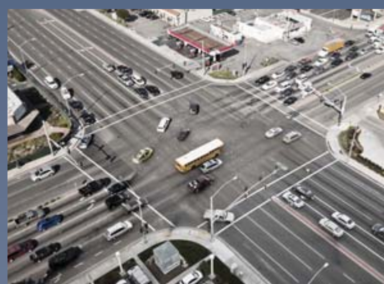
2015

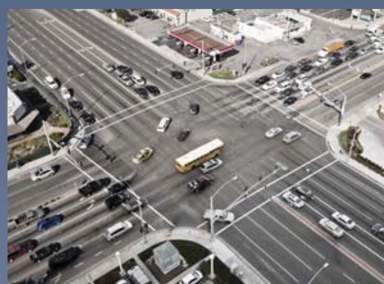
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For fiscal year ended **June 30, 2015**

Orange County Transportation Authority
Orange County, California

2015



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For fiscal year ended **June 30, 2015**

Submitted by:

Darrell Johnson, Chief Executive Officer

Finance and Administration Division

Andrew Oftelie, Executive Director

Orange County Transportation Authority
Orange County, California

ORANGE COUNTY TRANSPORTATION AUTHORITY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June, 30 2015

TABLE OF CONTENTS

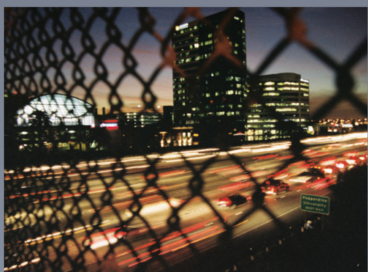
ORANGE COUNTY TRANSPORTATION AUTHORITY
TABLE OF CONTENTS

Page

STATISTICAL SECTION

ORANGE COUNTY TRANSPORTATION AUTHORITY
TABLE OF CONTENTS

Page



FREEWAY



STREETS AND ROADS


November 23, 2015

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, 2015. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

Vavrinek, Trine, Day and Company, LLP has audited OCTA's financial statements and issued an unmodified ("clean") opinion thereon for the FY ended June 30, 2015. 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.

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

Profile of OCTA

OCTA was established by state law and began serving the public on June 20, 1991. An 18-member Board of Directors (Board) governs OCTA and consists of five members of the Orange County Board of Supervisors, ten city representatives selected by all of the cities within the County, two public members selected by these 15 Board Members, and a representative appointed by the Governor of California serving in a non-voting capacity. A Chief Executive Officer 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, 91 Express Lanes, motorist aid services, and taxi program regulation.

Annually, OCTA develops a balanced budget for the upcoming FY. The budget details the expected sources and uses of funds. The Board adopts the budget before the beginning of each FY. During the FY, 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 unemployment rate in Orange County was 4.4 percent in March 2015. Statewide unemployment was 6.5 percent in March 2015, which is 1.8 percentage points lower than the same period in 2014. National unemployment sits at 5.6 percent. This makes Orange County's unemployment rate 2.1 points below the state rate and 1.2 points below the national rate.

Between March 2014 and March 2015, total non-farm employment increased by 3.7 percent, or an additional 55,200 jobs. Orange County wages were up 2.2 percent overall in 2014 with a 3.4 percent increase in salaries in the services sector.

Rapid increases in home prices and modest income growth over FY 2013-14 offset the low mortgage rates. Market statistics as of March 2015, show an increase in home sales in Orange County of 8.9 percent over the same period last year. This is the first large year-over-year percentage gain in one and a half years.

The estimated taxable sales growth rate for FY 2015-16 is 5.68 percent. The rate being used is the most conservative rate provided from forecasts from Chapman University, California State University, Fullerton, and University of California, Los Angeles.

Over the last 4 years, sales tax receipts have improved, and the current forecast as of March 2015 is showing revenue at $15.7 billion over the life of the program. The impact of the overall reduction in funds for Measure M2 has also been aided by a favorable bidding environment with bids coming in below engineer's estimates and by securing state and federal revenues. Additionally, the current cost of incurring debt is the lowest since 1996.

Long-Term Financial Planning

In an effort to ensure long-term sustainability of transportation programs and services, OCTA developed the FY 2014-15 Comprehensive Business Plan (CBP), which was approved by the Board in January 2015. 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 for future 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 "net 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 State Route 91 (SR-91) corridor improvements.

Major Initiatives

In FY 2014-15, OCTA continued its proven strategy of taking advantage of favorable financial conditions and a competitive bidding environment to accelerate projects and deliver them sooner to the people of Orange County.

In 2006, OCTA requested and received voter approval for a 30-year extension of the existing Measure M (M1) half-cent sales tax. Titled Measure M2 (M2), this renewal allows OCTA to continue making transportation improvements that benefit the public and the local economy. 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 based on the five-year M2 Early Action Plan (EAP) adopted in 2007 and the follow-on M2020 Plan adopted in 2012. The M2020 Plan sets a course for continued progress of major M2 projects and programs until the year 2020. In all, more than $5 billion in transportation improvements are planned to be under construction or completed by 2020. This plan also allows OCTA to go beyond the M2020 Plan if additional external funds can be secured. All 14 objectives of the M2020 Plan are on track to be delivered as adopted.

Despite the economic recession, which resulted in a 36 percent reduction in projected sales tax revenue during the life of M2, OCTA continues to capitalize on the competitive bidding environment and capture external revenues. By leveraging state and federal funds, OCTA has started and delivered projects years' earlier, helping to backfill the funding gap in the M2 Freeway Program.

In the past FY, OCTA continued to move Orange County forward with M2 projects and other notable accomplishments, including:

- The Measure M Taxpayers Oversight Committee determined that Measure M is being delivered as promised to Orange County voters for the 24th consecutive year

- Successfully developed more than $156 million in grant requests from a variety of federal, state, and local sources. Of these, $28 million were pursued through competitive grant programs. Over $131 million in grants have been awarded to OCTA for FY 2014-15

- Completed construction of two projects to widen northbound State Route 57 between Katella Avenue and Lambert Road

- Completed construction on the West County Connectors Project linking the HOV lanes on Interstate 405 (I-405) with those on State Route 22 and Interstate 605 (I-605)

- Received both federal and state environmental clearance for the I-405 improvement project from State Route 73 (SR-73) to I-605

- Began construction on the westbound SR-91 widening from approximately State Route 55 (SR-55) to Tustin Avenue

- Began construction on the last two segments of the I-5 South County project to extend the carpool lane from San Juan Creek Road to Avenida Pico

- Completed construction of the Sand Canyon Avenue, Placentia Avenue, and Kraemer Boulevard railroad grade separations

- Delivered ten signal synchronization projects on behalf of multiple cities that resulted in significant travel time improvements for approximately 98 miles of arterials and 343 signalized intersections

- Awarded approximately $19.9 million in federal funding to cities and County of Orange for pavement preservation and rehabilitation to keep Orange County street conditions among the best in California

- Awarded nearly $3 million to fund 18 projects that will help keep trash and debris from being deposited in waterways and the ocean

- Purchased the seventh open space property, 151-acre Aliso Canyon Preserve in Laguna Beach, and approved a non-wasting endowment target of approximately $34.5 million to fund long-term management activities for all acquired open space properties

- Funded by the Mobile Source Air Pollution Reduction Review Committee (MSRC), the Angels Express Metrolink rail service set a new record with more than 46,000 boardings to 42 home games in Anaheim

- At the end of the third quarter, ridership for the three Metrolink lines serving Orange County had increased by 2.2 percent compared to the same quarter last year and by 2.9 percent from the previous quarter

- Following the signing of an interagency transfer agreement with the State of California in July 2015, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency assumed local control of the Pacific Surfliner, the nation’s second-busiest Amtrak route; OCTA will serve as managing agency for LOSSAN

- Took the lead on the Santa Ana/Garden Grove Streetcar Project (OC Streetcar) to handle the project’s development, implementation, operations, and maintenance

- Received environmental clearance and approval for OC Streetcar to enter the Federal New Starts Program

- Expanded community-based transit in the City of Laguna Beach by doubling weekend service and providing more frequency for the summer festival

- Streamlined business systems to improve operations by launching the real-time bus locator smartphone application and the new mobile-optimized OCTA website

- For the third year in a row, the OC Fair Express set a record with nearly 79,000 trips to and from the OC Fair during five weeks of service funded by the MSRC

- Following the introduction of a reduced fare for youth pass during summer, youth ridership increased by 3.5 percent

- Following the introduction of the new 30-Day College Bus Pass, ridership increased 4.58 percent for the college pass program on a year over year basis

- Successfully transitioned an additional 5.8 percent of fixed-route service from directly-operated fixed-route to contracted operations reaching 33.6 percent of total bus service to maintain financial sustainability

- Approved more than $2.1 million in upgrades to 51 of the busiest bus stops in Orange County and provided the first grants to local agencies for bus shelter improvements through Measure M

- Approved $116 million for new compressed natural gas-powered buses to replace nearly 40 percent of the fleet

- Approved new paint design that can be implemented cost effectively as part of the bus replacement program

- Implemented weekend service on Bravo! Route 543, the reduced-stop bus service connecting Fullerton and Costa Mesa via Harbor Boulevard

- Achieved 90 percent satisfaction rating on the 2014 Fixed-Route Bus Services Customer Satisfaction Survey

- Approved the purchase of up to 132 buses for ACCESS paratransit service for nearly $15 million

- Recorded high satisfaction levels and positive opinions of performance in nearly all areas on the 2014 91 Express Lanes Customer Satisfaction Survey

- Increased the number of active vanpools by 6 percent from 460 to 488. Total vanpool passenger miles increased 3 percent to nearly 44 million, improving congestion and pollution by removing more than 35.5 million single occupancy vehicle miles from the road

- Approved funding for 11 projects to improve bikeways in Orange County using $6.66 million in federal Congestion Mitigation and Air Quality funds

- Worked with local agencies to secure $21 million in state and federal funds for 28 active transportation grants for bicycle and pedestrian trails, the OC Loop, safety outreach and education programs, and planning projects to improve Orange County resident's overall mobility options

- Created a Pedestrian Action Plan to improve pedestrian safety countywide

Awards and Acknowledgments

For the fifth consecutive year, the National Procurement Institute, Inc. awarded OCTA the Achievement of Excellence in Procurement® award based on outstanding innovation, professionalism, productivity, e-procurement, and leadership attributes.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OCTA for its CAFR for the FY ended June 30, 2014. This was the 32nd 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 FY ended June 30, 2015, 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,

Darrell Johnson
Chief Executive Officer

Andrew Oftelie
Executive Director
Finance and Administration

ORANGE COUNTY TRANSPORTATION AUTHORITY

ORGANIZATION CHART

Board of Directors

Deputy CEO
Kenneth G. Phipps

Chief Executive Officer
Darrell Johnson

Clerk of the Board
Laurena Weinert
Director

Internal Audit
Janet Sutter
Executive Director

Government Relations
Lance Larson
Executive Director

Functions:
- State and Federal Relations
- Regional Initiatives

Transit
Beth McCormick
General Manager

Functions:
- Bus Operations
- Bus Maintenance
- Security and Emergency Preparedness
- Service Planning & Customer Advocacy
- Community Transportation Services
- Transit Program Management
- Motorist Services
- Contracted Services
- Transit Program Controls

Finance and Administration
Andrew Oftelie
Executive Director

Functions:
- Contracts Administration & Materials Management
- Accounting & Financial Reporting
- Financial Planning & Analysis
- General Services
- Information Systems
- Treasury / Toll Roads

Planning
Kia Mortazavi
Executive Director

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

External Affairs
Ellen S. Burton
Executive Director

Functions:
- Marketing
- Public Information Office
- Public Outreach
- Diversity Outreach & Economic Opportunity Programs

Capital Programs
James Beil
Executive Director

Functions:
- Highway Programs
- Rail & Facilities Engineering
  - Facilities Engineering
  - Local Initiatives
  - High Speed Rail
  - Metrolink Expansion
  - Passenger Rail Operations
- Project Controls
- Real Property

Human Resources & Organizational Development
Kenneth G. Phipps
Interim Executive Director

Functions:
- Human Resources
- Labor & Employee Relations
  - EEO/Affirmative Action
- Learning & Development
- Risk Management
- Health, Safety and Environmental Compliance

ORANGE COUNTY TRANSPORTATION AUTHORITY

BOARD OF DIRECTORS

Jeffrey Lalloway
Chairman
City Member, 3rd District

Lori Donchak
Vice-Chair
City Member, 5th District

Lisa A. Bartlett
Director
Supervisor, 5th District

Andrew Do
Director
Supervisor, 1st District

Michael Hennessey
Director
Public Member

Steve Jones
Director
City Member, 1st District

Jim Katapodis
Director
City Member, 2nd District

Gary A. Miller
Director
City Member, 2nd District

Al Murray
Director
City Member, 3rd District

Shawn Nelson
Director
Supervisor, 4th District

Miguel Pulido
Director
City Member, 1st District

Tim Shaw
Director
City Member, 4th District

Todd Spitzer
Director
Supervisor, 3rd District

Michelle Steel
Director
Supervisor, 2nd District

Tom Tait
Director
City Member, 4th District

Frank Ury
Director
City Member, 5th District

Gregory T. Winterbottom
Director
Public Member

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

MANAGEMENT STAFF

Darrell Johnson	Chief Executive Officer
Kenneth G. Phipps	Deputy Chief Executive Officer
Laurena Weinert	Clerk of the Board
Janet Sutter	Executive Director, Internal Audit
James Donich	General Counsel

James Beil	Executive Director, Capital Programs
Ellen S. Burton	Executive Director, External Affairs
Kenneth G. Phipps	Interim 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

---

Virginia Abadessa	Director, Contracts Administration and Materials Management
Vicki Austin	Manager, Accounting and Financial Reporting
Kirk Avila	Treasurer / General Manager, Toll Roads
Meena Katakia	Manager, Capital Projects
William Mao	Chief Information Officer, Information Systems
Sean Murdock	Director, Finance and Administration
Lori Parsel	Section Manager, General Services
Bruce Petrozza	Manager, Contracts and Procurement
Victor Velasquez	Manager, Financial Planning and Analysis

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, 2014

Executive Director/CEO


5580
Orange County Transportation Authority
octa
YOUR WHEELS

636-RIDE
53 MACARTHUR BLVD &
MACARTHUR PLACE
5362
2294
MyPinkChecking.com

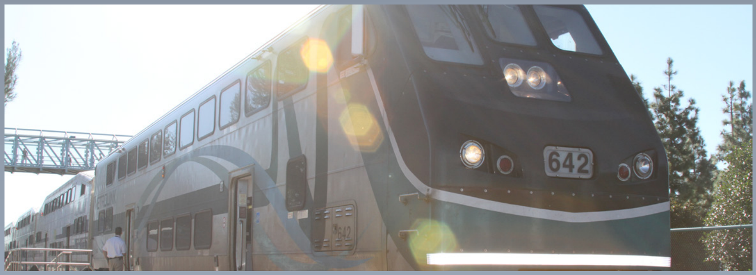
BUS TRANSIT


636-RIDE

octa

REGULAR
30 DAY PASS

RAIL



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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, 2015, 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, 2015, 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.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 www.vtdcpa.com Fax: 949.768.8408

Emphasis of Matter

As described in Notes 12, 17 and 19 to the financial statements, OCTA adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Financial Reporting for Pensions - an amendment of GASB Statement No.* 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective July 1, 2014. 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 4 through 17, budgetary comparison information on pages 86 through 88, supplemental pension plan trend data and other postemployment benefit data on pages 89 through 92, and related notes on page 93, 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 30, 2015, 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.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
October 30, 2015

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, 2015. 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 18. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- As of June 30, 2015 total net position of OCTA was $1,260,358, which consisted of net investment in capital assets of $456,348; restricted net position of $434,317; and unrestricted net position of $369,693.

- During fiscal year 2014-15, OCTA implemented GASB 68, as amended by GASB 71. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. As a result of this implementation, the beginning net position for governmental activities was restated and decreased by $60,677. In addition, the beginning net position for business-type activities was restated and decreased by $150,948. Therefore, OCTA's beginning net position was $1,136,835, as restated. The adjustment included the recognition of a net pension liability reduced by OCTA's contributions to the pension plan made after the measurement date. For more information, refer to notes 11, 12 and 17.

- Net position increased $123,523 during fiscal year 2014-15. The increase in net position from governmental activities of $60,277 was primarily due to an increase in sales tax revenue for the Measure M program in addition to a decrease in expenditures related to the grade separation projects. The increase in net position from business-type activities of $63,246 was primarily due to the receipt of grants and contributions for the purchase and improvement of transit vehicles, toll road revenues in excess of expenses and the transfer of Local Transportation funds and State Transit Assistance funds for transit operations. In addition, the expenses related to the fixed route service decreased by 5%.

- OCTA's governmental funds reported combined ending fund balances of $866,173, an increase of $43,786 compared to fiscal year 2013-14. Approximately 84% of the governmental fund balances represent Local Transportation Authority amounts available for the Measure M program, including debt service.

- On June 9, 2014, the OCTA Board approved the use of $25,000 in M2 sales tax revenue funds to retire the total outstanding M2 Notes and elected not to pursue another Letter of Credit facility. On October 30, 2014, OCTA retired the outstanding M2 Notes.

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.

The statement of net position presents information on all of OCTA's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether OCTA's financial position is improving or deteriorating.

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

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, toll road operations and the taxicab administration program.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of OCTA's funds can be divided into 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 nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the related statement of revenues, expenditures and changes in fund balances for OCTA's major governmental funds comprised of the General fund; Local Transportation Authority (LTA) and Local Transportation Fund (LTF), which are special revenue funds; and LTA Debt Service fund. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data 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 and LTF special revenue funds as required supplementary information to demonstrate compliance with the annual appropriated budgets. The governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary funds consist of enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. OCTA uses enterprise funds to account for its transit, toll road and 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 24-30 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 31-32 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 33-85 of this report.

Other information is in addition to the basic financial statements and accompanying notes. This report also presents certain required supplementary information concerning OCTA's budgetary results for the General fund and major special revenue funds with appropriated budgets. Additionally, trend data for OCTA's pension plans is included. Required supplementary information can be found on pages 86-93 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 LTA Debt Service Fund and nonmajor governmental funds are located in this section. This other supplementary information can be found on pages 95-107 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, 2015, OCTA's assets and deferred outflows exceeded liabilities and deferred inflows by $1,260,358.

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 $456,348, compared to $425,011 in fiscal year 2013-14. OCTA's net position reflects its investment in capital assets (i.e., construction in progress; land; buildings and improvements; machinery, equipment and furniture; transit vehicles; intangible assets; and transponders), less any outstanding debt used to acquire these assets. OCTA uses these capital assets to provide transit services to the residents and business community of Orange County. The increase of $31,337 was primarily related to capital asset additions offset by continued depreciation.

Restricted net position, representing resources subjected to external restrictions on how they may be used, were 34% and 27% of the total net position at June 30, 2015 and 2014, respectively. Restricted net position from governmental activities increased $68,407 due to continued improvement in the economy resulting in increased sales tax revenue in addition to a reduction in expenses related to the Measure M program. The increase in restricted net position from business-type activities of $17 is due 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. At the end of fiscal year 2013-14, OCTA's unrestricted net position related to governmental activities was $181,216. Due to the implementation of GASB 68 in fiscal year 2014-15, the beginning unrestricted net position related to governmental activities was restated and decreased to $120,539. This restatement included the recording of a net pension liability in the amount of $63,650 and a deferred outflows of resources related to pensions due to contributions made after the measurement date in the amount of $2,973. During fiscal year 2014-15, the unrestricted net position related to governmental activities decreased $25,898 resulting in a balance of $94,641 at June 30, 2015. This decrease is primarily due to expenses exceeding program revenues from the commuter rail activity.

At the end of fiscal year 2013-14, OCTA's unrestricted net position related to business-type activities was $376,340. Due to the implementation of GASB 68 in fiscal year 2014-15, the beginning unrestricted net position related to business-type activities was restated and decreased to $225,392. This restatement included the recording of a net pension liability in the amount of $158,354 and a deferred outflows of resources related to pensions due to contributions made after the measurement date in the amount of $7,406. During fiscal year 2014-15, the unrestricted net position related to business-type activities increased $49,660 resulting in a balance of $275,052 at June 30, 2015. This increase is primarily due to transfers from LTF and State Transit Assistance Fund (STAF) for operating assistance and 91 Express Lanes revenues in excess of expenses consistent with the Comprehensive Business Plan (CBP). Refer to note 17 for more information on the prior period adjustment.

