

2023

POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2023



Orange County Transportation Authority
Orange County, California

November 27, 2023

We are pleased to present the Popular Annual Financial Report (PAFR) of the Orange County Transportation Authority (OCTA) for the fiscal year ended June 30, 2023.

The PAFR aims to provide a concise and easily understandable summary of OCTA's financial position, services, key projects, and highlights from the past year. We encourage you to explore the comprehensive information available in our audited Annual Comprehensive Financial Report (ACFR) for a more detailed view of our financial performance. Both the ACFR and PAFR can be viewed/downloaded from the OCTA's website.

This past fiscal year, the OCTA continued its commitment to enhancing mobility, promoting sustainability, and improving the quality of life for the residents of Orange County. This report is designed to provide you with a snapshot of our financial health and the impact of our efforts on the community we serve.

We extend our gratitude to our dedicated employees, Board of Directors, community partners, and the residents of Orange County for their continued support. Together, we will strive to create a vibrant and sustainable transportation system for our region.

Respectfully Submitted,



Darrell E. Johnson
Chief Executive Officer



Andrew Oftelie
Chief Financial Officer

TABLE OF CONTENTS

Transmittal Letter	1
Overview of OCTA	2
Organization Chart	3
Financial Highlights for Fiscal Year 2023	4
Financial Statements	
Statement of Net Position	5-6
Statement of Activities	7
Revenues: Where does the money come from?	8
Expenses: Where does the money go?	8
Major Programs	9
Looking Ahead	10



Disclaimer:

The information provided in this Popular Annual Financial Report (PAFR) is a summary and should be read in conjunction with the complete audited financial statements of the Orange County Transportation Authority for the fiscal year ended June 30, 2023.

OVERVIEW OF OCTA



The Orange County Transportation Authority (OCTA) is a government agency responsible for planning, funding, operating public transportation services, and implementing transit and capital projects. Thirty-four cities are within Orange County, which together with county unincorporated areas have a current population of approximately 3.2 million, making it the third most populous county in California and the sixth most populous in the United States.

KEY FACTS

- Established on June 20, 1991
- Governed by an 18-member Board of Directors
- Managed an annual budget of \$1.65 billion in fiscal year 2023
- Employed approximately 1,225 full-time staff members
- Built the nation's largest hydrogen fueling station with an 18k gallon fuel capacity, scalable to 100 buses

