	117	(163,937)	(4,625)
Cash flows from noncapital financing activities:					
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)	-
Net cash provided by (used for) noncapital financing activities	231,357	(1)	-	231,356	-
Cash flows from capital and related financing activities:					
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)	-
Net cash used for capital and related financing activities	(5,593)	(11,085)	-	(16,678)	-
Cash flows from investing activities:					
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
Net cash provided by (used for) investing activities	1,045	(6,283)	6	(5,232)	140
Net increase (decrease) in cash and cash equivalents	35,075	10,311	123	45,509	(4,485)
Cash and cash equivalents at beginning of year	178,319	85,852	744	264,915	36,812
Cash and cash equivalents at end of year	\$213,394	\$96,163	\$867	\$310,424	\$32,327

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, 2013 (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)	\$(233,931)	\$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
Net cash provided by (used for) operating activities	\$(191,734)	\$27,680	\$117	\$(163,937)	\$(4,625)

Reconciliation of cash and cash equivalents to statement of net position

Cash and investments	\$213,394	\$57,145	\$867	\$271,406	\$32,327
Restricted cash and cash equivalents	-	39,018	-	39,018	-
Total cash and cash equivalents	\$213,394	\$96,163	\$867	\$310,424	\$32,327

Noncash capital, financing and investing activities:

Capital contributions	598	-	-	598	-
Amortization of bond premium	-	(253)	-	(253)	-
Amortization of deferred amount on refunding	-	1,068	-	1,068	-

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.

Derivative instruments: Parity interest rate swaps entered into as a means to lower OCTA's borrowing costs on variable rate debt for the 91 Express Lanes. Derivates are used by OCTA as a tool for bonafide hedging investments as stipulated in OCTA's annual investment policy.

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 Fund, Orange County Unified Transportation Trust (OCUTT), State Transit Assistance Fund (STAF), Gas Tax and Capital Project Funds.