Table 1
Orange County Transportation Authority
Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$1,026,866	$1,025,761	$482,001	$428,965	$1,508,867	$1,454,726
Restricted assets	-	-	23,831	23,813	23,831	23,813
Prepaid retirement	5,923	7,355	14,409	20,453	20,332	27,808
Assets held for resale	5,435	7,864	-	-	5,435	7,864
Capital assets, net	177,195	159,427	256,820	245,564	434,015	404,991
Intangible asset, net	-	-	130,628	133,215	130,628	133,215
Total assets	1,215,419	1,200,407	907,689	852,010	2,123,108	2,052,417
Deferred outflows of resources-debt	-	-	10,350	11,020	10,350	11,020
Deferred outflows of resources-pensions	10,710	-	26,499	-	37,209	-
Total deferred outflows of resources	10,710	-	36,849	11,020	47,559	11,020
Current liabilities	120,547	157,625	55,016	47,120	175,563	204,745
Long-term liabilities	404,249	349,261	301,833	160,971	706,082	510,232
Total liabilities	524,796	506,886	356,849	208,091	881,645	714,977
Deferred inflows of resources-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, net of related debt	177,195	159,427	279,153	265,584	456,348	425,011
Restricted	421,285	352,878	13,032	13,015	434,317	365,893
Unrestricted	94,641	181,216	275,052	376,340	369,693	557,556
Total net position	$693,121	$693,521	$567,237	$654,939	$1,260,358	$1,348,460

OCTA's total revenues decreased by 2%, while the total costs of all programs decreased by 9%. Sales tax revenue continues to increase due to the continued improvement in the economy. The increase in taxes during fiscal year 2014-15 was $15,901. However, during fiscal year 2014-15, total operating grants and contributions decreased $20,324, primarily related to the Measure M program, resulting in a decrease in total revenues. This decrease in revenue is primarily due to a decrease in reimbursements received for the grade separation projects and the Anaheim Regional Transportation Intermodal Center (ARTIC). In addition, capital grants and contributions decreased $11,214 primarily due to a reduction in federal grant funds received for the purchase of buses.

During fiscal year 2014-15, OCTA's total expenses decreased $69,154 primarily due to a reduction in costs related to the ARTIC project and the grade separation projects. In addition, the fixed route service expenses decreased by 5% primarily due to a decrease in operating expenses, maintenance parts and fuel costs.

Approximately 45% 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.

Table 2
Orange County Transportation Authority
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$ 1,825	$ 1,505	$ 106,092	$ 107,973	$ 107,917	$ 109,478
Operating grants and contributions	122,282	146,863	67,356	63,099	189,638	209,962
Capital grants and contributions	586	2,222	14,139	23,717	14,725	25,939
General revenues:						
Taxes	466,127	451,153	13,293	12,366	479,420	463,519
Unrestricted investment earnings	13,301	13,776	4,531	4,765	17,832	18,541
Other miscellaneous revenue	168	288	1,218	413	1,386	701
Total revenues	604,289	615,807	206,629	212,333	810,918	828,140
Expenses:						
General government	74,852	68,262	-	-	74,852	68,262
Measure M program	301,329	372,137	-	-	301,329	372,137
Motorist services	5,281	5,187	-	-	5,281	5,187
Commuter rail	29,347	23,556	-	-	29,347	23,556
Fixed route	-	-	201,630	212,170	201,630	212,170
Paratransit	-	-	51,392	51,735	51,392	51,735
Tollroad	-	-	22,980	22,996	22,980	22,996
Taxicab administration	-	-	584	506	584	506
Total expenses	410,809	469,142	276,586	287,407	687,395	756,549

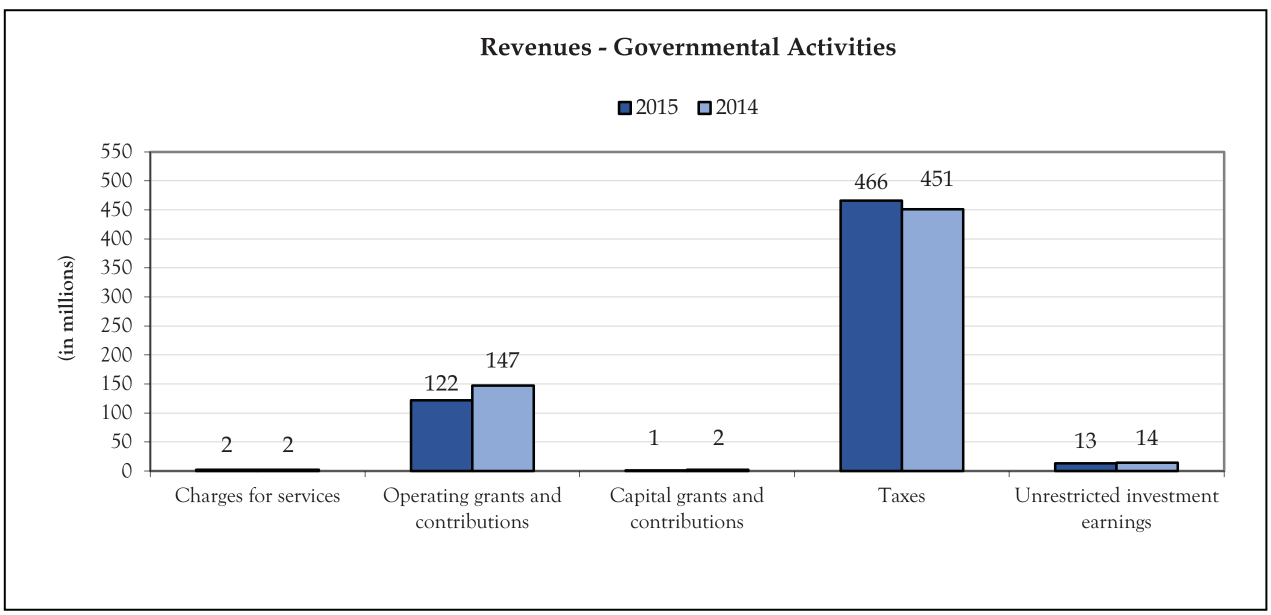
Table 2
Orange County Transportation Authority
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Indirect expense allocation	(35,996)	(34,089)	35,996	34,089	-	-
Increase (decrease) in net position before transfers	229,476	180,754	(105,953)	(109,163)	123,523	71,591
Transfers	(169,199)	(169,278)	169,199	169,278	-	-
Changes in net position	60,277	11,476	63,246	60,115	123,523	71,591
Net position—beginning of year, as restated*	632,844	682,045	503,991	594,824	1,136,835	1,276,869
Net position—end of year	$ 693,121	$ 693,521	$ 567,237	$ 654,939	$1,260,358	$1,348,460

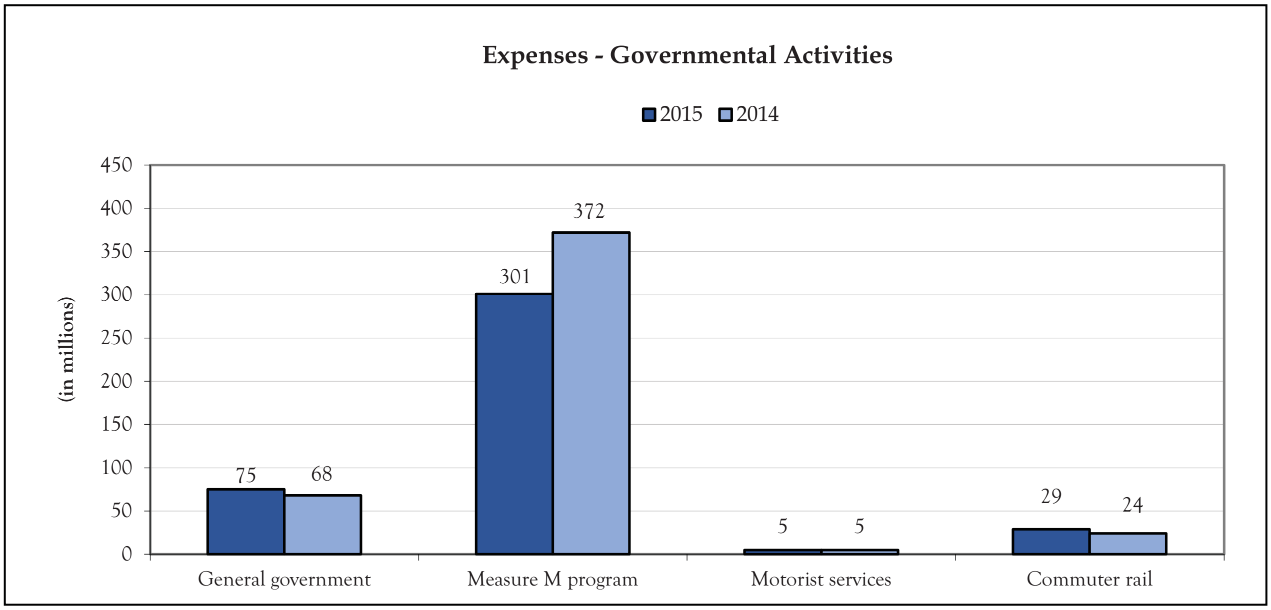
*Net position, beginning of year, was restated for fiscal year 2014-15 only due to the implementation of GASB 68.

Governmental Activities

Total revenues for OCTA's governmental activities decreased $11,518 primarily due to a decrease in operating grants and contributions received for the Measure M program. This decrease is related to the decrease in expenses related to the Measure M program.

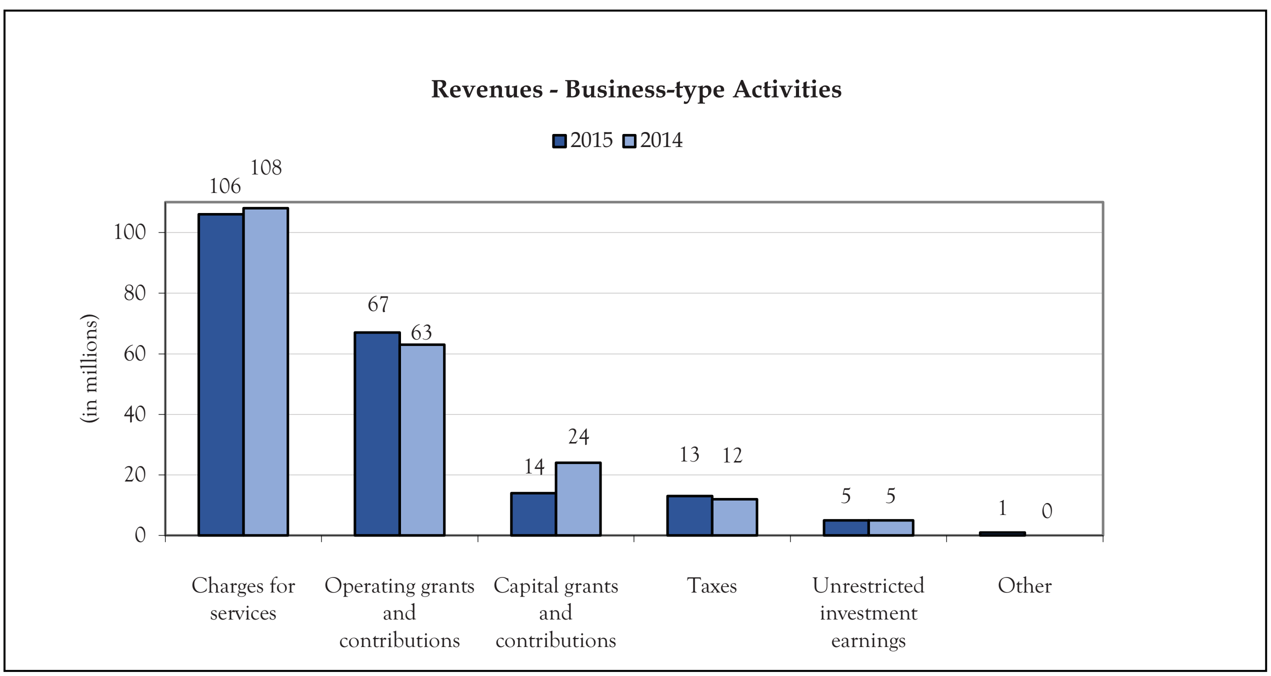


Total expenses for OCTA's governmental activities decreased $58,333 primarily due to the decrease in Measure M program costs related to the grade separation projects and contributions to the construction of ARTIC.

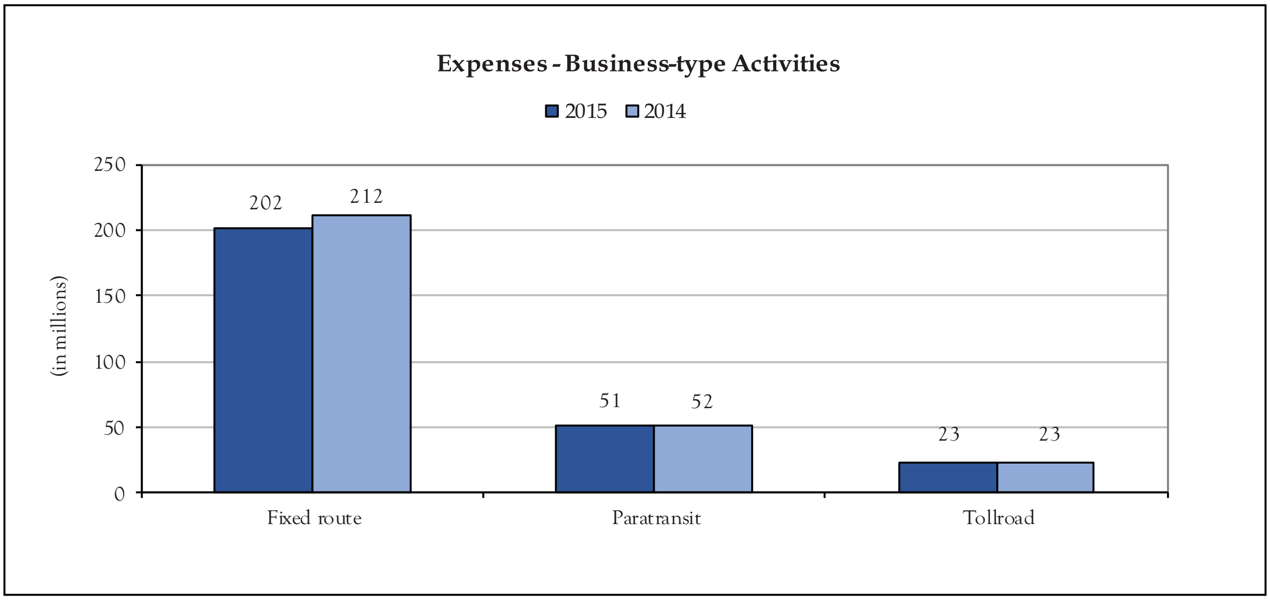


Business-type Activities

Revenues of OCTA's business-type activities decreased $5,704 primarily due to a decrease in capital grants and contributions for the purchase of buses.



Total expenses related to business-type activities decreased $10,821 primarily due to a decrease in fuel and operating expenses related to the fixed route service.



Financial Analysis of OCTA's Funds

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

<u>Governmental funds</u>

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, 2015, OCTA's governmental funds reported combined ending fund balances of $866,173, an increase of $43,786 compared to fiscal year 2013-14. Approximately 90% or $777,803 of this amount is restricted, the majority of which relates to the Measure M program. $31,613 represents the portion of fund balance that is not in a spendable form, such as condemnation deposits, notes receivable and prepaid retirement. $34,642 is assigned for the commuter rail program and capital projects. The remainder of fund balance of $22,115 is unassigned.

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

In fiscal year 2014-15, the CURE fund, previously reported as a special revenue fund, was consolidated with the General fund as it no longer met the definition and requirements of a special revenue fund.

The General fund decreased by $23,763, primarily due to the land acquisition for the Orange County Metrolink maintenance facility and to programmed transfers to Southern California

Regional Rail Authority (SCRRA) for operations and capital projects offset by transfers in from the LTA fund for the completion of freeway projects related to the Measure M program.

The LTA fund increased by $67,192, which represents an increase of 10% in comparison to fiscal year 2013-14, primarily due to an increase in sales tax revenue due to the improving economy offset by expenditures primarily related to grade separation projects and transfers out to the General fund for the completion of the West County Connector freeway project.

Proprietary Funds

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

The net position of the enterprise funds totaled $548,783 at June 30, 2015 compared to $638,516 at June 30, 2014. Following are the significant changes in net position of OCTA's major proprietary funds:

The OCTD fund unrestricted net position was $288,270 at the end of fiscal year 2013-14. Due to the implementation of GASB 68, it was restated and decreased $150,395 to reflect a beginning unrestricted net position of $137,875 in fiscal year 2014-15. This adjustment resulted in the recording of a net pension liability in the amount of $157,775 and a deferred outflow of resources related to pensions in the amount of $7,380. During fiscal year 2014-15, the unrestricted net position increased $28,589, primarily due to the transfer of LTF and STAF for operating assistance in excess of expenses consistent with the CBP. The OCTD fund unrestricted net position was $166,464 and the net investment in capital assets was $253,953 resulting in a total net position of $420,417 at June 30, 2015.

The 91 Express Lanes fund unrestricted net position increased $19,232 primarily due to revenues in excess of operating expenses. Total revenues increased primarily due to a 6% increase in total trips. The 91 Express Lanes fund unrestricted net position was $89,952 at June 30, 2015. The net investment in capital assets increased by $2,086 to $25,200 during fiscal year 2014-15 due to capital assets acquisitions and a reduction in debt used to acquire capital assets. The restricted net position was $13,032 at June 30, 2015.

General Fund Budgetary Highlights

Revenues

The primary sources of revenues for the general fund are from federal, state, and local sources. In fiscal year 2014-15, there were no changes to the original budget.

Actual revenues were lower than the final budget by $10,898. This is primarily related to reimbursements associated with the construction of the Placentia Metrolink station. In fiscal year 2014-15, this project did not incur expenses at the level that was originally anticipated. 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 $29,488. This was primarily due to the Bristol Street widening project and Placentia Metrolink station. The Bristol Street widening project underran the budget by $8,426, as a result of the project not incurring expenses at the level that was originally anticipated. As the City of Santa Ana continues their right of way acquisition process for phases three and four of the project, more expenses will be incurred by OCTA. A total of $15,000 has been re-budgeted for this project in fiscal year 2015-16. The Placentia Metrolink station underran the fiscal year 2014-15 budget by $16,600. This is due to the timing of the BNSF negotiations to build the station. This project has been re-budgeted in fiscal year 2015-16.

Capital Asset and Intangible Asset

Capital Assets

As of June 30, 2015, OCTA had $434,015, net of accumulated depreciation, invested in a broad range of capital assets including: land, buildings, transit vehicles, construction in progress, and machinery, equipment and furniture (Table 3).

During fiscal year 2014-15, OCTA's capital assets increased by $29,024. Capital assets related to governmental activities increased by $17,768. This increase is primarily due to the purchase of land to build the Orange County Metrolink maintenance facility. Capital assets related to business-type activities increased by $11,256. This increase is primarily due to the acquisition of buses, the implementation of a new radio communication system and to the midlife bus overhaul project.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 172,239	$ 155,127	$ 54,545	$ 54,545	$ 226,784	$ 209,672
Buildings and improvements	1,529	1,735	73,167	77,056	74,696	78,791
Transit vehicles	-	-	81,792	84,811	81,792	84,811
Machinery, equipment and furniture	2,272	1,903	29,020	7,375	31,292	9,278
Construction in progress	1,155	662	18,296	21,777	19,451	22,439
Totals	$ 177,195	$ 159,427	$ 256,820	$ 245,564	$ 434,015	$ 404,991

Major capital asset additions during 2015 included:

- $14,173 for land to build the Orange County Metrolink maintenance facility.
- $12,559 for buses.
- $11,518 for the midlife bus overhaul project.
- $2,094 for additions to the radio communication system.

Major capital asset deletions during 2015 included:

- $5,288 for the retirement of buses.

OCTA has outstanding capital expenditure commitments, the most significant of which are: $117,584 for purchase of 202 compressed natural gas powered (CNG) buses, $20,182 for the Lakewood grade separation project, $16,771 for the Orangethorpe grade separation project, $14,991 for the purchase of 132 Cutaway buses, $14,862 for the purchase of 16 CNG Articulated buses, $10,517 for the Tustin grade separation project, and $10,349 for the I-5 HOV freeway construction project.