SERVICES



Bus service



Paratransit Service



Metrolink Commuter Rail Service



Freeway Improvements



Streets & Road Improvements



91 Express Lanes

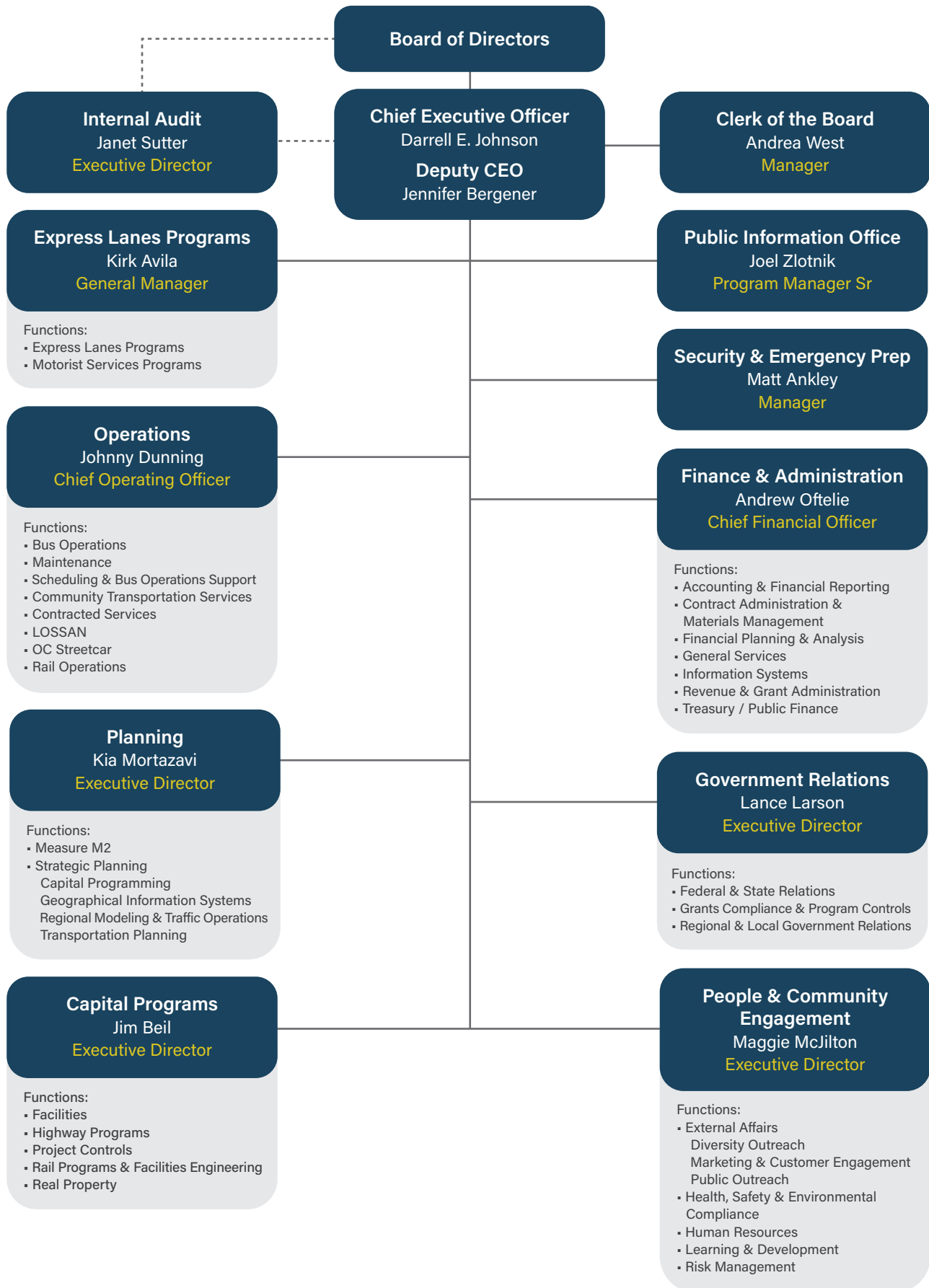


405 Express Lanes



Motorist Aid Services

ORGANIZATION CHART



FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2023

The OCTA remains fiscally responsible, ensuring financial sustainability and transparency in all our operations. Despite the challenges, OCTA ended the fiscal year 2023 with a strong financial position, compared to the end of fiscal year 2022.

Net position

 **13%**

Total net position increased by \$260 million, or 13% as compared to last fiscal year. The increase was primarily due to higher sales tax revenue and investment earnings exceeding the overall Measure M program spending, as well as an increase in the contribution to the Local Transportation Fund (LTF) for planning, paratransit, and operating expenses.

Long-term debt

 **5%**

Long-term debt decreased by \$70 million, or 5% as compared to last fiscal year. The decrease was primarily due to the defeasance of 2021 Bond Anticipation Notes (BANs) of \$662 million as a short-term financing vehicle during the construction of the Interstate (I)-405 Express Lanes Improvement Project, offset by net Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan of \$620 million in the current fiscal year.

