

# 2020

## Comprehensive Annual Financial Report

For fiscal year ended June 30, 2020



Orange County Transportation Authority  
Orange County, California

# 2020

## Comprehensive Annual Financial Report

For fiscal year ended June 30, 2020

Submitted by:

**Darrell E. Johnson**

Chief Executive Officer

Finance and Administration Division

**Andrew Oftelie**

Chief Financial Officer



Orange County Transportation Authority  
Orange County, California

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2020**

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# FREEWAY



# STREETS & ROADS





*AFFILIATED AGENCIES*

*Orange County  
Transit District*

*Local Transportation  
Agency*

*Service Authority for  
Freeway Emergencies*

*Consolidate Transportation  
Service Agency*

*Congestion Management  
Agency*

December 14, 2020

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, 2020. 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.

Crowe, LLP, has audited OCTA's financial statements and issued an unmodified ("clean") opinion thereon for the FY ended June 30, 2020. The independent auditor's 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 auditor's 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.

## **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 (CEO) 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 (91 EL), motorist aid services, and taxi program regulation. In addition, OCTA is the managing agency for the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency.

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. On June 8, 2020, the Board approved the FY 2020-21 budget. During the FY, all major budget revisions are presented to the Board for consideration and adoption. On a quarterly basis, financial results are provided 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 coronavirus (COVID-19) pandemic represented a significant challenge to both the global and national economies. State and local governments across the United States issued orders for residents to self-quarantine and refrain from non-essential travel in an effort to slow the spread of the virus. These efforts have caused the economy to slow and have resulted in severe economic hardships well in excess of peak losses during the global financial crisis in 2008. As a result, the unemployment rate in Orange County was 13.7 percent in June 2020, an increase of 356.7 percent from June 2019. Statewide unemployment was 14.9 percent and national unemployment increased to 11.1 percent as of June 2020.

Between June 2019 and June 2020, the total nonfarm employment decreased by 193,000 jobs, representing a 11.5 percent decrease. All industry sectors recorded employment losses over the year. The most substantial decrease in Orange County was in the leisure and hospitality sector losing 65,400 jobs. This sector lost 44,400 jobs in accommodation and food services and 21,000 jobs in arts, entertainment, and recreation.



On the residential real estate sector, due to the low level of housing units listed for sale in the second quarter, it took 4.2 months to sell the inventory compared to an historical average of 5.6 months. Single family permits have decreased by 15.8 percent in the second quarter compared to the same period in 2019, and multiple family permits decreased by 40 percent. Per Chapman University's forecast, the median single-family home price is expected to reach \$854,000 in 2020, a 69 percent increase over 2009.

Based on the forecast provided by MuniServices, LLC, the estimated sales tax growth rate for FY 2020-21 is -4 percent for Measure M2 (M2). Sales tax for the M2 Program is estimated to be \$11.6 billion over the life of the measure. Sales tax growth for OCTA's Local Transportation Fund is estimated to be -6 percent in FY 2020-21.

### **Long-Term Financial Planning**

In an effort to ensure long-term sustainability of transportation programs and services, OCTA updates the Comprehensive Business Plan (CBP) annually and seeks Board approval every two years. The FY 2018-19 CBP was approved by the Board at the September 24, 2018, meeting. In addition, the FY 2020-21 CBP is anticipated to be presented to the Board in March 2021. 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 CBP details a comprehensive, multimodal approach ensuring the financial viability of each of OCTA's major programs and is developed consistent with the goals of OCTA's Strategic Plan, Long-Range Transportation Plan, and Next 10 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 the annual budget for salaries and benefits is not exceeded.

### Reserve Policy

In November 2019, the OCTA Board adopted the Reserve Policy to formalize OCTA's reserve policies and practices into one formal document and to ensure OCTA's programs and projects remain funded in times of economic uncertainty. Reserve policies for OCTA's major operating programs are described below.

### *Bus Program*

#### Working Capital Reserve Policy

The Reserve Policy increased the working capital reserve fund from a 45-day working capital reserve fund to a 60-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 Replacement Fund Reserve Policy

OCTA has also traditionally maintained a Capital Replacement Fund (CRF) for the Bus Program, which is used to fund the rehabilitation and replacement of its capital assets without the need for debt financing. The CRF allows OCTA to avoid debt service expenditures and instead maximize the amount of revenue available for service. Funding for the CRF is determined through OCTA's CBP and executed through the annual budget and ensures OCTD's future capital expenditures are fully funded.

### *91 Express Lanes*

The 91 EL has five reserve accounts, which include two reserve accounts internal to OCTA and three reserve accounts required as part of the 91 EL outstanding debt. The two reserve accounts internal to OCTA include a 91 EL CRF and a 91 EL Excess Revenue Fund (ERF). The 91 EL CRF is fully funded and used to fund the rehabilitation and replacement of the 91 EL capital assets without the need for additional debt financing. Similar to the Bus Program, funding for the 91 EL CRF is determined through OCTA's CBP on an annual basis. The 91 EL ERF is to be used to fund future 91 corridor improvements. The 91 EL excess revenues are to be allocated 80 percent for freeway projects and 20 percent for transit projects.

Three reserve accounts are required as part of the 91 EL outstanding debt to protect bondholders. The three reserve accounts are held in trust for the benefit of the repayment of the bonds and include a debt service reserve fund, an operating reserve, and a capital reserve. Each of the reserve accounts is fully funded and will remain so until the debt is retired.