More detailed information about OCTA's capital assets is presented in note 7 to the financial statements.

Intangible Asset

Intangible asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decrease	Ending Balance
Toll facility franchise	$ 205,264	$ -	$ -	$ 205,264
Less accumulated amortization	(72,049)	(2,587)	-	(74,636)
Total toll facility franchise, net	$ 133,215	$ (2,587)	$ -	$ 130,628

More detailed information about the toll facility franchise service concession agreement is presented in note 8 to the financial statements.

Debt Administration

As of June 30, 2015, OCTA had $452,185 in bonds and commercial paper notes outstanding compared to $488,975 at June 30, 2014, as presented in Table 4.

Table 4
Orange County Transportation Authority
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Sales tax revenue bonds	$332,695	$339,560	$ -	$ -	$ 332,695	$ 339,560
Commercial paper notes	-	25,000	-	-	-	25,000
Revenue refunding bonds	-	-	119,490	124,415	119,490	124,415
Totals	$332,695	$364,560	$119,490	$124,415	$452,185	$488,975

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 July 2013, OCTA issued $124,415 in Senior Lien Toll Revenue Refunding Bonds (91 Express Lanes), Series 2013 to refund the outstanding Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2003-A, Series 2003-B-1 and Series 2003-B-2.

OCTA 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 "AA-" by Standard & Poor's.

Additional information on OCTA's short-term debt and long-term debt can be found in notes 10 and 11 to the financial statements, respectively.

Economic and Other Factors

The Board of Directors (Board) adopted the fiscal year 2015-16 budget on June 8, 2015. The $1 billion budget was developed in accordance with the goals of the Board and the Chief Executive Officer. This balanced budget is a result of OCTA's ongoing effort to deliver long-term sustainable transportation solutions for the residents of Orange County and is a reflection of OCTA's commitment to the residents of Orange County to be responsible stewards of taxpayer dollars.

OCTA will continue to honor the commitment made to the residents of Orange County when they approved Measure M2. Approximately $448.8 million in Measure M2 funds are budgeted to improve transportation within Orange County. These funds will provide improvements to freeways and streets and roads throughout Orange County, as well as fund rail and transit programs. These funds include $129.2 million to make improvements primarily along Interstate 405, Interstate 5, State Route 55, State Route 57, and State Route 91. Approximately $187.2 million is budgeted to improve streets and roads, including $68.3 million to continue the Orange County Bridges project. An additional $60.7 million is included to fund transit programs, including $39.7 million for the Orange County Streetcar project.

Total fixed route service levels for bus operations will be sustained at 1.6 million service hours. In fiscal year 2015-16, fixed-route boarding levels are assumed to remain flat in alignment with year-end projections. The budget includes efforts to address ridership and promote fixed-route service while continuing to maintain efficient operations. In addition, the budget includes continuing to convert a portion of directly operated fixed-route service to a contracted service provider commensurate with coach operator attrition. It is anticipated that 93,761 revenue hours will be converted during fiscal year 2015-16, which would result in approximately 39 percent of fixed-route service being operated by the contracted service provider by the end of the fiscal year.

The fiscal year 2015-16 budget demonstrates OCTA's continued commitment to create an integrated and balanced transportation system by developing and delivering transportation solutions to enhance the quality of life and keep Orange County moving.

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, 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**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Activities
For the Year Ended June 30, 2015

			Program Revenues			Net (Expense) Revenue and Changes in Net Position		
(amounts expressed in thousands)	**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**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Balance Sheet - Governmental Funds
June 30, 2015

(amounts expressed in thousands)	General	LTA	Local Transportation	LTA Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	$ 80,344	$ 725,329	$ 13,411	$ 12,004	$ 20,396	$ 851,484
Receivables:						
Interest	211	1,210	1	2	74	1,498
Operating grants	1,875	12,372	-	-	-	14,247
Capital grants	24	-	-	-	-	24
Other	28	32	-	-	36	96
Due from other funds	1,300	-	-	-	44	1,344
Due from other governments	2,988	88,506	28,446	-	6,049	125,989
Condemnation deposits	-	8,536	-	-	-	8,536
Note receivable	27,159	-	-	-	-	27,159
Advances to other funds	-	-	-	-	3,845	3,845
Prepaid retirement	9,540	-	-	-	-	9,540
Other assets	998	8,500	-	-	3,539	13,037
Total Assets	**$ 124,467**	**$ 844,485**	**$ 41,858**	**$ 12,006**	**$ 33,983**	**$ 1,056,799**
Liabilities						
Accounts payable	5,776	30,536	-	-	517	36,829
Accrued payroll and related items	2,389	-	-	-	-	2,389
Compensated absences	2	-	-	-	-	2
Due to other funds	-	545	13,257	-	5,613	19,415
Due to other governments	3,201	24,291	555	-	101	28,148
Unearned revenue - other	456	44,594	-	-	-	45,050
Other liabilities	63	19	-	-	-	82
Advances from other funds	-	3,845	-	-	-	3,845
Total Liabilities	**11,887**	**103,830**	**13,812**	**-**	**6,231**	**135,760**
Deferred Inflows of Resources						
Unavailable revenue - interest on advances	-	-	-	-	724	724
Unavailable revenue - grant reimbursements	2,863	24,157	-	-	463	27,483
Unavailable revenue - ARTIC	26,659	-	-	-	-	26,659
Total Deferred Inflows of Resources	**29,522**	**24,157**	**-**	**-**	**1,187**	**54,866**
Fund Balances						
Nonspendable:						
Condemnation deposits	-	8,536	-	-	-	8,536
Note receivable	500	-	-	-	-	500
Prepaid retirement	9,540	-	-	-	-	9,540
Other assets	998	8,500	-	-	3,539	13,037
Restricted for:						
Transportation programs	24,732	699,462	28,046	-	9,670	761,910
Motorist services	-	-	-	-	3,887	3,887
Debt service	-	-	-	12,006	-	12,006
Assigned to:						
Metrolink/rail operations	25,173	-	-	-	-	25,173
Transportation capital projects	-	-	-	-	9,469	9,469
Unassigned	22,115	-	-	-	-	22,115
Total Fund Balances	**83,058**	**716,498**	**28,046**	**12,006**	**26,565**	**866,173**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 124,467**	**$ 844,485**	**$ 41,858**	**$ 12,006**	**$ 33,983**	**$ 1,056,799**

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, 2015

(amounts expressed in thousands)

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

Total fund balances (page 20)	$	866,173
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		177,195
Interest subsidy on the Build America Bonds is not reported in the funds.		2,595
Assets held for resale are not current financial resources and, therefore, are not reported in the funds.		5,435
Revenue that was earned but not collected within the availability period has not been recognized in the governmental funds.		54,866
Deferred outflows of resources related to pensions are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		7,093
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.		272
Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds.		(8,049)
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 related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.		(59,810)
Deferred inflows of resources related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.		(8,212)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(344,348)
Net position of governmental activities (page 18)	**$**	**693,121**

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, 2015

(amounts expressed in thousands)	General	LTA	Local Transportation	LTA Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Sales taxes	$ -	$ 291,556	$ 153,579	$ -	$ 20,992	$ 466,127
Vehicle registration fees	-	-	-	-	2,351	2,351
Fines	197	-	-	-	-	197
Contributions from other agencies	3,940	114,694	-	-	2,707	121,341
Interest and investment income	1,008	5,075	9	6,460	180	12,732
Capital assistance grants	768	-	-	-	-	768
Miscellaneous	848	3,340	-	-	33	4,221
Total Revenues	**6,761**	**414,665**	**153,588**	**6,460**	**26,263**	**607,737**
Expenditures						
Current:						
General government	33,353	64,609	1,930	-	6,103	105,995
Transportation:						
Contributions to other local agencies	8,492	122,625	2,169	-	-	133,286
Capital outlay	19,488	109,824	-	-	-	129,312
Debt service:						
Principal	-	-	-	6,865	-	6,865
Interest	8	26	-	21,927	-	21,961
Total Expenditures	**61,341**	**297,084**	**4,099**	**28,792**	**6,103**	**397,419**
Excess (deficiency) of revenues over (under) expenditures	**(54,580)**	**117,581**	**149,489**	**(22,332)**	**20,160**	**210,318**
Other financing sources (uses)						
Transfers in	30,160	6,458	-	28,793	-	65,411
Transfers out	(2,010)	(56,847)	(148,121)	(6,458)	(21,174)	(234,610)
Proceeds from sale of capital assets	2,667	-	-	-	-	2,667
Total other financing sources (uses)	**30,817**	**(50,389)**	**(148,121)**	**22,335**	**(21,174)**	**(166,532)**
Net change in fund balances	**(23,763)**	**67,192**	**1,368**	**3**	**(1,014)**	**43,786**
Fund balances - beginning, as restated	106,821	649,306	26,678	12,003	27,579	822,387
Fund balances - ending	**$ 83,058**	**$ 716,498**	**$ 28,046**	**$ 12,006**	**$ 26,565**	**$ 866,173**

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, 2015

(amounts expressed in thousands)

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

Net change in fund balances - total governmental funds (page 22)	$	43,786
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.		17,768
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(5,096)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds, but are reported as deferred inflows of resources.		(1,023)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are 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.		7,595
The rent holiday related to the administrative headquarters building does not require the use of current financial resources, and therefore, is not reported as an expenditure in governmental funds.		(2,461)
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.		(440)
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.		148
Change in net position of governmental activities (page 19)	**$**	**60,277**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Fund Net Position
Proprietary Funds
June 30, 2015

(amounts expressed in thousands)	OCTD	91 Express Lanes	Nonmajor Enterprise Fund OCTAP	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 294,642	$ 92,702	$ 700	$ 388,044	$ 33,349
Receivables:					
Interest	971	103	-	1,074	144
Operating grants	15,599	-	-	15,599	-
Capital grants	6,451	-	-	6,451	-
Violations, net	-	6,800	-	6,800	-
Farebox	601	-	-	601	-
Other	940	1,063	-	2,003	532
Due from other funds	18,071	-	-	18,071	-
Due from other governments	2,248	-	-	2,248	1
Inventory	4,345	-	-	4,345	-
Prepaid retirement	14,332	-	77	14,409	-
Other assets	1,356	332	-	1,688	1,323
Total current assets	359,556	101,000	777	461,333	35,349
Noncurrent assets:					
Restricted cash and investments:					
Cash equivalents	-	23,831	-	23,831	-
Capital assets, net:					
Nondepreciable	72,578	263	-	72,841	-
Depreciable	181,375	2,604	-	183,979	-
Intangible asset - tollroad franchise, net	-	130,628	-	130,628	-
Total noncurrent assets	253,953	157,326	-	411,279	-
Total Assets	**613,509**	**258,326**	**777**	**872,612**	**35,349**
Deferred Outflows of Resources					
Deferred charge on refunding	-	10,350	-	10,350	-
Deferred outflows - pensions	26,399	-	100	26,499	-
Total Deferred Outflows of Resources	**26,399**	**10,350**	**100**	**36,849**	**-**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Fund Net Position
Proprietary Funds, Continued
June 30, 2015

(amounts expressed in thousands)	OCTD	91 Express Lanes	Nonmajor Enterprise Fund OCTAP	Total Enterprise Funds	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	31,858	3,934	6	35,798	1,087
Accrued payroll and related items	7,174	-	31	7,205	-
Accrued interest	-	2,183	-	2,183	-
Claims payable	-	-	-	-	3,029
Due to other governments	757	213	2	972	-
Unearned revenue	2,945	4,446	3	7,394	-
Other liabilities	2	272	-	274	103
Current portion of long-term liabilities	7,069	5,075	30	12,174	-
Total current liabilities	49,805	16,123	72	66,000	4,219
Noncurrent liabilities:					
Claims payable	-	-	-	-	12,404
Net pension liability	148,224	-	545	148,769	-
Long-term liabilities	1,085	124,369	3	125,457	-
Total noncurrent liabilities	149,309	124,369	548	274,226	12,404
Total Liabilities	**199,114**	**140,492**	**620**	**340,226**	**16,623**
Deferred Inflows of Resources					
Deferred inflows - pensions	20,377	-	75	20,452	-
Total Deferred Inflows of Resources	**20,377**	**-**	**75**	**20,452**	**-**
Net Position					
Net investment in capital assets	253,953	25,200	-	279,153	-
Restricted for:					
Debt service	-	15	-	15	-
Capital	-	10,013	-	10,013	-
Operating reserves	-	3,004	-	3,004	-
Unrestricted	166,464	89,952	182	256,598	18,726
Total Net Position	**$ 420,417**	**$ 128,184**	**$ 182**	**$ 548,783**	**$ 18,726**

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, 2015

(amounts expressed in thousands)

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

Total net position (page 25)	$	548,783
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.		18,454
Net position of business-type activities (page 18)	**$**	**567,237**

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, 2015

(amounts expressed in thousands)	OCTD	91 Express Lanes	Nonmajor Enterprise Fund OCTAP	Total Enterprise Funds	Internal Service Funds
Operating revenues:					
User fees and charges	$ 54,515	$ 46,132	$ -	$ 100,647	$ -
Permit fees	-	-	675	675	-
Charges for services	-	-	-	-	7,802
Total operating revenues	**54,515**	**46,132**	**675**	**101,322**	**7,802**
Operating expenses:					
Wages, salaries and benefits	113,795	-	513	114,308	-
Maintenance, parts and fuel	19,117	-	-	19,117	-
Purchased services	76,665	8,083	-	84,748	-
Administrative services	32,770	2,606	323	35,699	296
Other	3,955	11	2	3,968	268
Insurance claims and premiums	-	351	-	351	4,022
Professional services	15,395	4,621	49	20,065	1,965
General and administrative	3,987	415	21	4,423	-
Depreciation and amortization	22,196	3,621	-	25,817	-
Total operating expenses	**287,880**	**19,708**	**908**	**308,496**	**6,551**
Operating income (loss)	**(233,365)**	**26,424**	**(233)**	**(207,174)**	**1,251**
Nonoperating revenues (expenses):					
Federal operating assistance grants	61,570	-	-	61,570	-
Property taxes allocated by the County of Orange	13,293	-	-	13,293	-
Investment earnings	3,529	702	11	4,242	289
Interest expense	(11)	(5,879)	-	(5,890)	-
Other	6,176	88	30	6,294	639
Total nonoperating revenues (expenses)	**84,557**	**(5,089)**	**41**	**79,509**	**928**
Income (loss) before contributions and transfers	**(148,808)**	**21,335**	**(192)**	**(127,665)**	**2,179**
Capital contributions	19,681	-	-	19,681	-
Transfers in	170,799	-	-	170,799	-
Transfers out	(1,600)	-	-	(1,600)	-
Change in net position	**40,072**	**21,335**	**(192)**	**61,215**	**2,179**
Total net position - beginning, as restated	380,345	106,849	374	487,568	16,547
Total net position - ending	**$ 420,417**	**$ 128,184**	**$ 182**	**$ 548,783**	**$ 18,726**

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, 2015

(amounts expressed in thousands)

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

Net change in fund net position - total enterprise funds (page 27)	$	61,215
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.		2,031
Change in net position of business-type activities (page 19)	**$**	**63,246**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
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**

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
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.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Statement of Net Position
Fiduciary Funds
June 30, 2015

(amounts expressed in thousands)	**Scholarship Trust Fund**	**ARBA Trust Fund**
Assets		
Cash and cash equivalents held in OCTA pool	$ 4	$ -
Cash and cash equivalents held in OCERS pool	-	230
Investments at fair value:		
Mutual funds	-	13,981
Total Assets	**4**	**14,211**
Net Position		
Held in trust for future scholarships	4	-
Restricted for pension benefits	-	14,211
Total Net Position	**$ 4**	**$ 14,211**

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, 2015

(amounts expressed in thousands)	**Scholarship Trust Fund**	**ARBA Trust Fund**
Additions		
Contributions:		
Employer contributions	$ -	$ 875
Private donations	13	-
Total contributions	13	875
Investment income:		
Investment income	-	467
Less investment expense	-	(24)
Net investment income	-	443
Total additions	**13**	**1,318**
Deductions		
Benefits	-	980
Scholarships	13	-
Total deductions	**13**	**980**
Net increase in net position	**-**	**338**
Net position - beginning	4	13,873
Net position - ending	**$ 4**	**$ 14,211**

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Orange County Transportation Commission (OCTC)
Orange County Transit District (OCTD)
Orange County Local Transportation Fund (LTF)
Orange County Unified Transportation Trust (OCUTT)
Transit Development Reserve
Orange County Local Transportation Authority (LTA)
State Transit Assistance Fund (STAF)
Orange County Service Authority for Freeway Emergencies (SAFE)
Orange County 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 8).

The OCTA Board of Directors (Board) consists of 18 members. Five members are the Orange County Board of Supervisors, 10 members are city representatives (one per supervisorial district selected by population-weighted voting, and one per supervisorial district selected on a one-city, one-vote method), two public members (neither of whom can be an elected official or have been an elected official during the previous four years), and one is a non-voting ex-officio member appointed by the governor (Caltrans District Director).

The accompanying financial statements present the government and its component units, entities for which OCTA is considered accountable. Blended component units are, in substance, part of the government's operations, even though they are legally separate entities. Thus blended component units are appropriately presented as funds of the primary government.

The Orange County Local Transportation Authority (LTA), a blended component unit of OCTA, was created pursuant to the provisions of the Local Transportation Authority and Improvement Act commencing with Section 180000 of the California Public Utilities Code and pursuant to Ordinance No. 2, adopted by the Board of Directors of the LTA on August 2, 1989. The Board also serves as the Board of Directors for the LTA. Management of OCTA is responsible for the operations of LTA. Separate financial statements for the LTA are prepared and available from the OCTA Finance and Administration Division.

The Orange County Service Authority for Freeway Emergencies (SAFE), a blended component unit of OCTA, was created by Senate Bill 1199 which authorized the County Board of Supervisors, upon approval from a majority of the cities with a majority of the population, to establish SAFE. In 1986, SAFE began the implementation and operation of a freeway system of call boxes to help with motorist emergencies. SAFE is funded by a $1.00 (absolute dollars) fee paid at the time of vehicle registration. The Board also serves as the Board of Directors for SAFE. Management of OCTA is responsible for the operations of SAFE. Separate financial statements are not issued for SAFE.

The Orange County 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 was funded by a $1.00 (absolute dollars) fee paid at the time of vehicle registration. The Board also serves as the Board of Directors for 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 the Local Transportation Fund (LTF), which is derived from a one-quarter cent of the general sales tax collected statewide. The Board also serves as the Board of Directors for OCTD. Management of OCTA is responsible for the operations of OCTD. Separate financial statements are not issued for OCTD.

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. On January 26, 2015, the Board approved the dissolution of 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.

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

Basis of Presentation

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

Government-wide Statements: The statement of net position and the statement of activities report information for all of the nonfiduciary activities of OCTA. The effect of interfund activity, except for internal service fund activity provided and used, has been eliminated from these statements. Internal service fund activity predominately serves the OCTD Enterprise Fund and, therefore, the net balances are included in the business-type activities. Indirect costs have been allocated to the functions/programs on the statement of activities in a separate column entitled "Indirect Expense Allocation." Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges and fees for support.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Interest expense related to the sales tax revenue bonds and commercial paper, the 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 toll road functions, respectively, as it would be misleading to exclude the interest from direct expenses and the borrowings are considered essential to the creation or continuing existence of these programs. For the year ended June 30, 2015, interest expense of $21,223, $11 and $5,879, was included in Measure M, fixed route, and toll road 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.

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 as well as the transit operations of OCTA, except for those required to be accounted for in another fund.

  In fiscal year 2014-15, the Commuter and Urban Rail Endowment (CURE) fund, previously reported as a special revenue fund, was consolidated with the General fund as it no longer met the definition of a special revenue 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). Funding is provided by a one-half percent sales and use tax assessed for twenty years pursuant to Measure M, which became effective April 1, 1991, and more recently was renewed for an additional 30 years from April 1, 2011 to March 31, 2041. The Measure M ordinance, as approved in an election by the voters of Orange County, requires that sales tax revenues only be expended on projects included in the ordinance.

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

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

OCTA reports the following major enterprise funds:

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

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

Additionally, OCTA reports the following fund types:

- ***Internal Service Funds*** – These funds account for the risk management activities of OCTA, which are managed through a combination of purchased insurance and self-insurance.

OCTA's internal services funds are the General Liability fund and the Worker's Compensation fund.

OCTA reports the following fiduciary funds:

- ***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.