Capital Assets

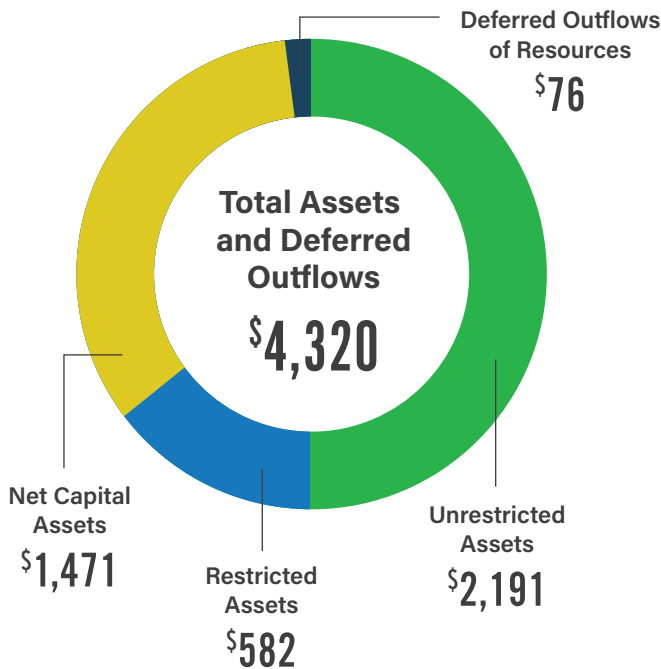
 **16%**

OCTA's capital assets increased by \$199 million, or 16% as compared to last fiscal year. The increase was primarily due to the on-going construction activities on the OC Streetcar project and the construction in progress related to the I-405 Express Lanes Improvement project.

FINANCIAL STATEMENTS – STATEMENT OF NET POSITION

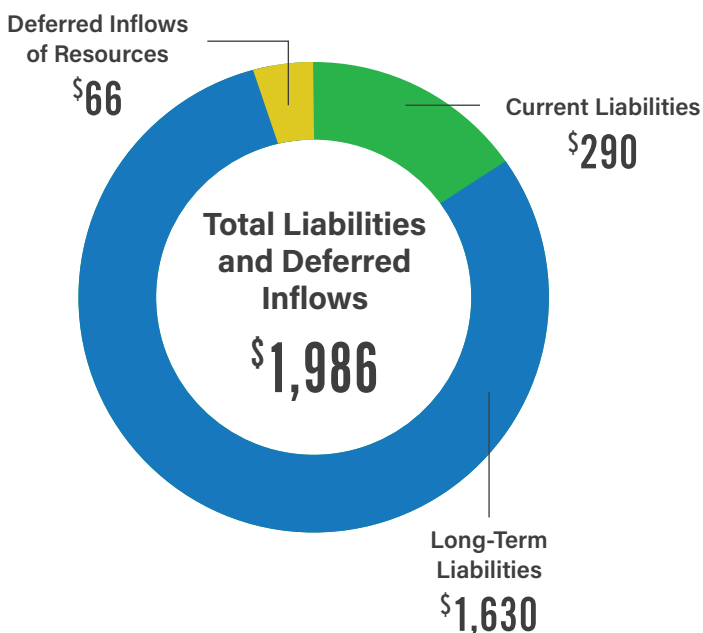
The Statement of Net Position presents all OCTA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as the net position. OCTA's overall net position increased by 13%, or \$260 million, compared to the prior fiscal year.

Assets and Deferred Outflows (millions)



- **Unrestricted Assets:** Cash and cash equivalents, investments, accounts receivables, due from other governments, due from other funds, prepaid items and deposits, inventory, and other liquid assets that can be readily converted to cash and are not restricted in use.
- **Restricted Assets:** Cash and cash equivalents, investments with maturity of three months or more, and restricted for specific purposes.
- **Net Capital Assets:** Original purchase value of any land, right-of-way improvements, buildings and improvements, vehicles, machinery, equipment and furniture, intangible right-to-use, toll facility franchise, construction in progress, less accumulated depreciation.
- **Deferred Outflows of Resources:** A consumption of net assets that applies to a future reporting period related to refunding, pensions, and other postemployment benefits (OPEB).