### **Major Initiatives**

On November 7, 2006, Orange County voters, by a margin of 69.7 percent, approved the renewal of the Measure M one-half cent sales tax for transportation improvements (M2). Voters originally endorsed Measure M in 1990 (M1) with a sunset in 2011. With the approval of M2, the voters agreed to a continued investment of local tax dollars in Orange County's transportation infrastructure for another 30 years until 2041.

The OCTA Board has continued to advance implementation of M2 through the adoption of a series of early delivery plans. These early delivery plans are designed to ensure the delivery of projects and programs through 2041 as promised to the voters, bring transportation improvements earlier to residents and commuters of Orange County, and, as appropriate, address slower growth in sales tax revenue projections through strategic financing and by successfully capturing and augmenting the program with external revenues. To date, there have been three early delivery plans. The most recent is the Next 10 Plan, which was initially approved by the Board in 2016 and updated in the fall of 2019.

In FY 2019-20, OCTA continued to move Orange County forward with M2 projects and other notable accomplishments, including:

- In November 2019, adopted the updated Next 10 Plan. The 2019 update confirmed that the Next 10 Plan remains deliverable. The Next 10 Plan is a M2 project delivery framework covering FY 2016-17 through FY 2025-26 with the overarching goal of successfully delivering the 30-year M2 Program through 2041, as promised.
- The Measure M Taxpayers Oversight Committee determined that OCTA is delivering Measure M projects and programs as promised to Orange County voters for the 29<sup>th</sup> consecutive year.
- Significant construction activities continued on the Interstate 5 (I-5) Central County Improvements Project. In May 2020, the California Department of Transportation (Caltrans) awarded the Partnering Success in Motion Gold Award to this project. This award recognizes projects that best optimize partnership principles. With lower traffic volume on freeways and streets

from the stay-at-home order, as a result of the COVID-19 pandemic, the project benefited from extended work windows and lane closures. The project is anticipated to be completed in late 2020, a few months earlier than planned.

- The final environmental document and project report for the Interstate I-5 (I-5) between Interstate 405 (I-405) and State Route 55 (SR-55) was approved in early 2020.
- Construction is anticipated to start in fall 2020 on the project segment of the I-5 between Alicia Parkway and El Toro Road. At that time, all three segments of the I-5 South County Improvements will be under construction.
- The final environmental document and project report was approved in March 2020 for the SR-55 between I-5 and the State Route 91 (SR-91) Project. This project was approved in the 2019 updated Next 10 Plan to advance through construction. Staff will continue monitoring COVID-19 impacts to Measure M sales tax revenue to determine the schedule for this project.
- The design of the SR-55 between I-405 and I-5 is 100 percent complete and was submitted to the California Department of Transportation (Caltrans) in April 2020. Construction is anticipated to begin mid-2021.
- The final environmental document and project report for the SR-91 between State Route (SR-57) and SR-55 Project was approved on June 24, 2020.
- Construction on the \$1.9 billion I-405 Improvement Project continued with 13 bridges now under construction. The first stages of the Goldenwest Street and Bolsa Chica Road bridges were completed and opened to traffic in June 2020. With lower traffic volume on freeways and streets from the stay-at-home order, as a result of COVID-19, the project took advantage of extended work windows and lane closures.
- The 91 Express Lanes successfully transitioned to 6C technology by upgrading toll-reader technology to toll gantries in compliance with new California Toll Operators Committee standards.
- The 2020 Regional Capacity Program (RCP) call for projects approved funding for eight projects totaling \$23.4 million. Since 2011, OCTA has awarded 155 projects, totaling more than \$319 million, including \$24 million in external funding.

- As part of the 2020 Regional Traffic Signal Synchronization Program (RTSSP) Call for Projects, approved funding for six projects totaling \$12.1 million. To date, OCTA and local agencies have synchronized more than 2,000 intersections (exceeding the M2 target) along more than 746 miles of streets through 84 corridors totaling \$132.3 million, including \$25.5 million in external funding.
- The OC Streetcar Project Operations and Maintenance contract was approved in May 2020. Construction continues in the cities of Garden Grove and Santa Ana with rail track being laid on the streets. Vehicle manufacturing is underway by Siemens Mobility, Inc., and vehicle acceptance is anticipated in early 2021.
- Significant construction activity is underway for the San Juan Capistrano Rail Passing Siding Project and the project is anticipated to be completed by early 2021.
- Through the Community-Based Transit/Circulators Program (Project V), approved a 2020 Call for Projects, in the amount, of \$9 million to be available for local agencies to implement city-led seasonal and special event service.
- In FY 2019-20, OCTA provided more than \$3 million in M2 funds to lower fares for seniors and persons with disabilities under Project U. This resulted in over nine million boardings for the FY.
- Additional recommendations for the 2019 Safe Transit Stops call for projects are being collected.
- Approved Environmental Cleanup Program allocations of up to approximately \$2 million for 11 projects selected through the 2019 Tier 1 call for projects.
- The 2019 Conservation Plan Annual Report covering all activities between January 1, 2019 and December 31, 2019 was completed. The report confirmed that OCTA complies and is on target with the Natural Community Conservation Plan/Habitat Conservation Plan commitments through the Environmental Mitigation Program.
- Debuted the nation's largest hydrogen fueling station and integrated hydrogen-fueled buses into the OC Bus active fleet.
- Launched student bus-pass program at Golden West College and Fullerton College. The student bus-pass program is now at four Orange County campuses.