- ***Additional Retiree Benefit Account (ARBA) Trust Fund*** – This fund accounts for the resources legally held in trust for additional retiree benefits.

<u>Measurement Focus and Basis of Accounting</u>

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.

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 Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended on May 22, 2015. The Policy 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, 2015, the investment portfolios were held by MUFG Union Bank, N.A. 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 and corporate notes 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 Policy requires that assets in the portfolio consist of the following investments, with maximum permissible concentrations based on book value, and may be more restrictive than applicable state statutes for the following investment types: OCTA notes and bonds, U.S. treasuries, federal instrumentality securities, federal agencies, state of California and local agency obligations, banker's 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, California Asset Management Program variable and floating rate securities, derivatives and bank deposits. Investment agreements are also allowed for bond issues.

LAIF is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. Investments in OCIP are limited to those funds legally required to be deposited in the County Treasury. Oversight of the OCIP is conducted by the County Treasury Oversight Committee.

All investments are subject to a maximum maturity of five years, unless specific direction to exceed the limit is given by the Board as permitted by the Code. OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of the Policy. Outside portfolio managers must review, on an ongoing basis, the portfolio they manage (including bond proceeds portfolios) to ensure compliance with OCTA's diversification guidelines.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, OCTA considers all short-term investments with an initial maturity of three months or less to be cash equivalents. All deposits, certificates of deposit, commercial paper, money market 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 12-month average of violations collected during that time and is recorded net of an allowance for uncollectible accounts of $790. For those violations in excess of 90 days, the receivable is estimated using a three-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 $347. Approximately $5,384 of the 91 Express Lanes violations and customer receivables are not expected to be collected within one year.

Interfund Transactions

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

As a centralized transportation planning and administration agency, OCTA allocates costs related to administrative services from certain funds to benefiting funds. For the 2014-15 fiscal year, $55,897 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 $7,802 to OCTA's operating funds.

Inventory

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

Prepaid Retirement

Orange County Employee Retirement System (OCERS) provides a 5.80% discount to employers for early payment of employer contributions. OCTA elected to prepay employer contributions for fiscal year 2015-16 in order to benefit from this discount. Under the full accrual basis of accounting, the portion of prepaid retirement, which is expected to reduce the OCTA's net pension liability (NPL) at the next measurement date, is recorded as deferred outflows of resources. The remaining amount, which is not expected to be applied to NPL at the next measurement date, is reported as prepaid asset.

Since OCERS records the prepaid retirement as a liability (unearned contributions) and recognizes them over the periods of the related payroll, the prepaid retirement is reported as a prepaid asset in the governmental fund financial statements (modified accrual perspective).

Restricted Cash and Investments

Certain proceeds of OCTA's long-term debt, as well as certain resources set aside for their repayment 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 Capital Assets on following page). 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.

Capital Assets

Capital assets include land, construction in progress, 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:

Asset Type	Useful Life
Buildings and improvements	10-30 years
Machinery, equipment and furniture	3-10 years
Transit vehicles	3-12 years
Transponders	5-7 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 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 has two items that qualify for reporting in this category. Both of them are reported in the government-wide statement of net position. The first item is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred outflow related to pensions which is the result of the implementation of GASB 68 representing OCTA's pension contributions made subsequent to the measurement date, change of assumptions, and the net difference between projected and actual earnings on plan investments.

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. In addition, OCTA has a deferred inflow of resources reported in the government-wide statement of net position. This item is the deferred inflows related to pensions which is the result of the implementation of GASB 68 and it represents the change of assumptions and difference between expected and actual experience.

Refer to note 12 for information related to amortization of the deferred outflows/inflows of resources related to pensions.

Pension

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

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 payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

Risk Management

OCTA accounts for its risk management activities in internal service funds. Separate internal service funds are used for general liability and workers' compensation. Charges by internal service funds to the general fund, certain special revenue funds, 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

Contributions to Other Agencies

Contributions to other agencies primarily represent sales tax revenues received by LTA and disbursed to cities for competitive projects, the local fair share, the senior mobility program, and to other outside agencies for projects which are in accordance with the Measure M ordinance. Additionally, contributions are made to Southern California Regional Rail Authority (SCRRA) from the Commuter and Urban Rail Endowment (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, net of related debt. This net position is generally not accessible for other purposes.
- ***Restricted Net Position*** – This balance represents net position that is not accessible for general use because their use is subject to restrictions enforceable by third parties. The government-wide statement of net position reports $409,279 of net position 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.

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

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

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 $177,195 difference are as follows:

Capital assets	$ 188,961
Less accumulated depreciation	(11,766)
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	**$ 177,195**

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 $(344,348) difference are as follows:

Bonds payable	$ (332,695)
Plus unamortized bond issuance premium (to be amortized to interest expense)	(3,012)
Administrative headquarters' rent holiday	(3,820)
Compensated absences	(4,821)
Net adjustment to decrease fund balance – total governmental funds to arrive at net position – governmental activities	**$ (344,348)**

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 $17,768 difference are as follows:

Capital outlay	$ 18,878
Depreciation expense	(1,110)
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities	**$ 17,768**

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

The details of this $7,595 difference are as follows:

Principal repayments	$ 6,865
Change in accrued interest	128
Amortization of premium	602
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position – governmental activities	**$ 7,595**

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2015:

Deposits:	
Deposits	$ 30,905
Petty Cash	6
Total cash	**30,911**
Investments:	
With Orange County Treasurer	13,427
With LAIF	10,151
With Trustee	109,011
With Custodian	1,147,423
Total investments	**1,280,012**
Total Cash and Investments	**$ 1,310,923**

Total cash and investments are reported in the following funds:

Unrestricted Cash and Investments:	
Governmental Funds	$ 851,484
Proprietary Funds:	
Enterprise	388,044
Internal Service	33,349
Fiduciary Funds	14,215
Restricted Cash and Investments:	
Proprietary Funds:	
Enterprise	23,831
Total Cash and Investments	**$ 1,310,923**

Restricted investments at June 30, 2015, represent reserves for debt service, capital and operations. As of June 30, 2015, OCTA had the following investments:

Investment	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Years)
Orange County Investment Pool	$ 13,427	$ 13,448	.37% - .43%	1 day-5 years	391 days or 1.07
Local Agency Investment Fund	10,151	10,151	.228% - .299%	232-239 days	239 days or .65
U. S. Treasuries	579,426	579,291	.008% - 2.224%	7/15/15-2/29/20	1.76
U. S. Agency Notes	153,894	155,123	.081% - 1.849%	7/29/15-10/9/19	1.63
Medium Term Notes	249,260	251,128	.360% - 4.366%	7/1/15-6/1/20	1.98
Mortgage and Asset Backed Securities	91,853	91,920	.354% - 2.735%	6/25/16-4/27/20	3.10
Money Market & Mutual Funds	102,272	102,272	.010% - .070%	7/1/15	1 Day
Certificate of Deposit	13,000	13,000	.08%	7/1/15	1 Day
Variable Rate Notes	49,802	49,797	.362% - 2.106%	5/16/16–6/1/20	2.95
State of CA & Local Agencies	6,117	6,115	.371% - 1.824%	12/1/15 – 7/1/17	1.05
Commercial Paper	10,810	10,811	.10%	8/5/15	.10
Total Investments	**$ 1,280,012**	**$ 1,283,056**			
Portfolio Weighted					**1.74**

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 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, 2015, mortgage and asset-backed securities totaled $91,853. 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, 2015, OCTA had the following variable rate notes:

Investment	Fair Value	Coupon Multiplier	Coupon Reset Date
American Express	$ 1,007	LIBOR + 59 basis points	Quarterly
American Express	1,632	LIBOR + 51 basis points	Quarterly
American Express	538	LIBOR + 55 basis points	Quarterly
Bank of America	301	LIBOR + 87 basis points	Quarterly
Bank of Oklahoma	1,396	LIBOR + 69 basis points	Quarterly
Barclay's	2,999	LIBOR + 34 basis points	Monthly
BNP Paribas	1,292	LIBOR + 59 basis points	Quarterly
Citigroup Inc.	499	LIBOR + 54 basis points	Quarterly
Citigroup Inc.	629	LIBOR + 77 basis points	Quarterly
Citigroup Inc.	2,193	LIBOR + 69 basis points	Quarterly
Daimler Finance	1,079	LIBOR + 86 basis points	Quarterly
Duke Energy	1,821	LIBOR + 20 basis points	Quarterly
Duke Energy	1,876	LIBOR + 35 basis points	Quarterly
E-Bay	985	LIBOR + 20 basis points	Quarterly
E-Bay	493	LIBOR + 20 basis points	Quarterly
Fannie Mae	724	LIBOR + 35 basis points	Monthly
Fannie Mae	1,960	Variable	Monthly
General Electric	2,995	LIBOR + 45 basis points	Monthly
General Electric	1,096	LIBOR + 65 basis points	Quarterly
Goldman Sachs	1,354	LIBOR + 120 basis points	Quarterly
HSBC USA	823	LIBOR + 88 basis points	Quarterly
HSBC USA	1,355	LIBOR + 61 basis points	Quarterly
IBM	170	LIBOR + 37 basis points	Quarterly
Johnson & Johnson	1,150	LIBOR + 7 basis points	Quarterly
JP Morgan Chase	1,300	LIBOR + 45 basis points	Quarterly
JP Morgan Chase	544	LIBOR + 90 basis points	Quarterly
JP Morgan Chase	848	LIBOR + 95.5 basis points	Quarterly
JP Morgan Chase	1,510	LIBOR + 90 basis points	Quarterly
JP Morgan Chase	431	LIBOR + 52 basis points	Quarterly
Manufacturers & Traders	1,337	LIBOR + 37.5 basis points	Quarterly
Medtronic	1,245	LIBOR + 9 basis points	Quarterly
Merck & Company	1,373	LIBOR + 37.5 basis points	Quarterly
Morgan Stanley	1,319	LIBOR + 128 basis points	Quarterly
Morgan Stanley	1,300	LIBOR + 85 basis points	Quarterly

Investment	Fair Value	Coupon Multiplier	Coupon Reset Date
Morgan Stanley	1,348	LIBOR + 114 basis points	Quarterly
National City Bank	1,343	LIBOR + 37 basis points	Quarterly
National Rural Utilities	330	LIBOR + 25 basis points	Quarterly
PACCAR Financial	231	LIBOR + 60 basis points	Quarterly
Rockwell	1,090	LIBOR + 35 basis points	Quarterly
Toronto-Dominion Bank	1,368	LIBOR + 56 basis points	Quarterly
USB AG Stamford	588	LIBOR + 85 basis points	Quarterly
Wells Fargo Bank	1,097	LIBOR + 21 basis points	Quarterly
Westpac	833	LIBOR + 74 basis points	Quarterly
Total Variable Rate Notes	**$ 49,802**		

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. The Policy requires that a third party bank custody department hold all securities owned by OCTA. All trades are settled on a delivery versus payment basis through OCTA's safekeeping agent. At June 30, 2015, OCTA did not have any deposits or securities exposed to custodial credit risk and there was no securities lending.

Credit Risk

The Policy sets minimum acceptable credit ratings for investments from any of the three NRSROs: Standard & Poor's (S&P), Moody's Investor Service (Moody's), and Fitch Rating's (Fitch). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or 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, 2015. (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U. S. government):

Investments	S&P	Moody's	Fitch	% of Portfolio
Orange County Investment Pool	NR	NR	NR	1.05%
Local Agency Investment Fund	NR	NR	NR	0.79%
U.S. Treasuries	US	US	US	45.27%
U.S. Agency Notes				
FMAC	A-1	P-1	F1	0.16%
Federal Home Loan Discount	A-1	P-1	NR	0.08%
FHLB, FNMA and FMAC	AA	Aaa	AAA	10.02%
FNMA	AA	Aaa	AA	0.45%
FHLB	AA	NA	AAA	1.31%
Medium Term Notes				
Corporate Notes	AAA	Aaa	AAA	0.01%
Corporate Notes	AAA	Aaa	AA	0.03%
Corporate Notes	AAA	Aaa	NR	0.33%
Corporate Notes	AA	Aaa	AAA	0.20%
Corporate Notes	AA	Aa1	NR	0.90%
Corporate Notes	AA	Aa2	AA	0.10%
Corporate Notes	AA	Aa2	A	0.22%
Corporate Notes	AA	Aa2	NR	0.04%
Corporate Notes	AA	Aa3	AA	0.12%
Corporate Notes	AA	Aa3	A	0.55%
Corporate Notes	AA	Aa3	NR	0.21%
Corporate Notes	AA	A1	AA	0.64%
Corporate Notes	AA	A1	A	0.21%
Corporate Notes	AA	A1	NR	0.99%
Corporate Notes	AA	A2	A	0.03%
Corporate Notes	A	Aa2	AA	0.12%
Corporate Notes	A	Aa2	A	0.04%
Corporate Notes	A	Aa2	NR	0.18%
Corporate Notes	A	Aa3	A	0.24%
Corporate Notes	A	Aa3	NR	0.02%
Corporate Notes	A	A1	AA	0.35%
Corporate Notes	A	A1	A	2.27%
Corporate Notes	A	A1	NR	1.23%
Corporate Notes	A	A2	AA	0.77%
Corporate Notes	A	A2	A	4.03%
Corporate Notes	A	A2	NR	0.95%
Corporate Notes	A	A3	A	2.89%
Corporate Notes	A	A3	BBB	0.03%
Corporate Notes	A	A3	NR	0.29%
Corporate Notes	A	Baa1	A	0.98%
Corporate Notes	A	Baa2	A	0.15%
Corporate Notes	BBB	A2	A	0.07%

Investments	S&P	Moody's	Fitch	% of Portfolio
Corporate Notes	BBB	A3	A	0.28%
Mortgage and Asset Backed Securities				
Securities	AAA	Aaa	AAA	1.03%
Securities	AAA	Aaa	NR	2.16%
Securities	AAA	NR	AAA	1.60%
Securities	AA	Aaa	AAA	1.29%
Securities	NR	Aaa	AAA	1.10%
Variable Rate Notes				
Notes	AAA	Aaa	AAA	0.09%
Notes	AAA	Aaa	NR	0.23%
Notes	AA	Aaa	AAA	0.21%
Notes	AA	Aa1	AA	0.11%
Notes	AA	Aa2	AA	0.07%
Notes	AA	Aa3	A	0.01%
Notes	AA	A1	NR	0.09%
Notes	AA	A2	A	0.11%
Notes	A	Aa2	A	0.15%
Notes	A	Aa3	A	0.23%
Notes	A	A1	A	0.10%
Notes	A	A1	NR	0.02%
Notes	A	A2	AA	0.17%
Notes	A	A2	A	0.57%
Notes	A	A3	A	1.04%
Notes	A	A3	NR	0.10%
Notes	A	Baa1	A	0.28%
Notes	BBB	A3	A	0.08%
Notes	NR	Aaa	AAA	0.23%
Money Market and Mutual Funds	AAA	Aaa	AAA	7.99%
State of CA & Local Agencies				
California Water Department	AAA	Aa1	NR	0.04%
University of California	AA	Aa2	AA	0.03%
University of California	AA	Aa2	NR	0.17%
California State Bonds	A	Aa3	A	0.20%
California Earthquake Authority	NR	A3	A	0.04%
Certificates of Deposit	A-1	P-1	F1	1.02%
Commercial Paper	A-1	P-1	F1	0.84%
Total				**100%**

Concentration of Credit Risk

At June 30, 2015, OCTA did not exceed the Policy maximum concentrations as stated below:

Issuer/Counter-Party Diversification Guidelines for All Securities Except Federal Agencies, Federal Instrumentalities, Investment Agreements, Repurchase Agreements, and OCTA's 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 ≤ 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 Debt

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

The following is a summary of the concentration of credit risk by issuer as a percentage of the fair value of the 91 Express Lanes Fund's investment portfolio at June 30, 2015:

Issuer	Amount	% of 91 Express Lanes Portfolio
Enterprise Fund: 91 Express Lanes		
Bank of the West (Certificates of Deposit)	$ 13,000	11.17%
U.S. Bank (Commercial Paper)	$ 10,810	9.29%

Investment in State Investment Pool

OCTA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code. The Investment Advisory Board provides oversight for LAIF, consisting of five members as designated by statute, which includes the Treasurer of the State of California. The 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.

Investment in Orange County Investment Pool

The TDA guidelines require the State Board of Equalization (SBOE) to deposit State Transit Assistance and Local Transportation funds with the OCIP until claimed by OCTA. OCIP is monitored by the Treasury Oversight Committee (TOC) established by the County of Orange Board of Supervisors on December 19, 1995 by Resolution No. 95-946. The TOC reviews and monitors the annual investment policy prepared by the Treasurer in accordance with Government Code §27133. The 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 OCIP for the entire OCIP portfolio (in relation to the amortized cost of that portfolio).

4. GRANTS AND STATE ASSISTANCE

Operating Assistance Grants

Under provisions of the Federal Transit Administration (FTA), funds are available to 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. The fiscal year 2014-15 appropriations total $65,164, all of which is for operating assistance. A receivable of $29,846 is outstanding as of June 30, 2015.

The U.S. Department of Labor (DOL) is holding the federal transit grant funding, presently at over $42,800. 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 13(c). On October 4, 2013, Governor Brown signed AB 1222 which temporarily exempted those public transit employees whose rights are protected under Section 13(c) until December 31, 2014. 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 15-month exemption from PEPRA has expired. On December 31, 2014, a federal District Court Judge ruled that the DOL's actions were "arbitrary and capricious" and sent the case back to the DOL for further proceedings consistent with its decision. However, the DOL decision, issued on August 13, 2015, determined that the DOL continued to have the right to hold up grant funding unless and until the OCTA and other transit systems in California agree to violate State law by not implementing PEPRA without union acceptance through collective bargaining.

Capital Grants

Under the provisions of FTA, appropriations are available for the development and operation of a public transportation system. None of the fiscal year 2014-15 appropriation is for capital grants. A receivable of $6,475 is outstanding as of June 30, 2015.

Local Transportation Fund

In fiscal year 2014-15, 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 2014-15, OCTA and OCTD became entitled to $3,514 and $144,607 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 earned $20,992 in fiscal year 2014-15.

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 2014-15, OCTA received $44,534 and $3,521 in PTMISEA and TSSSDRA funding, respectively. As of June 30, 2015, OCTA has unspent Prop 1B proceeds and interest of $41,196 and $3,920 in PTMISEA and TSSSDRA funds, respectively.

5. DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2015 in the fund financial statements are as follows:

	Governmental Funds				Enterprise Funds	Internal Service Funds	
Receivables:	**General**	**LTA**	**LTF**	**Nonmajor Funds**	**OCTD**	**General Liability**	**Total**
Sales taxes	$ -	$54,033	$28,446	$5,586	$ -	$ -	$88,065
Project reimbursements	2,882	34,473	-	-	78	-	37,433
Other	106	-	-	463	2,170	1	2,740
Total	**$2,988**	**$88,506**	**$28,446**	**$6,049**	**$2,248**	**$ 1**	**$128,238**

An additional $2,595 is included in the government-wide statements representing the interest receivable on the Build America Bonds (see note 11).

Amounts due to other governments as of June 30, 2015 are as follows:

	Governmental Funds				Enterprise Funds			
Payables:	**General**	**LTA**	**LTF**	**Nonmajor Funds**	**OCTD**	**SR 91 Tollroad**	**Nonmajor Fund OCTAP**	**Total**
Projects	$3,183	$23,392	$ -	$ -	$264	$5	$ -	$26,844
Use taxes	-	-	-	-	13	-	-	13
Other	18	899	555	101	480	208	2	2,263
Total	**$3,201**	**$24,291**	**$555**	**$101**	**$757**	**$213**	**$2**	**$29,120**

6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The composition of interfund balances at June 30, 2015 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount	Explanation
General Fund	LTA Fund	1	Placentia Rail Station
General Fund	LTF Fund	772	TDA
General Fund	Nonmajor Governmental Funds	27	I-5 HOV Projects
Nonmajor Governmental Funds	LTA Fund	44	Local Fair Share funds withheld from City of Placentia
OCTD Fund	LTF Fund	12,485	OCTD operations
OCTD Fund	Nonmajor Governmental Funds	5,586	OCTD operations
General Fund	LTA Fund	500	ARTIC
Total		**$ 19,415**	

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount	Explanation
Nonmajor Governmental Funds	LTA Fund	$ 3,845	M2 Expenditures
Total		**$ 3,845**	

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 interest rate representing OCTA's rate of return on short-term investments, adjusted each July (0.54% for fiscal year 2014-15). LTA began repaying OCUTT when M2 funds were collected.