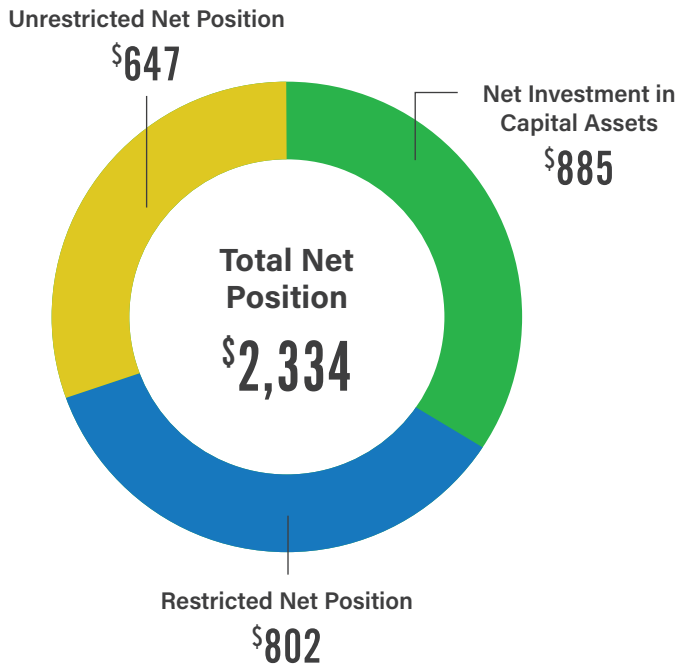
Liabilities and Deferred Inflows (millions)



- **Current Liabilities:** Current debts or obligations that are due within 12 months, or current operating cycle including accounts payable, debt payments, due to other governments, due to other funds, and unearned revenue.
- **Long-term liabilities:** Long-term obligations that are due in the following year or beyond, including payments for bond issuance, employee compensable absence, employee retirement benefits, non-current lease liabilities and subscription liabilities.
- **Deferred Inflows of Resources:** An acquisition of net assets that applies to a future reporting period related to refunding, pensions, OPEB, and leases.

FINANCIAL STATEMENTS – STATEMENT OF NET POSITION (CONT'D)

Net Position (millions)



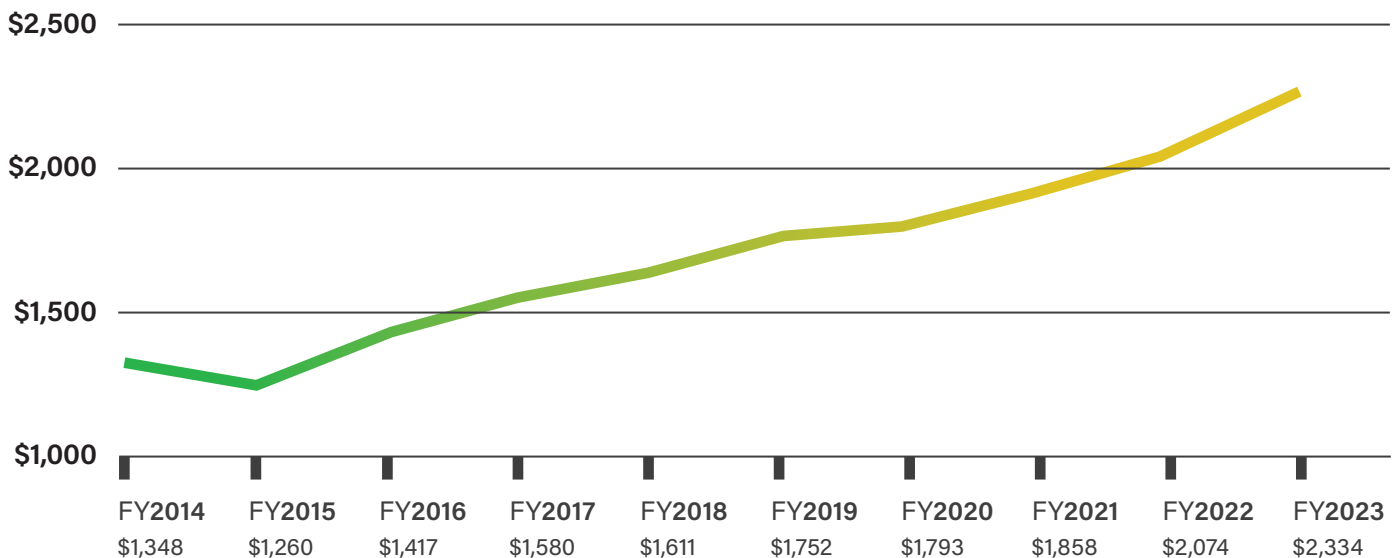
Net Investment in Capital Assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted Net Position: 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.