- Completed the Near Zero Engine Campaign on 19 60-foot articulated buses with the lowest emissions engine available that is certified by the California Air Resources Board for use in transit buses.
- Received a perfect score and compliments from the Federal Transit Administration (FTA) during the triennial review. FTA's triennial review audited the agency for compliance in 20 review areas which included all of its business lines. This rigorous nine-month process resulted in OCTA receiving no findings, which is a rare achievement that firmly places OCTA among the top five percent of the transit agencies in the nation.

### **Response to COVID-19 Pandemic**

OCTA continues to take appropriate measures to safely provide essential transportation services and deliver capital projects while promoting practices to help reduce the spread of COVID-19. The response efforts are centered around agency core values, helping to ensure the health and safety of the public and employees. Following local, state, and federal guidelines, OCTA achieved the following during the past FY:

- Successfully transitioned the overwhelming majority of professional and administrative staff to remote work.
- Less than a week after the state issued its stay-at-home order in March, the I-405 Improvement Project hosted its first virtual neighborhood meeting to update residents living near major upcoming construction. Residents were able to have their questions answered from the comfort and safety of their own homes.
- Continued transit services and capital projects with Coronavirus Aid, Relief, and Economic Security Act funding and healthy reserves.
- Responded to fluctuating demand for OC Bus by modifying service as needed to meet the needs of essential workers.
- Implemented extensive safety measures for transit riders such as rear-door boarding, onboard sanitizers and face-covering requirements and distribution.
- Developed comprehensive Return to Workplace guidelines for those essential employees currently working onsite at operations bases and the professional and administrative staff expected to return to the workplace.
- Implemented regular virtual townhall meetings with staff to allow the CEO to directly communicate with employees and answer questions.

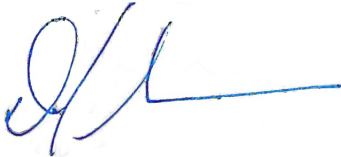
- Transitioned Board and committee meetings to teleconference as allowed under current state orders.

### **Awards and Acknowledgments**

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, 2019. This was the 37th 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.

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,



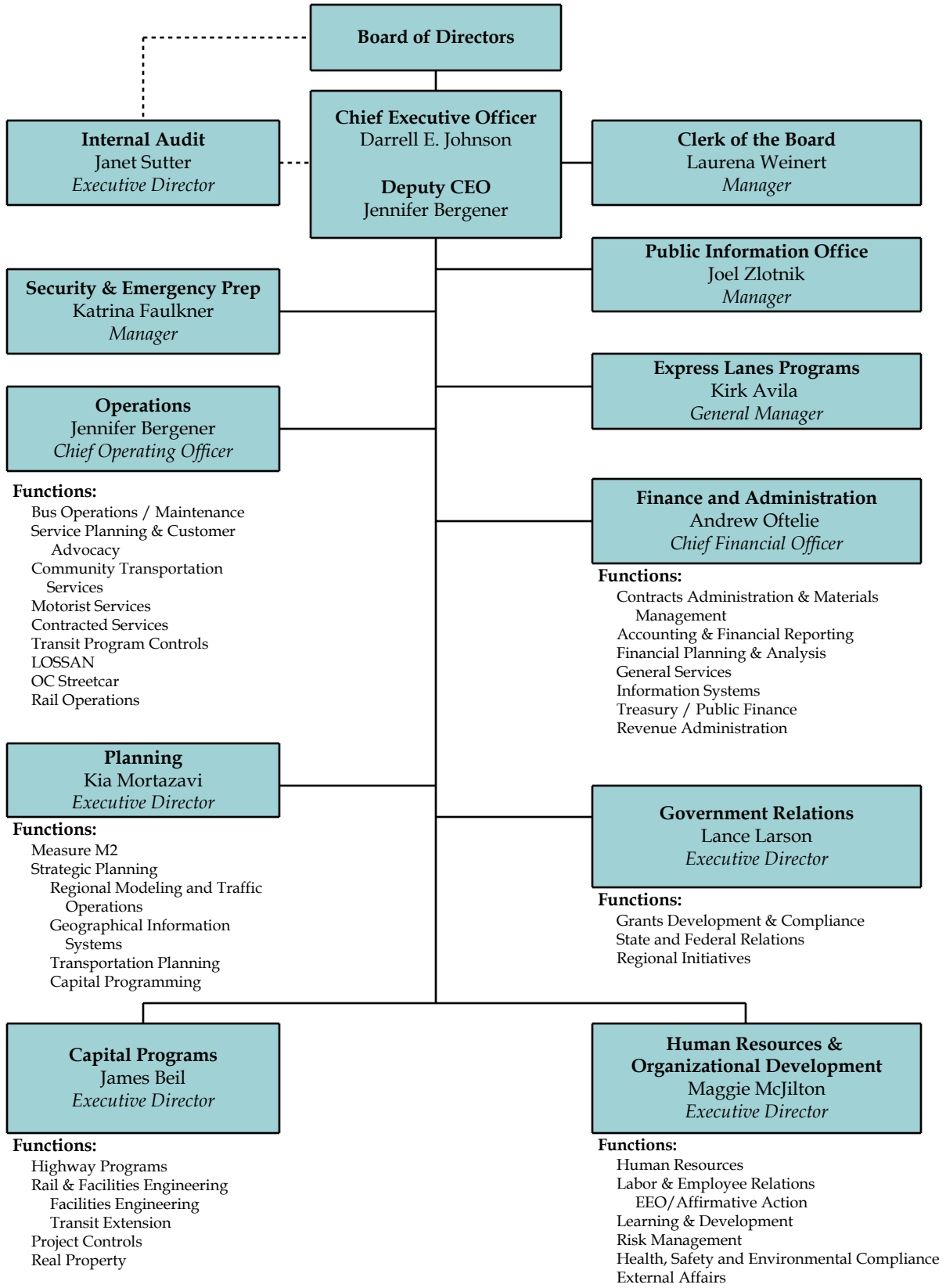
Darrell E. Johnson  
Chief Executive Officer