Interfund Transfers:

Transfers Out	Transfers In	Amount	Explanation
LTA Fund	LTA Debt Service Fund	$ 28,793	Debt service
LTA Fund	General Fund	24,864	Close Measure M1 & Placentia Rail Station
LTA Fund	OCTD Enterprise Fund	3,190	Fare Stabilization, La Habra Express and Senior Mobility program
Local Transportation Fund	General Fund	3,514	OCTA planning
Local Transportation Fund	OCTD Enterprise Fund	144,607	OCTD and CTSA operations
LTA Debt Service Fund	LTA Fund	6,458	Excess Interest
General Fund	OCTD Enterprise Fund	2,010	Stationlink and rail feeder service
Nonmajor Governmental Funds	General Fund	182	Transportation projects and administrative costs
Nonmajor Governmental Funds	OCTD Enterprise Fund	20,992	OCTD operations
OCTD Enterprise Funds	General Fund	1,600	Laguna Beach Municipal Transit Lines projects & Anaheim Transit Network
Total		**$ 236,210**	

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 155,127	$ 17,112	$ -	$ -	$ 172,239
Construction in progress	662	-	(76)	569	1,155
Total capital assets, not being depreciated	155,789	17,112	(76)	569	173,394
Capital assets, being depreciated:					
Building and improvements	4,351	-	-	-	4,351
Machinery, equipment and furniture	10,460	1,842	(517)	(569)	11,216
Total capital assets, being depreciated	14,811	1,842	(517)	(569)	15,567
Less accumulated depreciation for:					
Buildings and improvements	(2,616)	(206)	-	-	(2,822)
Machinery, equipment and furniture	(8,557)	(904)	517	-	(8,944)
Total accumulated depreciation	(11,173)	(1,110)	517	-	(11,766)
Total capital assets, being depreciated, net	3,638	732	-	(569)	3,801
Governmental activities capital assets, net	**$ 159,427**	**$ 17,844**	**$ (76)**	**$ -**	**$ 177,195**
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 54,545	$ -	$ -	$ -	$ 54,545
Construction in progress	21,777	3,633	-	(7,114)	18,296
Total capital assets, not being depreciated	76,322	3,633	-	(7,114)	72,841
Capital assets, being depreciated:					
Building and improvements	152,920	3,508	(169)	(2,443)	153,816
Transit vehicles	299,766	20,790	(5,288)	(8,830)	306,438
Machinery, equipment and furniture	64,866	6,563	(1,479)	18,387	88,337
Total capital assets, being depreciated	517,552	30,861	(6,936)	7,114	548,591
Less accumulated depreciation for:					
Buildings and improvements	(75,864)	(4,949)	164	-	(80,649)
Transit vehicles	(214,955)	(14,978)	5,287	-	(224,646)
Machinery, equipment and furniture	(57,491)	(3,303)	1,477	-	(59,317)
Total accumulated depreciation	(348,310)	(23,230)	6,928	-	(364,612)
Total capital assets, being depreciated, net	169,242	7,631	(8)	7,114	183,979
Business-type activities capital assets, net	**$ 245,564**	**$ 11,264**	**$ (8)**	**$ -**	**$ 256,820**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 1,064
Measure M program	39
Motorist services	7
Total depreciation expense – governmental activities	**$ 1,110**
Business-type activities:	
Fixed route	$ 20,645
Paratransit	1,551
Toll road	1,034
Total depreciation expense – business-type activities	**$ 23,230**

8. 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.

Intangible asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Toll facility franchise	$ 205,264	$ -	$ -	$ 205,264
Less accumulated amortization	(72,049)	(2,587)	-	(74,636)
Total toll facility franchise, net	$ 133,215	$ (2,587)	$ -	$ 130,628

9. 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 $750 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 $60,000 per occurrence through three 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:

	2015	2014
General Liability		
Unpaid claims as of July 1	**$ 6,449**	**$ 7,830**
Incurred claims (including claims incurred but not reported as of June 30)	707	306
Payments	(744)	(3,528)
Increase/(decrease) in provision for prior years' events	(2,830)	1,841
Unpaid claims at June 30	**3,582**	**6,449**

	2015	2014
Workers' Compensation		
Unpaid claims as of July 1	**11,505**	**11,260**
Incurred claims (including claims incurred but not reported as of June 30)	1,885	1,343
Payments	(4,411)	(3,997)
Increase in provision for prior years' events	2,872	2,899
Unpaid claims at June 30	**11,851**	**11,505**
Total unpaid claims at June 30	**15,433**	**17,954**
Less current portion of unpaid claims	**3,029**	**3,633**
Total long-term portion of unpaid claims	**$ 12,404**	**$ 14,321**

10. 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 expired on October 31, 2014.

In December 2010, OCTA issued taxable and tax-exempt sales tax revenue bonds for the M2 program (see note 11). 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.

On June 9, 2014, the Board approved the use of $25,000 in M2 sales tax revenue funds to retire the total outstanding M2 Notes and elected not to pursue another Letter of Credit facility. On October 30, 2014, OCTA retired the outstanding M2 Notes.

As of June 30, 2015, there are no outstanding M2 Notes.

Changes in Short-Term Debt

Short-term debt activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Issues	Redemptions	Ending Balance
Tax exempt commercial paper – M2 Notes	$ 25,000	$0	$25,000	$ 0
Total short-term debt	**$ 25,000**	**$0**	**$25,000**	**$ 0**

11. 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.

A summary of the bonds outstanding is as follows:

	2010 Series A (Taxable Build America Bonds)	2010 Series B (Tax-Exempt Bonds)
Issuance date	12/9/10	12/9/10
Original issue amount	$ 293,540	$ 59,030
Original issue premium	-	6,023
Net Bond Proceeds	**$ 293,540**	**$ 65,053**
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	$ 39,155
Plus unamortized premium	-	3,012
Total	**$ 293,540**	**$ 42,167**

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest
2016	$ 7,210	$ 21,584
2017	7,475	21,317
2018	7,775	21,018
2019	8,165	20,629
2020	8,530	20,263
2021-2025	48,060	94,027
2026-2030	59,145	76,975
2031-2035	73,670	54,628
2036-2040	91,765	26,793
2041	20,900	1,444
Total	**$ 332,695**	**$ 358,678**

Toll Road Revenue Refunding Bonds

On July 30, 2013, OCTA issued $124,415 in Senior Lien Toll Road Revenue Refunding Bonds (91 Express Lanes), Series 2013 to refund the outstanding Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003 B-1 and Series 2003 B-2. OCTA refunded the outstanding Series 2003-A Bonds to reduce its total debt service payments over the life of the bonds and refunded the Series 2003 B-1 and Series 2003 B-2 Bonds to address the mandatory tender date of August 15, 2013 for the existing private placement with the OCIP. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,367. The transaction resulted in a reduction of debt service payments of $26,917 over 18 fiscal years and an economic gain (difference between the present values of the debt service payments of the original 2003 and 2013 debt) of $19,272. The Series 2013 Bonds were issued as fixed rate bonds. The transaction closed on August 8, 2013.

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

Issuance date	7/30/13
Closing date	8/8/13
Original issue amount	$124,415
Cash reserve requirements	$23,799*
Cash reserve balance	$23,831
Interest rate range	2% - 5%
Maturity	December 2030
Principal payment date	August 15
Current balance	$119,490
Unamortized premium	$9,954
Deferred amount on refunding	$(10,350)

*Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, the following three reserve funds are required to be maintained: Senior Lien Reserve Fund - $10,799, Major Maintenance Reserve Fund - $10,000, and Operating Reserve Fund - $3,000. At June 30, 2015, all reserve requirements have been satisfied.

Annual debt service requirements on the tax-exempt bonds as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest
2016	$ 5,075	$ 5,721
2017	5,285	5,513
2018	5,525	5,270
2019	5,810	4,986
2020	6,110	4,688
2021-2025	35,570	18,410
2026-2030	45,645	8,339
2031	10,470	327
Total	**$ 119,490**	**$ 53,254**

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

Long-term liabilities activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Sales tax revenue bonds	$ 339,560	$ -	$ 6,865	$ 332,695	$ 7,210
Unamortized premium	3,614	-	602	3,012	-
Compensated absences	4,640	4,407	4,224	4,823	2
Rent holiday	1,359	2,461	-	3,820	-
Net pension liability	63,650	7,640	11,480	59,810	-
Other postemployment benefits	88	1	-	89	-
Total governmental activities long-term liabilities, as restated	**$ 412,911**	**$ 14,509**	**$ 23,171**	**$ 404,249**	**$ 7,212**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Business-type activities:					
Tax-exempt bonds	$ 124,415	$ -	$ 4,925	$ 119,490	$ 5,075
Unamortized premium	10,598	-	644	9,954	-
Claims payable	17,954	2,634	5,155	15,433	3,029
Compensated absences	7,953	10,342	10,160	8,135	7,099
Net pension liability	158,353	18,976	28,560	148,769	-
Other postemployment benefits	51	1	-	52	-
Total business-type activities long-term liabilities, as restated	**$ 319,324**	**$ 31,953**	**$ 49,444**	**$ 301,833**	**$ 15,203**

Compensated absences, net pension liability and other postemployment benefits will be paid from the general fund for governmental activities and from the OCTD 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.

Debt service payments as a ratio of the pledged gross revenue, less certain expenditures/expenses as required by the debt agreement, for the year ended June 30, 2015, are indicated in the following table:

Description of Pledged Revenue	Annual Amount of Net Pledged Revenue	Annual Debt Service Payments		Pledged Revenue Coverage
Measure M2 Net Sales Tax Revenue	$ 227,936	$ 22,338	*	10.20
91 Express Lanes Net Toll Road Revenue	$ 30,825	$ 10,796		2.86

*OCTA received $6,454 in Build America Bonds subsidy to offset annual debt service payments for Measure M2 Sales Tax Revenue Bonds.

12. PENSION PLANS

OCTA participates in the Orange County Employees Retirement System (OCERS) and Additional Retiree Benefit Account (ARBA) for supplemental pension plan which are subject to GASB statement no. 68. A summary of pension amounts for OCTA's plans at June 30, 2015 is presented below:

	OCERS	ARBA	Total
Deferred outflows – pensions	$ 36,647	$ 562	$ 37,209
Net pension liability	203,592	4,987	208,579
Deferred inflows - pensions	28,664	-	28,664
Pension Expenses	25,190	864	26,054

A. Orange County Employees Retirement System

General Information about the Pension Plan

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

Benefits Provided: OCERS provides for service retirement, death, disability, survivor benefits and annual cost-of-living benefits to plan members, who must be public employees and beneficiaries.

Service retirement benefits are based on Plan Type, years of service, age at retirement and final average salary. The benefit formulas are an annual annuity equal to 2% of the employee's one-year final average salary for each year of service rendered at age 57 for Plan A members who were hired prior to September 21, 1979 and 1.67% of the employee's three year final average salary for each year of service rendered at age 57.5 for Plan B members who were hired after September 21, 1979.

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

Funding contributions for the OCERS plan are determined annually on an actuarial basis by OCERS. The contribution requirement for the year ended June 30, 2015 was 26.62% of total covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. OCTA's contributions to OCERS were $24,722 for the year ended June 30, 2015. In addition, contributions made by the employer on behalf of employees are $886 for the year ended June 30, 2015.

Beginning in fiscal year 2013-14, administrative employees pay 25% of the employee contribution to OCERS. This amount will increase by 25% per year until the employee pays 100% of the employee contribution. New employees pay 100% of the employee contribution. The employee contribution rate ranges from 5.44% to 14.00% (depending on age of entry). Employees that are employed under collective bargaining units pay their own employee contributions.

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

As of June 30, 2015, OCTA reported a liability of $203,592 for its proportionate share of the net pension liability (NPL). The NPL was measured as of December 31, 2014, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date. OCTA's proportion of the NPL was based on the total contribution. Legally required employer contributions for each year less any amounts of those legally required contributions that are paid by the employees are used as the basis for determining each participating employer's proportion of total contributions. Contributions made by the employer on behalf of employees under Government Code Section 31581.2 are considered employee contributions and are not included in the proportionate share calculation.

At December 31, 2014, OCTA's proportion was 4.006%, which was a decrease of 0.106% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, OCTA recognized pension expense of $25,190. At June 30, 2015, OCTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 24,738	$ -
Net difference between projected and actual earning on plan investments	11,909	-
Difference between expected and actual experience	-	11,528
Changes of assumptions	-	17,136
Total	$ 36,647	$ 28,664

$24,738 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to changes of assumptions and difference between expected and actual experience will be recognized as pension expense over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS which is 6.18 years determined as of December 31, 2013 (the beginning of the measurement period ended December 31, 2014). In addition, amounts reported as deferred outflows of resources related to earnings on plan investments will be recognized as pension expense over a closed five-year period, beginning in the current reporting period. Following is a schedule for amortization of deferred outflows/inflows of resources:

Year ended June 30:	Increase/(Decrease) in Pension Expense
2016	$ (2,556)
2017	(2,556)
2018	(2,556)
2019	(2,556)
2020	(5,534)
Thereafter	(997)
Total	$ (16,755)

Actuarial Assumptions

The TPL at December 31, 2014 (the measurement date) was determined by rolling forward the TPL as of December 31, 2013 (the valuation date); however, as OCERS' Board of Retirement approved other new actuarial assumptions for use in the next pension funding valuation as of December 31, 2014, OCERS' independent actuary estimated the impact of those assumption changes by revaluing the TPL as of December 31, 2013 using the new assumptions and then used the revalued TPL in rolling forward the results from December 31, 2013 to December 31, 2014. Actuarial gains or losses that occurred during the year ended December 31, 2014 are not reflected in the roll forward process. These items will be reflected in the December 31, 2015 NPL.

Following are the key methods and assumptions used for the TPL as of December 31, 2014:

Actuarial Experience Study	Three year period ending December 31, 2013
Actuarial Cost Method	Entry age normal cost
Actuarial Assumptions:	
Investment Rate of Return	7.25% net of pension plan investment expenses, including inflation
Discount Rate	7.25%
Inflation Rate	3.00%
Cost of Living Adjustment	3.00% of retirement income
Projected Salary Increases	4.25% to 13.5%; Varies by service, including inflation

<u>Mortality Assumptions:</u> The underlying mortality assumptions used in the TPL at December 31, 2014 were based on the results of the actuarial experience study using the RP-2000 Combined Healthy Mortality Table projected with the Society of Actuaries Scale BB to 2020.

<u>Long-term Expected Rate of Return:</u> The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	14.90%	5.92%
Small/Mid Cap U.S. Equity	2.73%	6.49%
Developed International Equity	10.88%	6.90%
Emerging International Equity	6.49%	8.34%
Core Bonds	10.00%	0.73%
Global Bonds	2.00%	0.30%

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Emerging Market Debt	3.00%	4.00%
Real Estate	10.00%	4.96%
Diversified Credit (US Credit)	8.00%	4.97%
Diversified Credit (Non-US Credit)	2.00%	6.76%
Hedge Funds	7.00%	4.13%
GTAA	7.00%	4.22%
Real Return	10.00%	5.86%
Private Equity	6.00%	9.60%
Total	**100.00%**	

Discount Rate: The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate: The following table represents the net pension liability of participating employers calculated using the discount rate of 7.25%, as well as what the NPL would be if it was calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
OCTA's Proportionate Share of the NPL	$ 313,405	$ 203,592	$ 113,298

Pension Plan Fiduciary Net Position

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

B. Supplemental Pension Plan

General Information about the Supplemental Pension Plan

Plan Description: On January 1, 1995, OCTA established the Additional Retiree Benefit Account (ARBA). ARBA is a single-employer defined benefit retirement plan. ARBA is authorized under Section 31694(a) of the California Government Code, for the sole purpose of funding benefits provided under a post-employment group health, life, welfare or other supplemental benefit plan. ARBA is administered for OCTA through OCERS. The OCTA Board governs the plan and has the authority to amend the benefits of ARBA.

The plan financial statements are prepared using the accrual basis of accounting. The benefits paid to participants and refunds of prior contributions are recognized when due and payable, in accordance with the terms of the plan. There is no stand-alone financial report for the plan issued.

Benefit Provided: ARBA provides a supplemental retirement benefit to individuals age 50 and over with at least 10 years of service with OCTA. Employees deferring retirement more than 30 days from date of separation from OCTA are not eligible. 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. ARBA has no termination, disability, or survivor benefits.

Employees Covered by Benefit Terms: At June 30, 2015, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	556
Inactive plan members entitled to but not yet receiving benefits	0
Active plan Members	1,473
Total	**2,029**

Contributions: OCTA's policy is to make required contributions as determined by the plan's actuary. The required contributions were determined as part of the January 1, 2014 actuarial valuation. The actuarial determined contribution rate for the year ended June 30, 2015 was 0.98% of annual covered-employee payroll and OCTA's contribution to the plan were $875. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. ARBA requires no employee contributions. Administrative costs of ARBA are paid through investment earnings.

Investment Policy: OCERS has the authority to invest the plan's assets, and has the sole, exclusive, and plenary discretionary authority and fiduciary responsibility to manage the investments and reinvestment of the plan's assets. The investment objectives are based on a 20-year investment horizon. The plan may hold up to six months of cash, cash equivalent, and/or money market funds for near term benefits and expenses. All remaining assets will be invested in longer-term securities. The investment assets shall be diversified with the intent to minimize the risk of long-term investment losses. The total portfolio is constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries. Plan's investments are presented at fair value or estimated fair value. The following was the assumed asset allocation as of June 30, 2015:

Asset Class	**Target Allocation**
Fixed Income	30%-45%
Domestic Equity	40%-50%
International Equity	15%-20%
Cash Equivalents	0%
Total	**100%**

As of June 30, 2015, the plan held investments that represented 5% or more of the plan's fiduciary net position. The plan held 18.79% in Europe, Australia and Far East Equity Index Fund B, 50.36% in Russell 1000 Index Fund B, and 30.85% in U.S. Debt Index Fund B.

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

OCTA's NPL for the ARBA is measured as the TPL, less ARBA's fiduciary net position. The NPL is measured as of June 30, 2015, using a bi-annual actuarial valuation as of January 1, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the NPL is shown below.

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions: The total pension liability in the January 1, 2014 was determined using the following actuarial assumptions:

Valuation Date	January 1, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry age normal cost
Actuarial Assumptions:	
Investment Rate of Return	7.25% net of pension plan investment expenses, including inflation
Discount Rate	6.80%
Inflation Rate	2.75%
Cost of Living Adjustment	Not applicable
Projected Salary Increases	3.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back three years.

Given the size of the plan, there is not enough data available to conduct a credible experience study. However, OCTA participates in OCERS, and in general, demographic assumptions follow OCERS experience study. The most recent OCERS experience study was conducted in 2011 and collected and analyzed data for the period from January 1, 2008 to December 31, 2010.

The long-term expected rate of return on plan investments was determined using a building block method which best estimates ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	**Long-Term Expected Real Rate of Return**
Fixed Income	2.5%
Domestic Equity	5.5%
International Equity	6.5%
Cash	0.0%

Discount Rate: As of June 30, 2015 measurement date, the discount rate used to measure the TPL was 6.80%, which changed from 6.90% as of June 30, 2014. This discount rate is a blended rate of return at 7.25% and the S&P Municipal Bond 20 Year High Grade Index rate of 3.75%. The projection of cash flows used to determine the discount rate assumed that ongoing contributions will be made at the actuarial determined amounts. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members until year 2041 (26 years) at which time the cash flows would need to switch to use the municipal index rate in order to have the future liabilities covered by the future plan assets.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/2014	$ 18,308	$ 13,873	$ 4,435
Changes for the year:			
Service Cost	423	-	423
Interest	1,240	-	1,240
Changes of assumptions	207	-	207
Contributions – Employer	-	875	(875)
Net investment income	-	467	(467)
Benefits payments, including refunds of employee	(980)	(980)	-
Administrative expense	-	(24)	24
Net changes	890	338	552
Balances at 6/30/2015	$ 19,198	$ 14,211	$ 4,987

Plan fiduciary net position as a percentage of the total pension liability 74.02%

<u>Sensitivity of the NPL to change in the discount rate:</u> The following presents the NPL of OCTA, calculated using the discount rate of 6.80%, as well as what OCTA's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Rate (6.80%)	1% Increase (7.80%)
OCTA's net pension liability	$ 7,025	$ 4,987	$ 3,226

Pension Expenses and Deferred Outflows/Inflows of Resources Related to ARBA

For the year ended June 30, 2015, OCTA recognized pension expense for the ARBA of $864. At June 30, 2015, OCTA reported deferred outflows/inflows of resources related to ARBA from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earning on plan investments	378
Changes of assumptions	184
Total	$ 562

$378 reported as deferred outflows of resources related to investment earnings will be recognized in pension expense using a systematic and rational method over a closed five-year period beginning in the current reporting period. $184 reported as deferred outflows of resources related to changes of actuarial assumptions will be recognized in pension expense over the average of the expected remaining service lives of all employees which is nine years. Below is the amortization schedule of collective deferred outflows/inflows of resources:

Year ended June 30:	Increase/(Decrease) in Pension Expense
2016	$ 118
2017	118
2018	118
2019	118
2020	22
Thereafter	68
Total	$ 562

13. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: OCTA sponsors and administers a single-employer defined-benefit postemployment healthcare plan (Plan) to provide medical insurance benefits to eligible retired employees. Benefit provisions are established and may be amended by the Board of Directors of OCTA. OCTA reports the financial activity of the Plan in its basic financial statements. No separate benefit plan report is issued.