10-Year History of Net Position (millions)

Trend Analysis: The following chart depicts OCTA's 10-year historical net position trendline. Overall, the trend suggests a growth in OCTA's net position over the 10-year period, with some fluctuations in the earlier years but relatively steady growth in the later years. This indicates that OCTA's financial position has generally improved over this period.



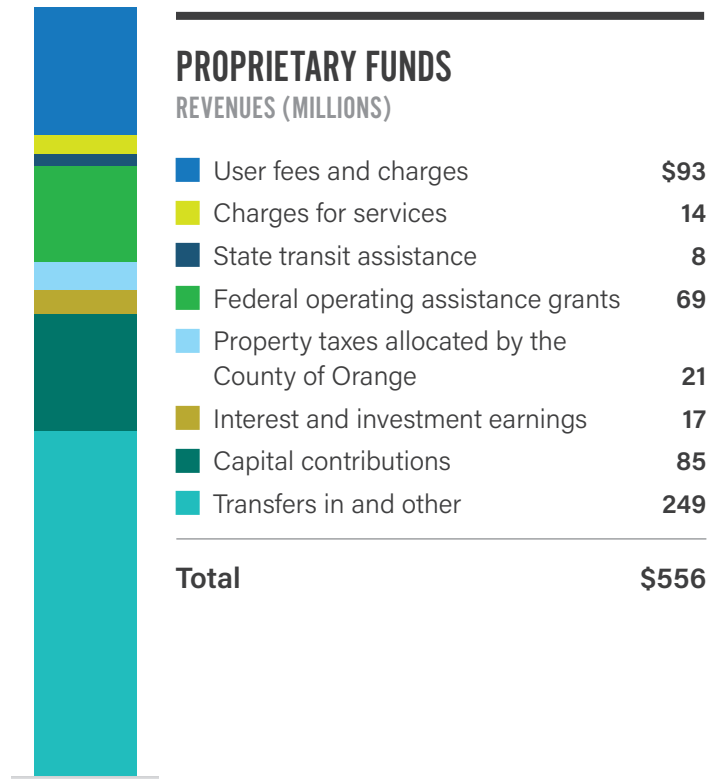
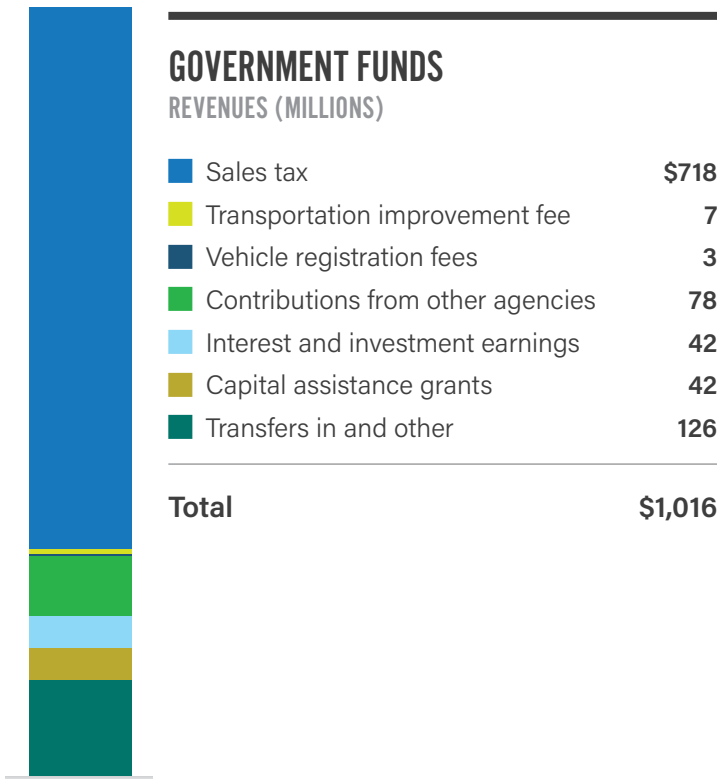
FINANCIAL STATEMENTS – STATEMENT OF ACTIVITIES