Andrew Oftelie  
Chief Financial Officer

ORANGE COUNTY TRANSPORTATION AUTHORITY

ORGANIZATION CHART







# 2020 BOARD OF DIRECTORS

**Steve Jones**  
Chairman  
City Member, 1st District



**Andrew Do**  
Vice Chairman  
Supervisor, 1st District



**Lisa A. Bartlett**  
Director  
Supervisor, 5th District



**Doug Chaffee**  
Director  
Supervisor, 4th District



**Laurie Davies**  
Director  
City Member, 5th District



**Barbara Delgleize**  
Director  
City Member, 2nd District



**Michael Hennessey**  
Director  
Public Member



**Gene Hernandez**  
Director  
City Member, 3rd District



**Joe Muller**  
Director  
City Member, 5th District



**Mark A. Murphy**  
Director  
City Member, 3rd District



**Richard Murphy**  
Director  
City Member, 2nd District



**Miguel Pulido**  
Director  
City Member, 1st District



**Tim Shaw**  
Director  
City Member, 4th District



**Harry S. Sidhu**  
Director  
City Member, 4th District



**Michelle Steel**  
Director  
Supervisor, 2nd District



**Donald P. Wagner**  
Director  
Supervisor, 3rd District



**Vacant**  
Public Member



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

## ORANGE COUNTY TRANSPORTATION AUTHORITY

### MANAGEMENT STAFF

Darrell E. Johnson	Chief Executive Officer
Jennifer Bergener	Deputy Chief Executive Officer
Laurena Weinert	Clerk of the Board
Janet Sutter	Executive Director, Internal Audit
James Donich	General Counsel

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Kirk Avila	General Manager, Express Lanes Programs
James Beil	Executive Director, Capital Programs
Jennifer Bergener	Chief Operating Officer, Operations
Katrina Faulkner	Manager, Security & Emergency Preparedness
Lance Larson	Executive Director, Government Relations
Beth McCormick	General Manager, Bus Operations
Maggie McJilton	Executive Director, Human Resources & Organizational Development
Kia Mortazavi	Executive Director, Planning
Andrew Oftelie	Chief Financial Officer, Finance and Administration
Joel Zlotnik	Manager, Public Information Office

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Sara Belovsky	Section Manager, General Services
Robert Davis	Manager, Treasury and Public Finance
Meena Katakia	Manager, Capital Projects
Sam Kaur	Manager, Revenue Administration
William Mao	Chief Information Officer, Information Systems
Sean Murdock	Director, Finance and Administration
Barry Reynolds	Manager, Information Systems & Operations Management
Lloyd Sullivan	Manager, Information Systems Enterprise Business Solutions
Benjamin Torres	Manager, Accounting and Financial Reporting
Pia Veasapen	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, 2019**

*Christopher P. Morill*

Executive Director/CEO

# BUS



# RAIL



## INDEPENDENT AUDITOR'S 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 fiscal year ended June 30, 2020, 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.

### ***Auditor's 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, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, Local Transportation Authority Special Revenue Fund, and Local Transportation Special Revenue Fund, and supplemental pension plan trend data and other postemployment benefit data, as listed in the table of contents, 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 the 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.

### *Supplementary 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 fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 November 16, 2020, 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 the effectiveness of OCTA's 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.



Crowe LLP

Costa Mesa, California  
November 16, 2020



**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(unaudited)  
For the Fiscal Year Ended June 30, 2020**

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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, 2020. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages iii-xi 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, 2020, OCTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,793,191 (net position). Of this amount, \$643,613 or 36% represents net investment in capital assets; \$651,458 or 36% is restricted for specific purposes; and the remaining portion represents unrestricted net position of \$498,120 or 28%.
- OCTA's total net position increased \$41,281 during fiscal year 2019-20. Net position from governmental activities, however, decreased \$8,675 primarily resulting from the decline in sales tax revenue while Measure M program expense increased. The net position from business-type activities increased \$49,956 primarily due to transfers from the Local Transportation Fund (LTF) and State Transit Assistance Fund (STAF) for transit operations, while change in net position from the operational performance decreased \$27,426 or 22.9% from prior fiscal year, as a result of coronavirus (COVID-19) pandemic.
- OCTA's governmental funds reported combined ending fund balances of \$1,310,114, a decrease of \$87,662 or 6% compared to fiscal year 2018-19. Approximately 93% of the governmental fund balances represent Local Transportation Authority amounts available for the Measure M program, including debt service. The decrease of governmental fund balances was primarily attributable to the declined sales tax revenue as a result of COVID-19 pandemic and increased capital project expenditures.
- Long-term debt decreased by \$5,981, compared to the prior fiscal year. The decrease is primarily attributable to the payments for principal of \$14,640 offset by the accreted interest on the TIFIA loan of \$8,659.

### **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.

## ORANGE COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

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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.