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 the year ended June 30, 2015, OCTA contributed $75 in implied subsidies through the active healthcare premiums:

	Amount
Total Active Health Premiums	$ 10,681
Reclassification for Implied Subsidy	(75)
Net Active Health Premiums	**$ 10,606**

Annual OPEB Cost and Net OPEB Obligation: OCTA's annual other postemployment benefit (OPEB) cost 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.

The following table shows the components of OCTA's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the Plan, and changes in OCTA's net OPEB obligation.

	Amount
Annual required contribution	$ 77
Interest on net OPEB obligation	6
Adjustment to annual required contribution	(6)
Annual OPEB cost	77
Benefit payments made	(75)
Increase in net OPEB obligation	2
Net OPEB obligation – beginning of year	139
Net OPEB obligation – end of year	**$ 141**

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, 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	$ 77	97.4%	$ 141
6/30/2014	$ 74	101.0%	$ 139
6/30/2013	$ 69	86.9%	$ 140

Funded Status: The June 30, 2014 funded status of the OPEB plan is as follows:

	Amount
Actuarial Accrued Liability (AAL)	$ 775
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 775
Funded ratio (Actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$ 41,138
UAAL as a percentage of covered payroll	1.9%

The above noted actuarial accrued liability was based on the January 1, 2014 actuarial valuation. The actuarial valuations contained in the Report involve estimates of the values of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. In addition, the actuarial calculations reflect a long-term perspective.

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, 2014 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 7.1% (7.3% for Preferred Provider Organizations) decreasing to 5% over five years. The salary increase rate assumption is 0.5% per annum, plus a rate which varies by age between 7% at age 20 to 0.6% at age 60. The inflation rate assumption is 3.25%. 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 2013 actuarial 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, 2015 is 23 years. Current trend information about the funding progress is presented in the Required Supplementary Information following the notes to the basic financial statements.

14. PURCHASE COMMITMENTS

OCTA has various long-term outstanding contracts that extend over several years and rely on future years' revenues. Total commitments at June 30, 2015 are as follows:

	Total Purchase Commitments	Reserve for Encumbrances	Unencumbered Purchase Commitments
Governmental Funds:			
General	$ 155,575	$ 6,479	$ 149,096
LTA	745,493	116,844	628,649
LTF	465	-	465
Nonmajor governmental funds	19,212	281	18,931
Total Governmental Funds	920,745	123,604	797,141
Proprietary Funds:			
OCTD	492,947	162,588	330,359
91 Express Lanes	49,378	1,552	47,826
Internal Service Funds	1,156	920	236
Total Proprietary Funds	543,481	165,060	378,421
Total	**$ 1,464,226**	**$ 288,664**	**$ 1,175,562**

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 purchase of paratransit buses and paratransit bus services.

15. 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, a Compressed Natural Gas (CNG) Fueling Facility 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 January 31, 2029. OCTA accounts for scheduled rent increases on a straight line basis. The amended agreement included a rent holiday for the first 13 months of the lease. OCTA is recording a liability in the government-wide statements and will begin amortizing in fiscal year 2019-20. An expenditure will be recorded in the general fund when the payment becomes due.

Lease expenditures for the year ended June 30, 2015 amounted to $6,714. Future minimum payments for these leases are as follows:

Year Ending June 30,	Amount
2016	$ 6,756
2017	6,732
2018	6,603
2019	6,581
2020	6,225
2021-2031	36,302
Total	**$ 69,199**

16. 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 pro rata share of rail lines serving Orange County. OCTA expended $25,424 during fiscal year 2014-15 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.

OCTA is one of 11 members of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency, a joint powers authority created in 1989 and amended in 2013. The purpose of the JPA is to oversee passenger rail service and improvements in the rail corridor between San Diego, Los Angeles and San Luis Obispo. The LOSSAN's board consists of two members appointed by the LACMTA; two members appointed by OCTA; one member appointed by RCTC; one member appointed by VCTC; one member appointed by the Santa Barbara County Association of Governments; one member appointed by the San Luis Obispo Council of Governments and the following three agencies receive one member appointment but only two votes – the San Diego Metropolitan Transit System, the North County Transit District, and the San Diego Association of Governments. OCTA was selected as the managing agency for LOSSAN and is responsible for the ongoing coordination and service integration efforts. Administrative support is funded by the member agencies. OCTA expended $236 during fiscal year 2014-15. Separate financial statements are prepared by, and available from, LOSSAN at the OCTA offices which is located at 550 South Main Street, Orange, CA 92868.

17. PRIOR PERIOD ADJUSTMENT

Net position as of July 1, 2014 has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71,

Restated for the GASB 68 implementation	**Governmental Activities**	**Business-type Activities**	**OCTD**	**Nonmajor Enterprise Fund OCTAP**
Beginning balance, as previously reported	$ 693,521	$ 654,939	$ 530,740	$ 927
Net pension liabilities	(63,650)	(158,354)	(157,775)	(579)
Deferred Outflows-Pensions	2,973	7,406	7,380	26
Beginning balance, as restated	**$ 632,844**	**$ 503,991**	**$ 380,345**	**$ 374**

18. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the STAF fund, expenditures exceeded appropriations for transfers out of $1,221. This was a result of OCTA receiving more STAF revenues than initially estimated. As a result, OCTA was able to transfer an additional $1,221 in STAF revenues to OCTD for transit operations. In the CURE fund, expenditures exceeded appropriations for capital outlays of $11,024 due to the purchase of the Orange County Metrolink Maintenance Facility located in Irvine. This purchase was approved by the Board on November 26, 2012, however, the purchase was not finalized until June 2015.

19. EFFECT OF NEW PRONOUNCEMENTS

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. See notes 11, 12 and 17.

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 includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. During fiscal year 2014-15, OCTA did not have any government combination and disposal of government operations.

GASB Statement No. 71

In November 2013, GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. See notes 11, 12 and 17.

GASB Statement No. 72

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for OCTA's fiscal year ending June 30, 2016.

GASB Statement No. 73

In June 2015, GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The provisions in Statement 73 are effective for OCTA's fiscal year ending June 30, 2016—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal year ending June 30, 2017.

GASB Statement No. 74

In June 2015, GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This statement is effective for OCTA's fiscal year ending June 30, 2017.

GASB Statement No. 75

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans*

Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This statement is effective for OCTA's fiscal year ending June 30, 2018.

GASB Statement No. 76

In June 2015, GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is effective for OCTA's fiscal year ending June 30, 2016.

GASB Statement No. 77

In August 2015, GASB issued Statement No. 77, Tax Abatement Disclosures. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. This statement is effective for OCTA's fiscal year ending June 30, 2016.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund (Budgetary Basis)
For the Year Ended June 30, 2015

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Fines	$ 137	$ 137	$ 180	$ 43
Contributions from other agencies	4,012	4,012	3,302	(710)
Interest and investment income	71	71	288	217
Capital assistance grants	9,299	9,299	349	(8,950)
Miscellaneous	1,628	1,628	130	(1,498)
Total revenues	**15,147**	**15,147**	**4,249**	**(10,898)**
Expenditures				
Current:				
General government:				
Salaries and benefits	46,233	46,283	44,180	2,103
Supplies and services	23,406	25,114	21,040	4,074
Interfund reimbursements	(58,882)	(58,882)	(55,897)	(2,985)
Transportation:				
Contributions to other local agencies	15,017	15,017	6,008	9,009
Capital outlay	19,171	19,211	1,916	17,295
Debt service:				
Interest	-	-	8	(8)
Total expenditures	**44,945**	**46,743**	**17,255**	**29,488**
Deficiency of revenues under expenditures	**(29,798)**	**(31,596)**	**(13,006)**	**18,590**
Other financing sources				
Transfers in	24,638	24,638	32,539	7,901
Total other financing sources	**24,638**	**24,638**	**32,539**	**7,901**
Net change in fund balance	**$ (5,160)**	**$ (6,958)**	**$ 19,533**	**$ 26,491**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ 19,533
Net change in fund balance (budgetary basis) - from CURE fund	$ (47,317)
Less: Estimated revenues for encumbrances outstanding at June 30	635
Less: Estimated revenues for encumbrances outstanding at June 30 - from CURE fund	1,836
Add: Current year encumbrances outstanding at June 30 - from CURE fund	1,927
Add: Current year encumbrances outstanding at June 30	4,565
Net change in fund balance (GAAP basis)	$ (23,763)

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, 2015

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Sales tax revenue	$ 301,846	$ 301,846	$ 291,556	$ (10,290)
Contributions from other agencies	133,009	133,009	200,787	67,778
Interest and investment income	5,238	5,238	5,075	(163)
Miscellaneous	220	220	3,340	3,120
Total revenues	**440,313**	**440,313**	**500,758**	**60,445**
Expenditures				
Current:				
General government:				
Supplies and services	169,022	170,952	128,164	42,788
Transportation:				
Contributions to other local agencies	214,174	210,744	122,674	88,070
Capital outlay	238,139	240,439	162,641	77,798
Debt service:				
Interest	125	125	26	99
Total expenditures	**621,460**	**622,260**	**413,505**	**208,755**
Excess (deficiency) of revenues over (under) expenditures	**(181,147)**	**(181,947)**	**87,253**	**269,200**
Other financing sources (uses)				
Transfers in	-	-	6,458	6,458
Transfers out	(35,890)	(35,890)	(56,847)	(20,957)
Total other financing sources (uses)	**(35,890)**	**(35,890)**	**(50,389)**	**(14,499)**
Net change in fund balance	**$ (217,037)**	**$ (217,837)**	**$ 36,864**	**$ 254,701**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ 36,864
Less: Estimated revenues for encumbrances outstanding at June 30	86,093
Add: Current year encumbrances outstanding at June 30	116,421
Net change in fund balance (GAAP basis)	$ 67,192

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, 2015

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Sales tax revenue	$ 159,849	$ 159,849	$ 153,579	$ (6,270)
Interest and investment income	35	35	9	(26)
Total revenues	**159,884**	**159,884**	**153,588**	**(6,296)**
Expenditures				
Current:				
General government:				
Supplies and services	1,583	1,583	1,930	(347)
Transportation:				
Contributions to other local agencies	2,283	2,283	2,169	114
Total expenditures	**3,866**	**3,866**	**4,099**	**(233)**
Excess of revenues over expenditures	**156,018**	**156,018**	**149,489**	**(6,529)**
Other financing uses				
Transfers out	(156,019)	(156,019)	(148,121)	7,898
Total other financing uses	**(156,019)**	**(156,019)**	**(148,121)**	**7,898**
Net change in fund balance	**$ (1)**	**$ (1)**	**$ 1,368**	**$ 1,369**

See accompanying notes to required supplementary information.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Supplemental Pension Plan Trend Data
June 30, 2015

(amounts expressed in thousands)

Schedule of OCTA's Proportionate Share of the Net Pension Liability

Orange County Employees Retirement System Pension Plan

Last 10 Fiscal Years*

	2015	2014
OCTA's Proportion of the NPL	4.006%	4.112%
OCTA's proportionate share of the NPL	$ 203,592	$ 217,569
OCTA's covered-employee payroll	$ 98,207	$ 96,045
OCTA's proportionate share of the NPL as a percentage of its covered-employee payroll	207.31%	226.53%
Plan fiduciary net position as a percentage of the total pension liability	69.42%	67.16%

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

Schedule of OCTA Contributions

Orange County Employees Retirement System Pension Plan

Last 10 Fiscal Years*

	2015	2014
Actuarially determined contribution	$ 24,722	$ 22,244
Contributions in relation to the actuarially determined contributions	24,722	22,244
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 92,878	$ 94,244
Contributions as a percentage of covered-employee payroll	26.62%	23.60%

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Required Supplementary Information
Supplemental Pension Plan Trend Data
June 30, 2015

(amounts expressed in thousands)

Schedule of the Changes in OCTA's Net Pension Liability and Related Ratios

Additional Retiree Benefit Account Plan

Last 10 Fiscal Years*

	2015	2014
Total pension liability		
Service cost	$ 422	$ 388
Interest	1,240	1,214
Changes of assumptions	207	-
Benefit payments, including refunds of employee contributions	(980)	(1,010)
Net change in total pension liability	889	592
Total pension liability - beginning	18,308	17,716
Total pension liability - ending (a)	$ 19,197	$ 18,308
Plan fiduciary net position		
Contributions - employer	$ 874	$ 848
Net investment income	467	2,075
Benefit payments, including refunds of employee contributions	(980)	(897)
Administrative expenses	(24)	(23)
Net change in plan fiduciary net position	$ 337	$ 2,003
Plan fiduciary net position - beginning	13,873	11,870
Plan fiduciary net position - ending (b)	$ 14,210	$ 13,873
Net pension liability - ending (a) - (b)	$ 4,987	$ 4,435
Plan fiduciary net position as a percentage of the total pension liability	74.02%	75.78%
Covered-employee payroll	$ 92,403	$ 89,494
Net pension liability as a percentage of covered-employee payroll	5.40%	4.96%

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

(amounts expressed in thousands)

Schedule of Investment Returns

Additional Retiree Benefit Account Plan

Last 10 Fiscal Years*

	2015	2014
Annual money-weighted rate of return, net of investment expense	3.38%	17.51%

Schedule of OCTA Contributions

Additional Retiree Benefit Account Plan

Last 10 Fiscal Years*

	2015	2014
Actuarially determined contribution	$ 904	$ 875
Contributions in relation to the actuarially determined contributions	874	848
Contribution (deficiency)/excess	$ (30)	$ (27)
Covered-employee payroll	$ 92,403	$ 89,494
Contributions as a percentage of covered-employee payroll	0.95%	0.95%

Notes to the schedule

Valuation date: Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the end of the fiscal year in which contributions are reported.

Actuarial Assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed basis
Remaining amortization:	14 years
Asset valuation method:	5-year smoothed, market value
Return on Assets:	7.25%
Discount Rate:	6.90%
Inflation:	2.75% per annum
Salary Scale:	Individual salary scale based on age ranging from 0.6% to 7.0%.
Cost of Living:	Not applicable
Mortality Rates:	Rates are from the RP-2000 Combined Healthy Mortality Table set back three years.

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

(amounts expressed in thousands)

Other Post Employment Benefit Trend Data

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
2014	$ -	$ 775	$ 775	0%	$ 41,138	1.9%
2012	$ -	$ 726	$ 726	0%	$ 36,670	2.0%
2010	$ -	$ 659	$ 659	0%	$ 38,764	1.7%

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

1. BUDGETARY DATA

OCTA establishes accounting control through formal adoption of an annual budget for all governmental funds. The 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 2015 is available from the OCTA Finance and Administration Division. With the exception of accounts which have been encumbered, appropriations lapse at year end.

EXCESS EXPENDITURES OVER APPROPRIATIONS

There were no excess of expenditures over appropriations for fiscal year 2014-15 for the General fund and the major special revenue funds. In fiscal year 2014-15, the CURE fund was consolidated with the General fund as it no longer met the definition of a special revenue fund. A separate budgetary schedule for the CURE fund is located in other supplementary information. A reconciliation is included on the General fund budgetary schedule for the consolidation.

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. In April 2012, the fee authorization for SAAV expired. SAAV will continue to fund abandoned vehicle abatements until all revenue is expended.

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.

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, 2015

(amounts expressed in thousands)	Special Revenue					Capital Projects	
	OCUTT	**SAFE**	**SAAV**	**STAF**	**Total**	**General**	**Total Nonmajor Governmental Funds**
Assets							
Cash and investments	$ 6,479	$ 4,385	$ 29	$ 16	$ 10,909	$ 9,487	$ 20,396
Receivables:							
Interest	53	21	-	-	74	-	74
Other	-	36	-	-	36	-	36
Due from other funds	44	-	-	-	44	-	44
Due from other governments	-	463	-	5,586	6,049	-	6,049
Advances to other funds	3,845	-	-	-	3,845	-	3,845
Other assets	3,539	-	-	-	3,539	-	3,539
Total Assets	**$ 13,960**	**$ 4,905**	**$ 29**	**$ 5,602**	**$ 24,496**	**$ 9,487**	**$ 33,983**
Liabilities							
Accounts payable	$ 16	$ 483	$ -	$ -	$ 499	$ 18	$ 517
Due to other funds	27	-	-	5,586	5,613	-	5,613
Due to other governments	-	101	-	-	101	-	101
Total Liabilities	**43**	**584**	**-**	**5,586**	**6,213**	**18**	**6,231**
Deferred Inflows of Resources							
Unavailable revenue - interest on advances	724	-	-	-	724	-	724
Unavailable revenue - DMV fees	-	463	-	-	463	-	463
Total Deferred Inflows of Resources	**724**	**463**	**-**	**-**	**1,187**	**-**	**1,187**
Fund Balances							
Nonspendable:							
Other assets	3,539	-	-	-	3,539	-	3,539
Restricted for:							
Transportation programs	9,654	-	-	16	9,670	-	9,670
Motorist services	-	3,858	29	-	3,887	-	3,887
Assigned to:							
Transportation capital projects	-	-	-	-	-	9,469	9,469
Total Fund Balances	**13,193**	**3,858**	**29**	**16**	**17,096**	**9,469**	**26,565**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 13,960**	**$ 4,905**	**$ 29**	**$ 5,602**	**$ 24,496**	**$ 9,487**	**$ 33,983**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue					Capital Projects	
(amounts expressed in thousands)	**OCUTT**	**SAFE**	**SAAV**	**STAF**	**Total**	**General**	**Total Nonmajor Governmental Funds**
Revenues							
Sales taxes	$ -	$ -	$ -	$ 20,992	$ 20,992	$ -	$ 20,992
Vehicle registration fees	-	2,351	-	-	2,351	-	2,351
Contributions from other agencies	-	2,707	-	-	2,707	-	2,707
Interest and investment income	151	25	-	4	180	-	180
Miscellaneous	-	33	-	-	33	-	33
Total revenues	**151**	**5,116**	**-**	**20,996**	**26,263**	**-**	**26,263**
Expenditures							
Current:							
General government:							
Supplies and services	93	5,979	5	-	6,077	26	6,103
Total expenditures	**93**	**5,979**	**5**	**-**	**6,077**	**26**	**6,103**
Excess (deficiency) of revenues over (under) expenditures	**58**	**(863)**	**(5)**	**20,996**	**20,186**	**(26)**	**20,160**
Other financing uses							
Transfers out	(182)	-	-	(20,992)	(21,174)	-	(21,174)
Total other financing uses	**(182)**	**-**	**-**	**(20,992)**	**(21,174)**	**-**	**(21,174)**
Net change in fund balances	**(124)**	**(863)**	**(5)**	**4**	**(988)**	**(26)**	**(1,014)**
Fund balances - beginning	13,317	4,721	34	12	18,084	9,495	27,579
Fund balances - ending	**$ 13,193**	**$ 3,858**	**$ 29**	**$ 16**	**$ 17,096**	**$ 9,469**	**$ 26,565**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Commuter and Urban Rail Endowment Fund (Budgetary Basis)
For the Year Ended June 30, 2015