The Statement of Activities shows how OCTA's net position changed during the year reported, and shows total revenues earned and expenses incurred. When revenues exceed expenses, OCTA's net position increases. If expenses were to exceed revenues, the net position would decrease. As of June 30, 2023, OCTA's revenues exceeded expenses by \$260 million.

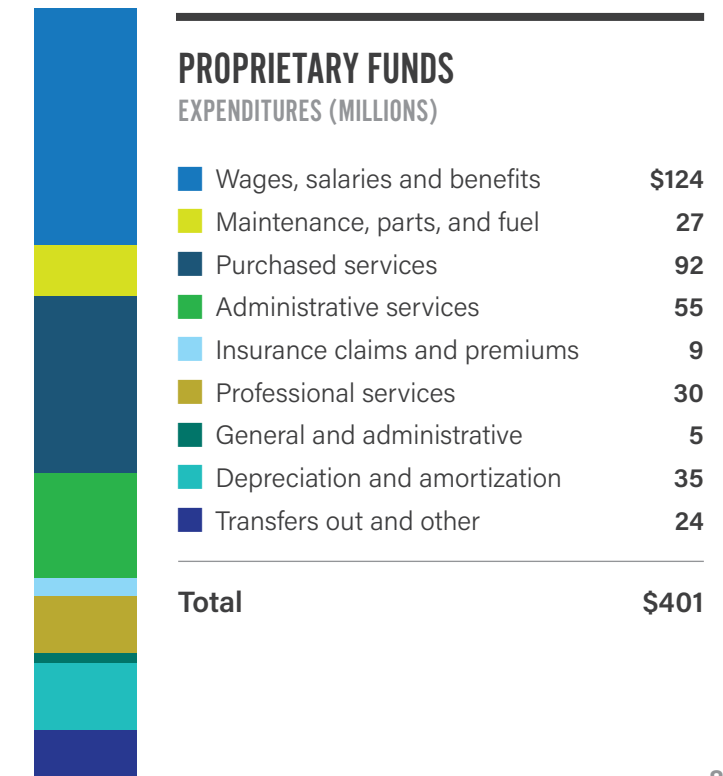
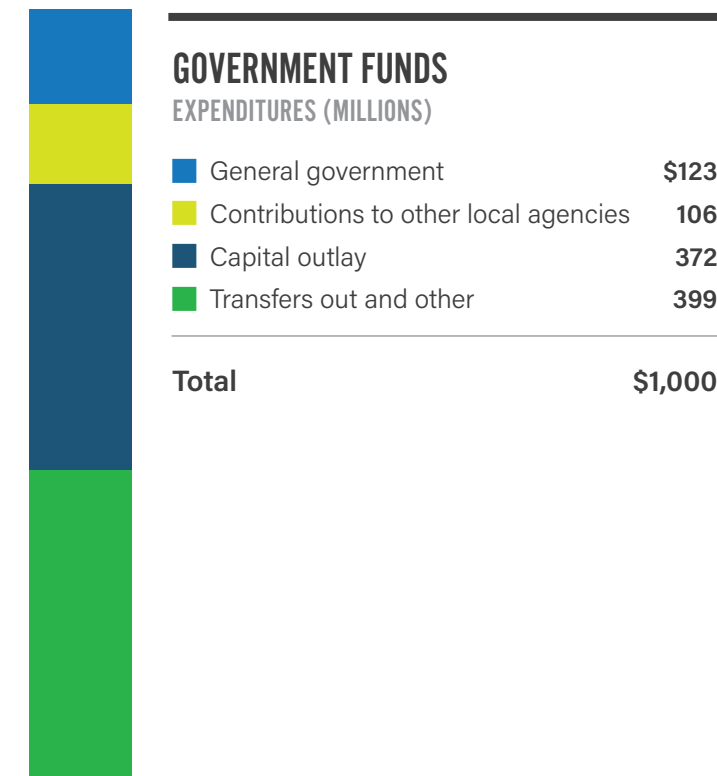
Statement of Activities (millions)