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 LTF, which are special revenue funds; LTA Debt Service fund; and General Capital Project fund. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are 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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, taxicab administration operations, and streetcar 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), the 91 Express Lanes, and the I-405 Express Lanes fund which are considered as major enterprise funds of OCTA. Data from the other nonmajor enterprise funds such as OC Streetcar and Orange County Taxi Administration Program (OCTAP) are combined into a single, aggregated presentation. 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 33-83 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 and other postemployment benefits are included. Required supplementary information can be found on pages 84-91 of this report.

The combining statements of nonmajor governmental funds, nonmajor enterprise 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 92-108 of this report.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**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, 2020, OCTA's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,793,191.

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 \$643,613, compared to \$583,197 in fiscal year 2018-19. 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 \$60,416 was primarily due to progress of OC Streetcar construction project.

Restricted net position, representing resources subjected to external restrictions on how they may be used, were 36% and 40% of the total net position at June 30, 2020 and 2019, respectively. In fiscal year 2019-20, the restricted net position decreased by \$44,705 primarily due to the combination of the decrease in the restricted net position from governmental activities of \$51,632 and the increase of \$6,927 for business-type activities. The decrease for governmental activities was contributed by the economic slow-down caused by COVID-19 pandemic resulting in decreased sales tax revenue in addition to an increase in expenses related to Measure M program. The increase for business-type activities was primarily related to the funds restricted for the State of Good Repair program.

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 2019-20, OCTA's unrestricted net position was \$498,120, an increase of \$25,570 from the prior fiscal year. The increase was mainly due to business-type activities and transfers from LTF and STAF for operating assistance.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 1  
Orange County Transportation Authority  
Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,434,094	\$ 1,531,489	\$ 899,587	\$ 899,387	\$ 2,333,681	\$ 2,430,876
Restricted assets	12,420	9,534	35,955	24,827	48,375	34,361
Prepaid retirement	11,898	10,871	21,611	20,160	33,509	31,031
Assets held for resale	10,476	371	—	—	10,476	371
Capital assets, net	340,129	262,985	576,151	550,002	916,280	812,987
Total assets	1,809,017	1,815,250	1,533,304	1,494,376	3,342,321	3,309,626
Deferred outflows of resources	15,726	26,794	32,801	53,664	48,527	80,458
Current liabilities	119,192	105,326	63,381	78,179	182,573	183,505
Long-term liabilities	769,259	797,297	592,923	619,759	1,362,182	1,417,056
Total liabilities	888,451	902,623	656,304	697,938	1,544,755	1,600,561
Deferred inflows of resources	18,905	13,359	33,997	24,254	52,902	37,613
Net position:						
Net investment in capital assets	340,129	262,985	303,484	320,212	643,613	583,197
Restricted	626,302	677,934	25,156	18,229	651,458	696,163
Unrestricted	(49,044)	(14,857)	547,164	487,407	498,120	472,550
Total net position	\$ 917,387	\$ 926,062	\$ 875,804	\$ 825,848	\$ 1,793,191	\$ 1,751,910

OCTA's total revenues decreased by 4%, while the total costs of all programs increased by 7%. Major contributing factors for the decrease of \$41,412 in total revenues are decrease of \$15,620 in charge for services due to declined ridership and toll traffic, and decrease of \$27,121 in tax revenue due to the slowing economy offset by an increase of \$11,697 in unrestricted investment earnings resulting from favorable financial market.

During fiscal year 2019-20, OCTA's total expenses increased \$57,994, which resulted mainly from costs related to freeway projects including the I-405 Improvement project. Approximately 32% 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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

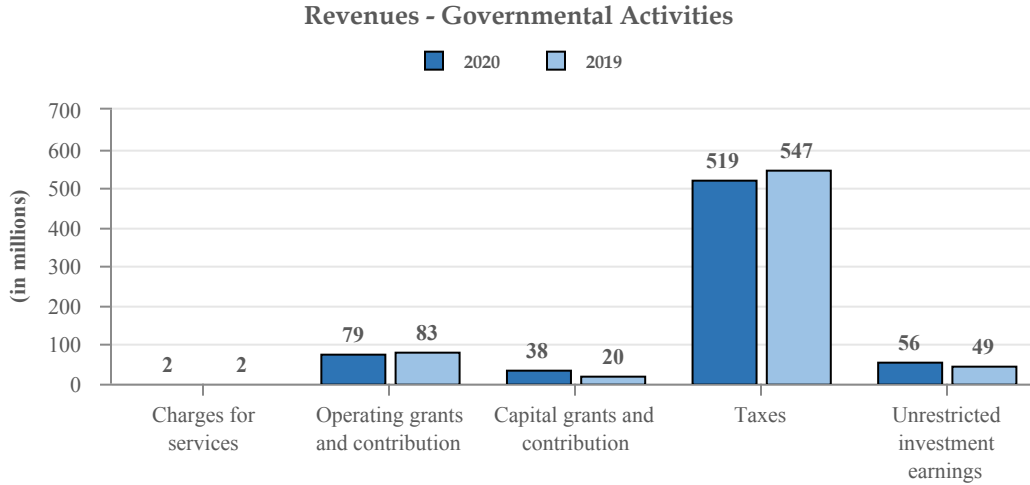
Table 2  
Orange County Transportation Authority  
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,069	\$ 1,823	\$ 91,345	\$ 107,211	\$ 93,414	\$ 109,034
Operating grants and contributions	78,703	83,458	64,917	87,667	143,620	171,125
Capital grants and contributions	37,921	19,994	4,747	11,172	42,668	31,166
General revenues:						
Taxes	518,933	546,912	17,829	16,971	536,762	563,883
Unrestricted investment earnings	55,593	48,527	29,285	24,654	84,878	73,181
Other miscellaneous revenue	157	233	11,104	5,393	11,261	5,626
Total revenues	693,376	700,947	219,227	253,068	912,603	954,015
Expenses:						
General government	89,868	88,394	—	—	89,868	88,394
Measure M program	453,965	390,253	—	—	453,965	390,253
Motorist services	7,724	6,359	—	—	7,724	6,359
Commuter rail	454	117	—	—	454	117
Fixed route	—	—	201,819	230,256	201,819	230,256
Paratransit	—	—	88,086	71,104	88,086	71,104
Toll road	—	—	29,239	26,491	29,239	26,491
Taxicab administration	—	—	160	348	160	348
Fixed Guideway	—	—	7	6	7	6
Total expenses	552,011	485,123	319,311	328,205	871,322	813,328
Indirect expense allocation	(46,890)	(44,411)	46,890	44,411	—	—
Increase (decrease) in net position before transfers	188,255	260,235	(146,974)	(119,548)	41,281	140,687
Transfers	(196,930)	(149,206)	196,930	149,206	—	—
Change in net position	(8,675)	111,029	49,956	29,658	41,281	140,687
Net position – beginning of year	926,062	815,033	825,848	796,190	1,751,910	1,611,223
Net position – end of year	\$ 917,387	\$ 926,062	\$ 875,804	\$ 825,848	\$ 1,793,191	\$ 1,751,910