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Fines	$ 9	$ 9	$ 17	$ 8
Contributions from other agencies	11,699	11,699	1,269	(10,430)
Interest and investment income	1,191	1,191	720	(471)
Capital assistance grants	-	-	2,259	2,259
Miscellaneous	500	500	718	218
Total revenues	**13,399**	**13,399**	**4,983**	**(8,416)**
Expenditures				
Current:				
General government:				
Supplies and services	33,924	34,276	30,317	3,959
Transportation:				
Contributions to other local agencies	7,127	6,774	2,538	4,236
Capital outlay	6,699	6,699	17,723	(11,024)
Total expenditures	**47,750**	**47,749**	**50,578**	**(2,829)**
Deficiency of revenues under expenditures	**(34,351)**	**(34,350)**	**(45,595)**	**(11,245)**
Other financing sources (uses)				
Transfers out	(4,603)	(4,603)	(4,389)	214
Proceeds from sale of capital assets	-	-	2,667	2,667
Total other financing uses	**(4,603)**	**(4,603)**	**(1,722)**	**2,881**
Net change in fund balance	**$ (38,954)**	**$ (38,953)**	**$ (47,317)**	**$ (8,364)**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ (47,317)
Less: Estimated revenues for encumbrances outstanding at June 30	1,836
Add: Current year encumbrances outstanding at June 30	1,927
Net change in fund balance (GAAP basis), reported with General fund	$ (47,226)

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Local Transportation Authority Debt Service Fund (Budgetary Basis)
For the Year Ended June 30, 2015

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Interest and investment income	$ 6,559	$ 6,559	$ 6,460	$ (99)
Total revenues	**6,559**	**6,559**	**6,460**	**(99)**
Expenditures				
Debt service:				
Principal payments on long-term debt	6,865	6,865	6,865	-
Interest on long-term debt	21,927	21,927	21,927	-
Total expenditures	**28,792**	**28,792**	**28,792**	**-**
Deficiency of revenues under expenditures	**(22,233)**	**(22,233)**	**(22,332)**	**(99)**
Other financing sources (uses)				
Transfers in	22,233	22,233	28,793	6,560
Transfers out	-	-	(6,458)	(6,458)
Total other financing sources (uses)	**22,233**	**22,233**	**22,335**	**102**
Net change in fund balance	**$ -**	**$ -**	**$ 3**	**$ 3**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Orange County Unified Transportation Trust Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts			
(amounts expressed in thousands)	**Original**	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Interest and investment income	$ 69	$ 69	$ 151	$ 82
Total revenues	**69**	**69**	**151**	**82**
Expenditures				
Current:				
General government:				
Supplies and services	8	8	93	(85)
Total expenditures	**8**	**8**	**93**	**(85)**
Excess of revenues over expenditures	**61**	**61**	**58**	**(3)**
Other financing uses				
Transfers out	(250)	(250)	(182)	68
Total other financing uses	**(250)**	**(250)**	**(182)**	**68**
Net change in fund balance	**$ (189)**	**$ (189)**	**$ (124)**	**$ 65**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Service Authority for Freeway Emergencies Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2015

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Vehicle registration fees	$ 2,644	$ 2,644	$ 2,351	$ (293)
Contributions from other agencies	2,535	2,535	2,707	172
Interest and investment income	35	35	25	(10)
Miscellaneous	21	21	33	12
Total revenues	**5,235**	**5,235**	**5,116**	**(119)**
Expenditures				
Current:				
General government:				
Supplies and services	6,952	6,952	6,167	785
Capital outlay	23	23	23	-
Total expenditures	**6,975**	**6,975**	**6,190**	**785**
Deficiency of revenues under expenditures	**(1,740)**	**(1,740)**	**(1,074)**	**666**
Other financing sources				
Transfers in	688	688	-	(688)
Total other financing sources	**688**	**688**	**-**	**(688)**
Net change in fund balance	**$ (1,052)**	**$ (1,052)**	**$ (1,074)**	**$ (22)**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ (1,074)
Add: Current year encumbrances outstanding at June 30	211
Net change in fund balance (GAAP basis)	$ (863)

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
Service Authority for Abandoned Vehicles Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2015

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Vehicle registration fees	$ 10	$ 10	$ -	$ (10)
Total revenues	**10**	**10**	**-**	**(10)**
Expenditures				
Current:				
General government:				
Supplies and services	5	5	5	-
Total expenditures	**5**	**5**	**5**	**-**
Excess (deficiency) of revenues over (under) expenditures	**5**	**5**	**(5)**	**(10)**
Net change in fund balance	**$ 5**	**$ 5**	**$ (5)**	**$ (10)**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
State Transit Assistance Special Revenue Fund (Budgetary Basis)
For the Year Ended June 30, 2015

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Sales tax revenue	$ 19,771	$ 19,771	$ 20,992	$ 1,221
Interest and investment income	-	-	4	4
Total revenues	**19,771**	**19,771**	**20,996**	**1,225**
Excess of revenues over expenditures	**19,771**	**19,771**	**20,996**	**1,225**
Other financing uses				
Transfers out	(19,771)	(19,771)	(20,992)	(1,221)
Total other financing uses	**(19,771)**	**(19,771)**	**(20,992)**	**(1,221)**
Net change in fund balance	**$ -**	**$ -**	**$ 4**	**$ 4**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule
General Capital Projects Fund (Budgetary Basis)
For the Year Ended June 30, 2015

(amounts expressed in thousands)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current:				
General government:				
Supplies and services	$ -	$ -	$ 96	$ (96)
Total expenditures	**-**	**-**	**96**	**(96)**
Deficiency of revenues under expenditures	**-**	**-**	**(96)**	**(96)**
Net change in fund balance	**$ -**	**$ -**	**$ (96)**	**$ (96)**

Reconciliation to GAAP:

Net change in fund balance (budgetary basis)	$ (96)
Add: Current year encumbrances outstanding at June 30	70
Net change in fund balance (GAAP basis)	$ (26)

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, 2015

(amounts expressed in thousands)	General Liability	Workers' Compensation	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	$ 13,620	$ 19,729	$ 33,349
Receivables:			
Interest	78	66	144
Other	125	407	532
Due from other governments	1	-	1
Other assets	398	925	1,323
Total current assets	14,222	21,127	35,349
Total Assets	**14,222**	**21,127**	**35,349**
Liabilities			
Current liabilities:			
Accounts payable	372	715	1,087
Claims payable	896	2,133	3,029
Other liabilities	-	103	103
Total current liabilities	1,268	2,951	4,219
Noncurrent liabilities:			
Claims payable	2,686	9,718	12,404
Total noncurrent liabilities	2,686	9,718	12,404
Total Liabilities	**3,954**	**12,669**	**16,623**
Net Position			
Unrestricted	10,268	8,458	18,726
Total Net Position	**$ 10,268**	**$ 8,458**	**$ 18,726**

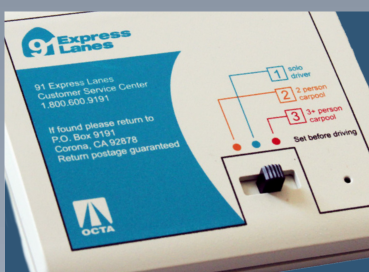
ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2015

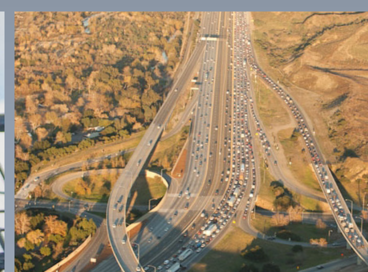
(amounts expressed in thousands)	General Liability	Workers' Compensation	Total Internal Service Funds
Operating revenues:			
Charges for services	$ 666	$ 7,136	$ 7,802
Total operating revenues	**666**	**7,136**	**7,802**
Operating expenses:			
Administrative services	220	76	296
Other	43	225	268
Insurance claims and premiums	(1,098)	5,120	4,022
Professional services	1,519	446	1,965
Total operating expenses	**684**	**5,867**	**6,551**
Operating income (loss)	**(18)**	**1,269**	**1,251**
Nonoperating revenues:			
Investment earnings	136	153	289
Other	167	472	639
Total nonoperating revenues	**303**	**625**	**928**
Change in net position	**285**	**1,894**	**2,179**
Total net position - beginning	9,983	6,564	16,547
Total net position - ending	**$ 10,268**	**$ 8,458**	**$ 18,726**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Combining Statement of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2015

(amounts expressed in thousands)	General Liability	Workers' Compensation	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	$ 666	$ 7,094	$ 7,760
Payments to suppliers	(1,376)	(373)	(1,749)
Payments to claimants	(1,789)	(4,674)	(6,463)
Payments for interfund services used	(220)	(76)	(296)
Miscellaneous revenue received	167	472	639
Net cash provided by (used for) operating activities	**(2,552)**	**2,443**	**(109)**
Cash flows from investing activities:			
Investment earnings	142	152	294
Net cash provided by investing activities	**142**	**152**	**294**
Net increase (decrease) in cash and cash equivalents	**(2,410)**	**2,595**	**185**
Cash and cash equivalents at beginning of year	16,030	17,134	33,164
Cash and cash equivalents at end of year	**$ 13,620**	**$ 19,729**	**$ 33,349**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (18)	$ 1,269	$ 1,251
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Insurance recoveries	167	472	639
Change in assets and liabilities:			
Other receivables	23	48	71
Other assets	(39)	10	(29)
Accounts payable	182	297	479
Claims payable	(2,867)	346	(2,521)
Other liabilities	-	1	1
Total adjustments	(2,534)	1,174	(1,360)
Net cash provided by (used for) operating activities	**$ (2,552)**	**$ 2,443**	**$ (109)**

91 EXPRESS LANES





VANPOOL

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.

Contents **Page**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 1
Net Position by Component, Last Ten Fiscal Years

(accrual basis of accounting - thousands)

	As of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	$ 551,907	$ 652,407	$ 155,502	$ 175,769	$ 180,131	$ 193,968	$ 191,149	$ 159,539	$ 159,427	$ 177,195
Restricted	568,581	524,399	531,318	328,463	303,605	199,540	251,820	314,832	352,878	421,285
Unrestricted	(204,361)	(124,558)	(63,434)	149,839	133,070	234,876	200,226	207,674	181,216	94,641
Total government activities net position	$ 916,127	$ 1,052,248	$ 623,386	$ 654,071	$ 616,806	$ 628,384	$ 643,195	$ 682,045	$ 693,521	$ 693,121
Business-type activities:										
Net investment in capital assets	$ 230,878	$ 259,930	$ 335,732	$ 367,144	$ 331,460	$ 303,063	$ 278,292	$ 257,439	$ 265,584	$ 279,153
Restricted	28,046	13,168	15,349	19,355	20,219	20,298	20,340	20,383	13,015	13,032
Unrestricted	260,158	248,194	222,926	190,736	170,902	162,903	246,797	317,002	376,340	275,052
Total business-type activities net position	$ 519,082	$ 521,292	$ 574,007	$ 577,235	$ 522,581	$ 486,264	$ 545,429	$ 594,824	$ 654,939	$ 567,237
Primary government:										
Net investment in capital assets	$ 782,785	$ 912,337	$ 491,234	$ 542,913	$ 511,591	$ 497,031	$ 469,441	$ 416,978	$ 425,011	$ 456,348
Restricted	596,627	537,567	546,667	347,818	323,824	219,838	272,160	335,215	365,893	434,317
Unrestricted	55,797	123,636	159,492	340,575	303,972	397,779	447,023	524,676	557,556	369,693
Total primary government net position	$ 1,435,209	$ 1,573,540	$ 1,197,393	$ 1,231,306	$ 1,139,387	$ 1,114,648	$ 1,188,624	$ 1,276,869	$ 1,348,460	$ 1,260,358

Source: Accounting and Financial Reporting Department
Note:
In fiscal year 2007-08, the SR-22 freeway project was transferred to Caltrans.
In fiscal year 2014-15, OCTA implemented GASB 68.

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

(accrual basis of accounting - thousands)

	For the Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	$ 80,961	$ 125,160	$ 105,009	$ 106,676	$ 112,138	$ 104,305	$ 95,679	$ 96,925	$ 68,262	$ 74,852
Measure M program	133,524	174,314	748,962	222,731	302,851	291,703	337,034	314,669	372,137	301,329
Motorist services	8,451	6,717	7,669	7,814	7,497	7,545	7,347	6,004	5,187	5,281
Commuter rail	18,442	49,791	21,585	27,009	29,395	14,393	26,806	34,586	23,556	29,347
Urban rail	128	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	241,506	355,982	883,225	364,230	451,881	417,946	466,866	452,184	469,142	410,809
Business-type activities:										
Fixed route	223,160	233,827	243,151	224,538	210,526	200,999	201,629	207,363	212,170	201,630
Paratransit	28,285	28,002	35,631	37,980	42,999	46,151	51,225	53,803	51,735	51,392
Tollroad	33,693	34,430	35,375	38,224	33,713	31,371	23,231	20,573	22,996	22,980
Taxicab administration	271	366	431	299	344	393	490	456	506	584
Total business-type activities expenses	285,409	296,625	314,588	301,041	287,582	278,914	276,575	282,195	287,407	276,586
Total primary government expenses	$ 526,915	$ 652,607	$ 1,197,813	$ 665,271	$ 739,463	$ 696,860	$ 743,441	$ 734,379	$ 756,549	$ 687,395
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 37,517	$ 43,840	$ 47,509	$ 133	$ 121	$ 140	$ 149	$ 137	$ 155	$ 181
Other activities	713	880	1,172	967	1,008	1,093	1,297	1,136	1,350	1,644
Operating grants and contributions	29,632	31,963	35,125	36,092	68,015	115,154	172,733	159,069	146,863	122,282
Capital grants and contributions	107,349	59,344	34,142	30,747	8,279	1,204	4,335	10,923	2,222	586
Total governmental activities program revenues	175,211	136,027	117,948	67,939	77,423	117,591	178,514	171,265	150,590	124,693
Business-type activities:										
Charges for services:										
Fixed route	54,178	48,562	50,522	52,641	48,776	49,412	50,553	53,361	56,784	51,265
Tollroad	44,238	49,838	46,236	43,705	43,009	41,837	37,742	39,289	42,610	46,132
Other activities	5,016	6,063	6,593	6,870	7,133	7,206	7,154	7,893	8,579	8,695
Operating grants and contributions	44,555	46,493	53,561	80,242	88,597	72,441	90,099	83,305	63,099	67,356
Capital grants and contributions	8,750	15,948	69,693	56,588	1,841	8,648	10,023	8,821	23,717	14,139
Total business-type activities program revenues	156,737	166,904	226,605	240,046	189,356	179,544	195,571	192,669	194,789	187,587
Total primary government program revenues	$ 331,948	$ 302,931	$ 344,553	$ 307,985	$ 266,779	$ 297,135	$ 374,085	$ 363,934	$ 345,379	$ 312,280

Source: Accounting and Financial Reporting Department

Notes:

(Continued)

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.

In fiscal year 2013-14, the decrease in General government expenses is primarily due to the conclusion of the gasoline tax exchange in June 2013.

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

(accrual basis of accounting - thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Indirect expenses allocation:										
Governmental activities	-	-	-	$ (36,091)	$ (31,187)	$ (27,248)	$ (29,340)	$ (33,654)	$ (34,089)	$ (35,996)
Business-type activities	-	-	-	36,091	31,187	27,248	29,340	33,654	34,089	35,996
Net (expense) revenue										
Governmental activities	$ (66,295)	$ (219,955)	$ (765,277)	$ (260,200)	$ (343,271)	$ (273,107)	$ (259,012)	$ (247,265)	$ (284,463)	$ (250,120)
Business-type activities	(128,672)	(129,721)	(87,983)	(97,086)	(129,413)	(126,618)	(110,344)	(123,180)	(126,707)	(124,995)
Total primary government net expense	$ (194,967)	$ (349,676)	$ (853,260)	$ (357,286)	$ (472,684)	$ (399,725)	$ (369,356)	$ (370,445)	$ (411,170)	$ (375,115)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales taxes	$ 385,090	$ 421,067	$ 393,350	$ 335,465	$ 326,005	$ 329,971	$ 409,556	$ 428,262	$ 451,153	$ 466,127
Unrestricted investment earnings	16,583	37,322	49,331	31,501	17,325	14,487	15,192	11,295	13,776	13,301
Other miscellaneous revenue	494	668	1,271	412	328	229	355	125	288	168
Transfers	(104,451)	(102,981)	(107,537)	(76,493)	(75,038)	(66,230)	(151,280)	(155,999)	(169,278)	(169,199)
Total governmental activities	297,716	356,076	336,415	290,885	268,620	278,457	273,823	283,683	295,939	310,397
Business-type activities:										
Taxes:										
Property taxes	9,762	10,338	11,178	11,295	10,220	10,736	11,193	13,560	12,366	13,293
Unrestricted investment earnings	8,127	18,117	21,476	12,186	4,184	15,552	926	2,805	4,765	4,531
Other miscellaneous revenue	497	495	507	340	207	2,769	228	2,832	413	1,218
Transfers	104,451	102,981	107,537	76,493	75,038	66,230	151,280	155,999	169,278	169,199
Total business-type activities	122,837	131,931	140,698	100,314	89,649	95,287	163,627	175,196	186,822	188,241
Total primary government	$ 420,553	$ 488,007	$ 477,113	$ 391,199	$ 358,269	$ 373,744	$ 437,450	$ 458,879	$ 482,761	$ 498,638
Change in Net Position										
Governmental activities	$ 231,421	$ 136,121	$ (428,862)	$ 30,685	$ (74,651)	$ 5,350	$ 14,811	$ 36,418	$ 11,476	$ 60,277
Business-type activities	(5,835)	2,210	52,715	3,228	(39,764)	(31,331)	53,283	52,016	60,115	63,246
Total primary government	$ 225,586	$ 138,331	$ (376,147)	$ 33,913	$ (114,415)	$ (25,981)	$ 68,094	$ 88,434	$ 71,591	$ 123,523

Source: Accounting and Financial Reporting Department
Notes:
In fiscal year 2007-08, Governmental activities had a negative change in net position 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)

	As of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	$ 4,708	$ 9,195	$ 10,842	$ 12,895	$ 10,756	$ -	$ -	$ -	$ -	$ -
Unreserved	(1,096)	(4,022)	(1,754)	(8,260)	(8,378)	-	-	-	-	-
Nonspendable	-	-	-	-	-	4,711	5,459	5,637	7,473	11,038
Restricted	-	-	-	-	-	-	-	-	-	24,732
Assigned	-	-	-	-	-	-	-	-	-	25,173
Unassigned	-	-	-	-	-	(4,061)	(4,203)	(168)	(210)	22,115
Total general fund	$ 3,612	$ 5,173	$ 9,088	$ 4,635	$ 2,378	$ 650	$ 1,256	$ 5,469	$ 7,263	$ 83,058
All Other Governmental Funds										
Reserved	$ 588,661	$ 576,815	$ 599,244	$ 537,118	$ 433,513	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	134,571	111,018	94,322	92,482	76,653	-	-	-	-	-
Capital projects funds	2,293	8,011	(4,976)	(2,082)	(3,851)	-	-	-	-	-
Nonspendable	-	-	-	-	-	10,513	18,826	77,547	56,991	20,575
Restricted	-	-	-	-	-	663,669	680,191	638,718	707,365	753,071
Committed	-	-	-	-	-	70,304	68,084	-	-	-
Assigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	69,531	41,273	-
Capital projects funds	-	-	-	-	-	9,557	9,514	9,504	9,495	9,469
Total all other governmental funds	$ 725,525	$ 695,844	$ 688,590	$ 627,518	$ 506,315	$ 754,043	$ 776,615	$ 795,300	$ 815,124	$ 783,115

Source: Accounting and Financial Reporting Department

Notes:

GASB 54 was implemented during fiscal year 2010-11.