	FY2021	FY2022	FY2023
REVENUES			
Program Revenues	\$384	\$509	\$381
General Revenues	609	647	801
Total Revenues	993	1,156	1,182
EXPENSES			
General Government	87	90	105
Measure M Program	535	544	483
Motorist Services	7	8	8
Fixed Route	174	180	211
Paratransit	75	88	100
Toll Road	30	30	15
Total Expenses	908	940	922
Change in Net Position	85	216	260
Net Position (Beginning)	1,773	1,858	2,074
Net Position (Ending)	\$1,858	\$2,074	\$2,334

REVENUES: WHERE DOES THE MONEY COME FROM?



EXPENSES: WHERE DOES THE MONEY GO?



MAJOR PROGRAMS

	REVENUES (MILLIONS)	EXPENSES (MILLIONS)	
	\$410	\$440	<p>Measure M2 (Also known as OC Go)</p> <p>On November 7, 2006, the voters of Orange County chose to extend the Measure M1 half-cent sales tax for another 30 years from 2011 through 2041. Measure M2, administered by OCTA, will generate billions of dollars to improve transportation in Orange County. Measure M2 is designed to reduce traffic congestion and enhance overall mobility. Improvements in the plan include improving key freeways, upgrading major interchanges, adding capacity, and maintaining streets and roads. Measure M2 allocates 43 percent of funds to freeway projects, 32 percent to streets and roads, and 25 percent to transit projects.</p>
	\$468	\$353	<p>Bus Operations</p> <p>As a multimodal transportation agency serving Orange County, OCTA's bus service is one of the agency's core programs. OCTA's bus system currently offers 53 different routes serving nearly 5,400 bus stops. OCTA also provides OC ACCESS, which is a shared ride service for people who are unable to use the regular, fixed-route OC Bus service because of functional limitations.</p>
	\$52	\$22	<p>Express Lanes</p> <p>91 EL – The 91 Express Lanes is a four-lane, 18-mile toll road in Orange and Riverside counties. Located in the median of State Route (SR) 91 between the SR-55/SR-91 interchange and the SR-91/ I-15 interchange, the toll road is jointly managed by OCTA and the Riverside County Transportation Commission (RCTC).</p> <p>405 EL – The 405 Express Lanes will be a four-lane, High-Occupancy Toll (HOT) corridor on I-405, stretching from SR-55 to I-605. The Express Lanes will provide commuters with a reliable travel option compared to the adjacent general-purpose lanes, expected to be opened for public use in December 2023.</p>
	\$7	\$3	
	\$17	\$38	<p>Regional Rail</p> <p>Regional Rail service for Orange County Transportation Authority centers on Metrolink, Southern California's commuter rail system linking residential communities to employment and activity centers. Formed in 1991, Metrolink is operated by the Southern California Regional Rail Authority (SCRRA) — a Joint Powers Authority of five agencies representing the Counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.</p>
	\$1	\$1	<p>Local Rail</p> <p>The OC Streetcar will serve the historic downtown Santa Ana and Civic Center, which includes government offices, federal, state, and local courthouses, unique restaurants and shops, an artists' village, several colleges, and various community enrichment organizations.</p>

LOOKING AHEAD

The Board of Directors adopted the fiscal year 2024 budget on June 13, 2023. The \$1.7 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 innovative, equitable, and sustainable transportation solutions to Orange County's residents and visitors.

For full details, please see the [Approved Fiscal Year 2024 Budget](#).



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