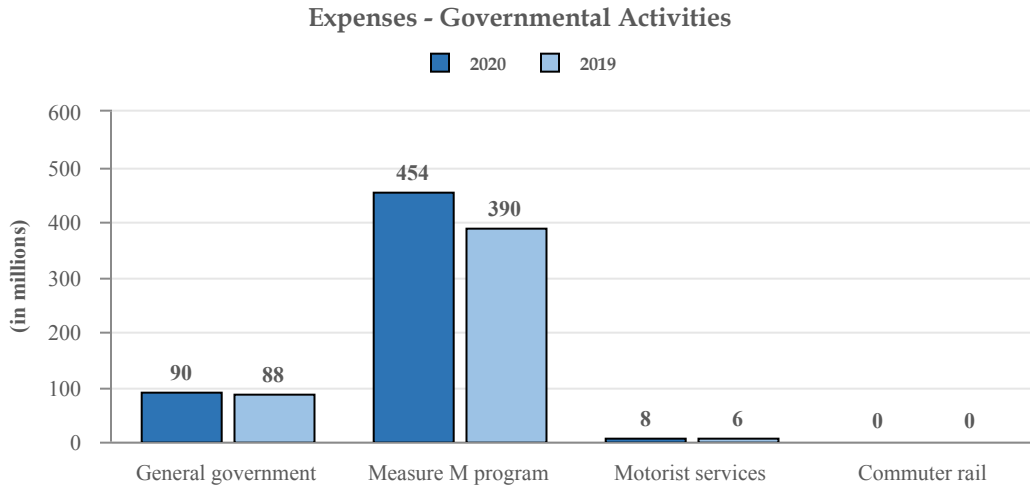
**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Activities**

Total revenues for OCTA's governmental activities decreased \$7,571 primarily due to a decrease of \$27,979 in sales tax revenue resulting from the economic slowdown triggered by COVID-19 pandemic offset by net increase of \$13,172 in operating and capital grants and contributions, increase of \$7,066 in unrestricted investment earnings.



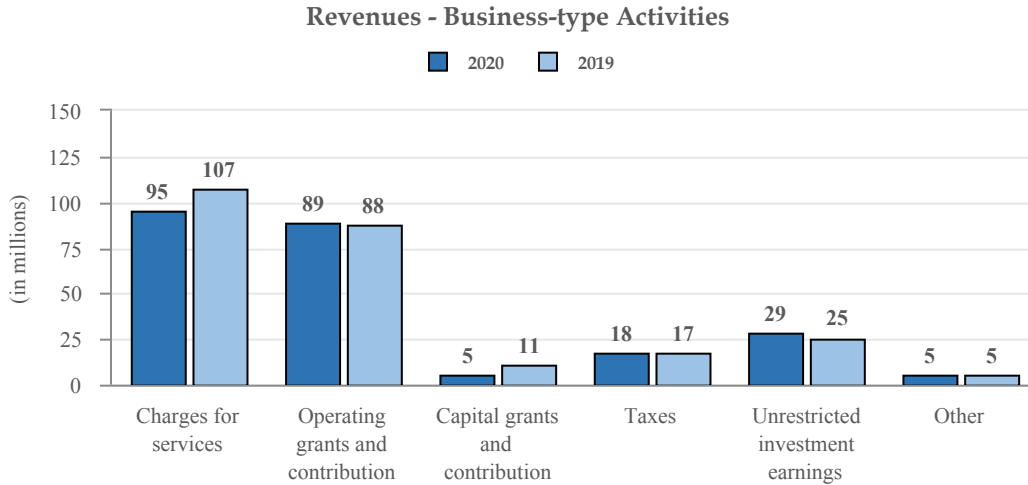
Total expenses for OCTA's governmental activities increased \$66,888 primarily due to an increase of \$63,712 in Measure M program costs related to freeway projects including the I-405 Improvement Project.