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

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

(modified accrual basis of accounting - thousands)

	For the Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Sales taxes	$ 385,090	$ 421,067	$ 393,350	$ 335,465	$ 326,005	$ 326,804	$ 412,722	$ 428,262	$ 451,153	$ 466,127
Gasoline taxes	23,000	23,000	23,000	23,000	23,000	23,000	23,447	22,553	-	-
Vehicle registration fees	5,096	5,114	5,137	5,193	4,993	5,109	2,610	2,588	2,669	2,351
Fines	170	191	197	157	144	156	159	140	176	197
Contributions from other agencies	45,595	22,101	20,894	10,818	38,945	68,130	152,836	135,762	146,216	121,341
Charges for services	37,354	43,663	47,326	-	-	-	-	-	-	-
Interest and investment income	17,072	42,431	49,282	31,418	17,167	11,638	15,325	10,702	13,144	12,732
Capital assistance grants	71,250	36,357	22,132	26,998	7,655	1,877	695	1,118	11,075	768
Miscellaneous	1,203	1,532	4,577	3,386	3,949	1,354	1,642	1,351	3,899	4,221
Total revenues	585,830	595,456	565,895	436,435	421,858	438,068	609,436	602,476	628,332	607,737
Expenditures										
Current:										
General government	89,766	95,350	130,155	89,184	101,897	94,155	101,457	94,455	83,294	105,995
Transportation:										
Contributions to other local agencies	98,701	208,152	157,761	174,434	259,623	208,882	222,485	166,899	191,698	133,286
Capital outlay	301,496	132,514	84,201	72,666	56,462	86,106	88,529	135,968	135,747	129,312
Debt service:										
Principal payments on long-term debt	63,720	67,325	71,290	75,355	78,405	82,795	-	6,410	6,600	6,865
Interest	25,306	22,303	18,648	13,829	9,421	8,582	22,508	22,509	22,264	21,961
Bond issuance costs	-	-	-	-	-	2,181	-	-	-	-
Total expenditures	578,989	525,644	462,055	425,468	505,808	482,701	434,979	426,241	439,603	397,419
Excess of revenues over expenditures	6,841	69,812	103,840	10,967	(83,950)	(44,633)	174,457	176,235	188,729	210,318
Other financing sources (uses):										
Transfers in	103,709	175,338	111,507	113,508	128,366	289,776	29,295	37,909	48,196	65,411
Transfers out	(208,095)	(275,264)	(218,708)	(190,002)	(203,404)	(356,006)	(180,574)	(193,908)	(217,474)	(234,610)
Proceeds from sale of capital assets	7,269	1,994	22	2	5	4	-	2,662	2,167	2,667
Bond issuance	-	-	-	-	-	352,570	-	-	-	-
Bond premium	-	-	-	-	-	6,023	-	-	-	-
Total other financing sources (uses)	(97,117)	(97,932)	(107,179)	(76,492)	(75,033)	292,367	(151,279)	(153,337)	(167,111)	(166,532)
Net changes in fund balances	$ (90,276)	$ (28,120)	$ (3,339)	$ (65,525)	$ (158,983)	$ 247,734	$ 23,178	$ 22,898	$ 21,618	$ 43,786
Debt service as a percentage of noncapital expenditures	19.5%	35.7%	24.9%	24.6%	18.2%	19.2%	5.4%	6.8%	6.6%	7.3%

Source: Accounting and Financial Reporting Department

Notes:

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.

In fiscal year 2013-14, the increase in capital assistance grants is due to Prop 116 funds received for Metrolink Fiber Optic. Gasoline tax exchange was concluded during FY 13-14.

In fiscal year 2014-15, the decrease in both Contributions from and to other agencies is due to finalizing Measure M1 projects.

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

Program Revenues	For the Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function/Program										
Governmental activities:										
General government	$ 62,570	$ 76,481	$ 82,704	$ 38,715	$ 32,876	$ 30,225	$ 33,981	$ 32,585	$ 5,280	$ 4,101
Measure M program	106,740	27,950	23,267	18,034	33,211	78,206	137,209	120,265	136,929	112,056
Motorist services	5,387	8,186	8,576	8,170	8,042	8,172	5,325	5,259	5,274	5,521
Commuter rail	514	26,896	3,401	3,020	3,294	988	1,999	13,156	3,107	3,015
Total governmental activities	175,211	139,513	117,948	67,939	77,423	117,591	178,514	171,265	150,590	124,693
Business-type activities:										
Fixed route	102,824	106,127	166,327	182,941	133,122	120,534	133,785	123,467	123,244	112,721
Paratransit	9,345	10,505	13,524	12,851	12,621	16,350	23,307	29,080	28,130	28,059
Tollroad	44,238	49,838	46,246	43,705	43,048	42,010	37,742	39,289	42,610	46,132
Taxicab administration	330	434	508	549	565	650	737	833	805	675
Total business-type activities	156,737	166,904	226,605	240,046	189,356	179,544	195,571	192,669	194,789	187,587
Total primary government	$ 331,948	$ 306,417	$ 344,553	$ 307,985	$ 266,779	$ 297,135	$ 374,085	$ 363,934	$ 345,379	$ 312,280

Source: Accounting and Financial Reporting Department

Notes:

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.

In fiscal year 2013-14, the decrease in General government expenses is primarily due to the conclusion of the gasoline tax exchange in June 2013.

In fiscal year 2014-15, the decrease in Measure M program is primarily due to finalizing Measure M1 projects.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 6

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

(accrual basis of accounting - thousands)

For the Year Ended June 30,	Sales & Use	Gasoline (a)	Total
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
2014	451,153	-	451,153
2015	466,127	-	466,127
Change 2006 - 2015	21.0%	-100.0%	14.2%

Source: Accounting and Financial Reporting Department

Note:

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 7
Taxable Sales by Category, Last Ten Calendar Years

(amounts expressed in thousands)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (a)
1 Apparel stores	$ 2,062,892	$ 2,152,410	$ 2,217,996	$ 2,340,116	$ 2,742,626	$ 2,923,680	$ 3,164,857	$ 3,510,757	$ 3,764,088	$ 1,777,100
2 General merchandise	5,467,357	5,741,912	5,856,810	5,493,287	4,376,154	4,527,201	4,771,143	5,026,911	5,169,057	2,363,790
3 Specialty stores	6,028,089	6,514,211	4,447,931	3,665,066	1,638,968	1,622,910	1,669,585	1,691,589	1,732,562	764,831
4 Food stores	1,716,228	1,781,284	1,815,201	1,745,903	1,894,642	1,911,192	1,990,893	2,056,803	2,111,209	1,046,221
5 Eating and drinking establishments	4,798,676	5,051,841	5,296,863	5,245,480	5,024,379	5,109,383	5,449,117	5,853,267	6,186,883	3,235,895
6 Home furnishings and appliances	2,269,650	2,202,194	2,079,957	1,900,534	2,829,758	2,928,251	3,229,447	3,501,432	3,539,271	1,736,478
7 Building material	3,000,086	3,029,741	2,798,938	2,370,154	2,039,686	2,112,467	2,267,363	2,351,574	2,581,968	1,323,672
8 Automotive	11,283,156	11,490,939	11,469,589	10,431,086	8,286,158	9,045,917	10,603,810	11,615,228	11,854,186	6,210,113
9 Other	1,046,700	1,109,919	3,004,942	2,576,969	1,061,492	1,064,825	1,087,735	1,180,969	1,210,383	584,754
10 Business and personal services	2,938,129	2,987,539	2,968,831	2,828,005	1,268,759	1,306,282	1,353,844	1,583,927	1,876,321	972,829
11 All other outlets	14,452,283	15,140,757	15,336,413	15,010,229	14,550,164	15,115,073	16,143,344	16,858,156	17,565,288	8,983,662
Total	$ 55,063,246	$ 57,202,747	$ 57,293,471	$ 53,606,829	$ 45,712,786	$ 47,667,181	$ 51,731,138	$ 55,230,613	$ 57,591,216	$ 28,999,345
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 quarters only. 2015 data not yet available.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 8
Direct and Overlapping Sales Tax Rates, Last Ten Calendar Years

Calendar Year	Measure M Direct rate	County of Orange	
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%	(b)
2014	0.50%	7.50%	
2015	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%.
(b) Effective April 1, 2013 the state sales and use tax rate increased by .25%.

Schedule 9
Principal Taxable Sales Generation by City, Current Year and Nine Years Ago

(amounts expressed in thousands)

City	Calendar Year 2013 Taxable Sales	Rank	Percentage of Total	Calendar Year 2004 Taxable Sales	Rank	Percentage of Total
Aliso Viejo	$ 424,016	28	0.83%	$ 313,087	30	0.68%
Anaheim	5,806,581	1	11.40%	5,283,841	1	11.41%
Brea	1,706,627	12	3.35%	1,467,636	14	3.17%
Buena Park	2,375,355	8	4.66%	1,390,281	13	3.00%
Costa Mesa	4,291,314	3	8.43%	3,820,884	3	8.25%
Cypress	1,017,925	16	2.00%	975,205	17	2.11%
Dana Point	442,273	29	0.87%	368,762	27	0.80%
Fountain Valley	985,852	18	1.94%	924,276	18	2.00%
Fullerton	1,725,316	11	3.39%	1,546,622	10	3.34%
Garden Grove	1,782,344	10	3.50%	1,768,357	8	3.82%
Huntington Beach	2,969,480	6	5.83%	2,411,197	6	5.21%
Irvine	4,851,941	2	9.53%	4,421,676	2	9.55%
La Habra	828,764	19	1.63%	771,356	19	1.70%
La Palma	294,289	24	0.58%	374,158	26	0.81%
Laguna Beach	409,964	30	0.80%	362,204	28	0.78%
Laguna Hills	494,819	26	0.97%	657,738	21	1.42%
Laguna Niguel	991,919	17	1.95%	1,001,824	16	2.24%
Laguna Woods	81,420	33	0.16%	97,897	33	0.21%
Lake Forest	1,200,061	15	2.36%	1,190,534	15	2.57%
Los Alamitos	246,468	32	0.48%	253,621	32	0.55%
Mission Viejo	1,467,087	13	2.88%	1,511,913	12	3.27%
Newport Beach	2,695,874	7	5.29%	2,124,545	7	4.59%
Orange	3,270,219	5	6.42%	2,834,411	5	6.12%
Placentia	490,040	27	0.96%	488,908	24	1.06%
Rancho Santa Margarita	536,028	22	1.05%	537,839	25	1.16%
San Clemente	640,490	21	1.26%	548,282	23	1.18%
San Juan Capistrano	684,759	20	1.34%	692,522	20	1.50%
Santa Ana	3,655,025	4	7.18%	3,802,432	4	8.21%
Seal Beach	421,891	25	0.83%	306,259	31	0.66%
Stanton	338,677	31	0.66%	328,600	29	0.71%
Tustin	1,934,777	9	3.80%	1,670,674	9	3.61%
Villa Park	15,562	34	0.03%	15,066	34	0.03%
Westminster	1,336,609	14	2.62%	1,477,837	11	3.19%
Yorba Linda	517,884	23	1.02%	557,759	22	1.20%
Total	50,931,650		100%	46,298,203		100%
Unincorporated Cities	6,659,567			5,383,856		
Total Orange County	$ 57,591,217			$ 51,682,059		

Source: California State Board of Equalization, www.boe.ca.gov

Note:

The most current data available is for 2013.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 10

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

(amounts expressed in thousands except per capita)

	Governmental Activities		Business-Type Activities					
For Year Ended June 30,	Sales Tax Revenue Bonds	Commercial Paper Notes	Certificates of Participation	Toll Road Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2006	$ 376,925	$ 34,500	$ 2,470	$ 193,791	$ 6,534	$ 614,220	0.41%	207.83
2007	309,249	29,100	1,235	189,423	15,741	544,748	0.36%	183.68
2008	237,608	47,600	-	184,946	13,060	483,214	0.32%	162.00
2009	161,902	50,000	-	180,348	9,779	402,029	0.28%	134.06
2010	83,146	100,000	-	175,581	6,362	365,089	0.25%	121.00
2011	357,991	25,000	-	170,589	2,802	556,382	0.36%	182.63
2012	357,389	25,000	-	165,356	571	548,316	0.33%	178.40
2013	350,376	25,000	-	159,858	-	535,234	0.32%	172.69
2014	343,174	25,000	-	135,013	-	503,187	n/a	161.58
2015	335,707	-	-	129,444	-	465,151	n/a	147.78

Source: Accounting and Financial Reporting Department

Notes:

The fiscal years 2005-13 Sales Tax Revenue Bonds and Toll Road Revenue Bonds columns have been restated to include the unamortized premium amounts.

In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.

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 2015	
Debt service	$ 22,338
Debt coverage (130 % of debt service)	29,039
Sales tax revenue	289,359
Less: local fair share & other expenses	(61,423)
Net sales tax revenues	227,936
Legal debt margin	$ 198,897

Toll Road Revenue Bonds

Legal Debt Margin Calculation for Fiscal Year 2015	
Debt service	$ 10,796
Debt coverage (130 % of debt service)	14,035
Toll revenues	47,351
Less: operating expenses	(16,526)
Net toll revenues	30,825
Legal debt margin	$ 16,790

	Measure M1				Measure M2				Toll Road Revenue Bonds			
For Year Ended June 30,	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to limit as a percentage of debt limit
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%
2014	-	-	-	-	212,707	22,386	190,321	10.5%	25,478	10,742	14,736	42.2%
2015	-	-	-	-	227,936	29,039	198,897	12.7%	30,825	14,035	16,790	45.5%

Source: Treasury and Accounting and Financial Reporting Departments

Notes:

In fiscal years 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.

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

In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.

ORANGE COUNTY TRANSPORTATION AUTHORITY

Schedule 12

Pledged-Revenue Coverage, Last Ten Fiscal Years

(amounts expressed in thousands)

	Measure M1 Sales Tax Revenue Bonds					Measure M2 Sales Tax Revenue Bonds					Toll Road Revenue Bonds					Certificates of Participation			
			Debt Service					Debt Service					Debt Service				Debt Service		
For the Year Ended June 30,	Sales Tax Revenue	Less: Turnback	Principal	Interest	Coverage	Sales Tax Revenue	Less: Fair Share & Other Expenses	Principal	Interest	Coverage	Toll Road Revenue	Less: Operating Expenses	Principal	Interest	Coverage	Grant Revenues	Principal	Interest	Coverage
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)	6,410	15,425	9.51	39,526	(13,254)	5,245	4,981	2.57	-	-	-	-
2014	-	-	-	-	-	277,939	(58,516)	6,600	15,786	9.80	43,857	(15,156)	5,525	5,218	2.67	-	-	-	-
2015	-	-	-	-	-	289,359	(61,423)	6,865	15,473	10.20	47,351	(16,526)	4,925	5,871	2.86	-	-	-	-

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 years 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.

In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 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)
2006	2,955,433	148,982	50,808	35.4	510,114	3.7%
2007	2,965,823	151,102	51,542	35.9	503,955	3.9%
2008	2,982,788	153,028	51,741	36.1	503,492	5.3%
2009	2,998,816	145,968	48,865	35.8	504,136	9.5%
2010	3,017,248	147,359	48,826	36.1	502,239	9.5%
2011	3,046,513	155,259	50,839	36.2	502,895	9.2%
2012	3,073,540	166,634	54,008	36.2	502,195	7.9%
2013	3,099,463	169,793	54,519	36.4	501,801	6.1%
2014	3,114,209	n/a	n/a	n/a	500,487	5.2%
2015	3,147,655	n/a	n/a	n/a	497,116	4.3%

Notes:

n/a - data not available

Estimates for population for 2010-2013 were revised; personal income and per capita personal income for 2006-2012 were revised for new estimates.

Sources:

(a) July 1 estimates for 2006-2013 and January 1 estimates for 2014 and 2015 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

	2015			2006		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	27,000	1	1.76%	21,000	1	1.37%
University of California, Irvine	22,385	2	1.46%	16,229	3	1.06%
County of Orange	18,135	3	1.18%	17,785	2	1.16%
St. Joseph Health System	12,227	4	0.80%	9,385	5	0.61%
Kaiser Permanente	7,000	5	0.46%			
Boeing Co.	6,890	6	0.45%	12,042	4	0.79%
Walmart	6,000	7	0.39%			
Memorial Care Health System	5,650	8	0.37%			
Bank of America Corp.	5,500	9	0.36%			
Target Corp.	5,400	10	0.35%			
Yum! Brands Inc.				6,600	6	0.43%
Ameriquest Capital Corp.				6,300	7	0.41%
California State University, Fullerton				5,256	8	0.34%
Pacific Health System				5,074	9	0.33%
Home Depot, Inc.				5,000	10	0.33%

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	215	233	227	220	219	215	225	224	226	224
Measure M program	27	29	39	43	45	45	40	40	40	40
Motorist services	1	1	1	1	2	2	3	3	3	3
Commuter rail	2	2	2	15	12	10	12	10	10	9
Urban rail	4	-	-	-	-	-	-	-	-	-
Fixed route	1,587	1,611	1,633	1,540	1,319	1,247	1,169	1,135	1,152	1,078
Paratransit	14	13	12	11	11	10	11	12	12	12
Tollroad	4	4	4	3	3	3	3	3	3	3
Taxicab	3	3	3	3	3	4	3	4	4	4
Total	1,857	1,896	1,921	1,836	1,614	1,536	1,466	1,431	1,450	1,373

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.

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
Schedule 16
Operating Indicators by Function/Program

	For the Year Ended June 30,									
Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Measure M1 program (thousands)										
Freeways	$ 298,667	$ 112,732	$ 99,599	$ 53,283	$ 55,060	$ 25,890	$ 12,742	$ 25,107	$ 11,318	$ 30,434
Regional streets and roads	17,198	65,247	40,556	24,169	42,591	6,946	11,468	15,017	17,697	25,371
Local streets and roads	41,057	32,481	52,681	53,534	61,863	62,348	5,273	8,142	14,614	14,796
Transit	8,169	55,916	18,309	63,822	83,677	204,916	101,628	13,256	14,392	128,110
Total program expenses	$ 365,091	$ 266,376	$ 211,145	$ 194,808	$ 243,191	$ 300,100	$ 131,111	$ 61,522	$ 58,021	$ 198,711
Measure M2 program (thousands)										
Freeways	$ -	$ -	$ 6,300	$ 16,490	$ 17,682	$ 43,210	$ 34,930	$ 31,986	$ 32,387	$ 58,775
Streets and roads	-	-	25	3,279	15,226	32,453	109,863	168,895	199,311	161,622
Transit	-	-	3,565	11,570	22,073	41,617	42,576	38,884	82,721	47,876
Environmental cleanup	-	-	7	175	324	1,086	401	1,961	2,398	2,220
Total program expenses	$ -	$ -	$ 9,897	$ 31,514	$ 55,305	$ 118,366	$ 187,770	$ 241,726	$ 316,817	$ 270,493
Motorist services										
Calls made from call boxes	15,600	7,459	7,306	4,361	4,138	3,560	3,074	2,744	4,949	2,011
Vehicles removed	9,096	434	642	931	1,306	1,390	1,760	1,256	357	-
Vehicles assisted by FSP	70,000	70,935	70,128	43,520	60,865	67,267	65,949	64,851	59,014	69,045
Commuter rail										
Weekday trips	44	44	44	44	42	42	48	54	54	54
Annual boardings	3,547,697	3,841,259	4,074,443	4,189,455	3,941,628	3,871,939	4,146,016	4,443,362	4,437,991	4,579,000
Fixed route										
Annual boardings	67,779,946	69,035,226	65,203,611	64,353,673	53,376,023	51,305,266	52,631,935	51,418,393	48,963,660	47,021,445
Vehicle revenue hours	1,846,458	1,910,707	1,938,129	1,894,657	1,842,128	1,707,743	1,543,637	1,556,967	1,603,969	1,613,276
Miles of fixed route	2,378	2,488	2,943	2,126	2,039	2,038	2,039	2,048	2,045	2,047
Paratransit										
Annual boardings	1,114,639	1,231,346	1,375,370	1,464,730	1,482,950	1,554,773	1,570,341	1,631,527	1,654,081	1,714,550
Vehicle revenue hours	565,543	614,620	656,222	678,340	671,456	678,137	677,645	687,618	718,150	741,291
Eligible riders	26,204	26,110	26,611	26,834	27,104	28,447	29,856	30,992	31,576	31,602
Tollroad										
Annual drivers trips	14,182,916	14,639,848	13,477,488	12,036,831	12,659,051	11,998,541	11,944,555	12,085,552	12,326,874	13,106,882
Taxicab										
Permits Issued	1,698	2,170	2,303	2,364	2,481	2,648	2,773	3,090	3,066	2,513

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.

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

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

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

	For Year Ended June 30,										
	2006	2007	2008	2009	2010		2011	2012	2013	2014	2015
Fixed route											
Bus bases	4	4	5	5	5		5	5	5	5	5
Large revenue vehicles	570	566	572	530	510	(a)	522	527	527	537	537
Small revenue vehicles	80	82	82	80	19	(a)	19	19	19	19	19
Paratransit											
Paratransit vehicles	264	263	263	263	252	(a)	248	248	248	248	248
Tollroad											
Transponders in use	171,589	176,818	176,149	171,485	170,458		168,915	167,329	168,507	171,304	176,790

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.

2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

www.octa.net

Orange County Transportation Authority
550 S. Main Street • P.O. Box 14184
Orange, CA 92863-1584

OCTA