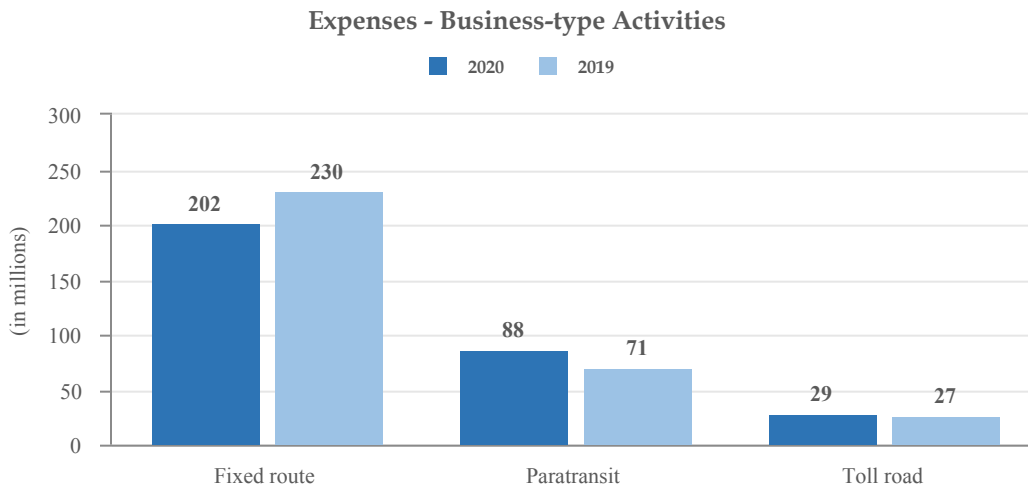
**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Business-type Activities**

Revenues of OCTA's business-type activities decreased \$33,841 primarily due to a decrease of \$15,866 in charge for service resulting from declined ridership and toll traffic triggered by COVID-19 pandemic along with a decrease of \$6,425 in capital grants and contributions related to purchase of transit vehicles, which was offset by an increase of \$4,631 in investment earnings due to favorable financial market performance.



Total expenses related to business-type activities decreased \$8,894 or 3%, which resulted from a combination of a decrease in operating expenses related to fixed route and an increase in operating expense related to paratransit.





**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Financial Analysis of OCTA's Funds**

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

Governmental funds

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, 2020, OCTA's governmental funds reported combined ending fund balances of \$1,310,114, a decrease of \$87,662 compared to the prior fiscal year. Approximately 97% or \$1,275,600 of this amount is restricted, the majority of which relates to the Measure M program. \$24,976 represents the portion of fund balance that is not in a spendable form, such as notes receivable, prepaid retirement and advances for projects. \$11,562 is assigned for rail operations. The remainder of fund balance of \$(2,024) is unassigned.

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

The General fund increased by \$4,484, primarily due to the sale of land held for resale and the continued receipt on the note receivable from the City of Anaheim for the ARTIC.

The LTA fund net position for fiscal year 2019-20 decreased by \$74,953 or 6%, whereas prior fiscal year increased \$444,900 or 54%. The 60% point decrease is a result of sales tax revenue bonds issuance in prior fiscal year as other financing sources to finance eligible project costs for I-405 Improvement Project. The other contributing factor of the decrease is the declined sales tax revenue triggered by COVID-19 pandemic while costs related to continued I-405 Improvement project got increased.

The LTF fund decreased by \$3,804, primarily due to the declined sales tax revenue triggered by COVID-19 pandemic.

The LTA Debt Service fund decreased by \$17,725, which is mainly due to transfers back to LTA funds received from the LTA fund in excess of debt service payments.

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 \$849,675 at June 30, 2020 compared to \$800,850 at June 30, 2019. Following are the significant changes in net position of OCTA's major proprietary funds:

The OCTD fund net position at June 30, 2020 was \$671,046. During fiscal year 2019-20, the total net position increased \$42,757, primarily due to the transfers from LTF and STAF for operating assistance in excess of expenses consistent with the CBP.

The 91 Express Lanes fund net position for fiscal year 2019-20 increased \$15,413 or 6%, whereas prior fiscal year increased \$42,050 or 20%. The 14% point decrease is due mainly to declined charge for services caused by decreased toll traffic resulting from COVID-19 pandemic. The investment earnings of \$8,559 due to a favorable financial market contributed to the increase in net position.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**General Fund Budgetary Highlights**

Revenues

The primary sources of revenues for the general fund are from federal, state, and local sources. Actual revenues were \$7,964 less than the final budget of \$18,024. This is primarily due to OCTA receiving \$5,712 less in contributions from other agencies, which is primarily due to revenues pertaining to I-5 Pico to County line PA/ED. This project did not end up taking place in fiscal year 2019-20 and has been rebudgeted in fiscal year 2020-21. Capital assistance grants were \$959 less than the final budget, primarily due to invoice-based pass through grants to external agencies.

Expenditures

The fiscal year 2019-20 general fund budget was \$504 more than the original general fund budget of \$28,440. This is the result of budget transfers between the general fund and the OCTD fund. The transfers primarily pertained to contract and information systems staffing and information systems services and equipment.

Actual expenditures were \$8,127 less than the final budget of \$28,944. This is primarily due to a supplies and services underrun by \$8,953, which resulted mainly from professional services pertaining to the environmental phase of the I-5, Avenue Pico to San Diego County Line project, studies and planning services, and as needed services. Primarily due to timing, the majority of this budget has been rebudgeted in fiscal year 2020-21. Contribution to other local agencies underran the final budget by \$2,266 which is primarily due to pass-through funding to external agencies for Bikeway projects and the Irvine Trail Lighting project. Salaries and benefits expenses were \$3,507 less than the final budget, primarily due to vacancies. The general fund cost allocation required \$7,307 less than budgeted based on general fund expenses throughout the fiscal year.

**Capital Assets**

As of June 30, 2020, OCTA had \$916,280, net of accumulated depreciation, invested in a broad range of capital assets including: land, buildings, transit vehicles, toll facility franchise, construction in progress, and machinery, equipment and furniture (Table 3).

During fiscal year 2019-20, OCTA's capital assets increased by \$103,293. Capital assets related to governmental activities increased by \$77,144. This increase is due primarily to the on-going construction activities on the OC Streetcar project. Capital assets related to business-type activities increased by \$26,149, which resulted mainly from construction in progress related to the I-405 Express Lanes project.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 172,236	\$ 172,236	\$ 57,133	\$ 57,133	\$ 229,369	\$ 229,369
Buildings and improvements	462	498	63,419	58,486	63,881	58,984
Transit vehicles	—	—	121,770	140,368	121,770	140,368
Machinery, equipment and furniture	3,470	2,717	22,363	23,787	25,833	26,504
Toll Facility Franchise	—	—	117,695	120,282	117,695	120,282
Construction in progress	163,961	87,534	193,771	149,946	357,732	237,480
Totals	\$ 340,129	\$ 262,985	\$ 576,151	\$ 550,002	\$ 916,280	\$ 812,987

Major capital asset additions during the fiscal year included:

- \$56,340 for the I-405 Express Lanes project
- \$74,256 for the OC Streetcar project

Major capital asset deletions during the fiscal year included:

- \$5,055 for various building improvements
- \$1,490 for revenue vehicles
- \$3,151 for various support equipment

OCTA has outstanding capital expenditure commitments, the most significant of which are: \$748,291 for the I-405 Improvement Project, \$227,146 for the OC Street project, \$227,479 for the I-5 freeway widening construction project, \$21,494 for SR91 and I-405 express lane toll collection project, and \$14,953 for purchase of up to 117, 22-foot gas powered cutaway buses.

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

**Long-term Debt Administration**

As of June 30, 2020, OCTA had \$1,021,796 in long-term debt outstanding compared to \$1,027,777 at June 30, 2019, as presented in Table 4. The decrease of \$5,981 is primarily attributable to the payments for principal of \$14,640 offset by the accreted interest on the TIFIA loan of \$8,659.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 4  
Orange County Transportation Authority  
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Sales tax revenue bonds	\$ 626,690	\$ 635,220	\$ —	\$ —	\$ 626,690	\$ 635,220
Revenue refunding bonds	—	—	91,685	97,795	91,685	97,795
TIFIA loan	—	—	303,421	294,762	303,421	294,762
<b>Totals</b>	<b>\$ 626,690</b>	<b>\$ 635,220</b>	<b>\$ 395,106</b>	<b>\$ 392,557</b>	<b>\$ 1,021,796</b>	<b>\$ 1,027,777</b>

OCTA's long-term debt is rated by Standard & Poor's, Moody's, and Fitch. As of June 30, 2020, the ratings are as follows:

	Standard & Poor's	Moody's	Fitch
M2 Sales Tax Revenue Bonds	AA+	Aa2	AA+
Toll Road Revenue Refunding Bonds	AA-	A1	A+
TIFIA Loan	n/a	Baa2	n/a

Additional information on OCTA's long-term debt can be found in note 9 to the financial statements.

**Economic and Other Factors**

The Board of Directors (Board) adopted the fiscal year 2020-21 budget on June 8, 2020. The \$1.43 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.

Under the M2 Program, improvements to freeways, streets and roads throughout Orange County, as well as multiple transit programs will continue. Included in the proposed budget is \$417.7 million to fund freeway improvement projects and approximately \$145.8 million is budgeted to improve streets and roads. The budget also includes \$59.9 million for M2 Transit, including \$31.6 million for ongoing construction of the OC Streetcar.

Bus Program revenues are expected to decline in the next budget year. However, funds from the recently approved Coronavirus Aid, Relief, and Economic Security (CARES) Act will be used to fill in for bus revenue shortfalls and restore service levels up to pre-COVID-19 levels. The fiscal year 2020-21 budget includes up to 1.63 million revenue hours, which is the same level of service provided in the current budget. While the budget will include the necessary resources to quickly pivot to pre-COVID-19 service levels, actual service restoration will occur in a thoughtful manner with public health and ridership demand being the primary considerations. The CARES Act will also provide OCTA with the ability to take a similar approach to commuter rail services funded by OCTA and operated by Metrolink.

The COVID-19 pandemic has not only caused the economy to slow but has resulted in severe traffic declines for the 91 Express Lanes Program. The 91 Express Lanes anticipates trips to decrease from 17.5 million trips in fiscal year 2019-20 budget to 10.9 million in the fiscal year 2020-21 budget.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The fiscal year 2020-21 budget demonstrates OCTA's responsibility to the community in providing an effective and efficient multi-modal transportation network for those workers providing essential services to the community and keeping the residents of Orange County safe.

**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, 2020**

<i>(amounts expressed in thousands)</i>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 1,276,831	\$ 735,759	\$ 2,012,590
Receivables:			
Interest	4,865	3,645	8,510
Operating grants	10,127	83,092	93,219
Capital grants	10,834	14,880	25,714
Other	201	16,177	16,378
Internal balances	(20,393)	20,393	-
Due from other governments	121,111	16,224	137,335
Condemnation deposits	7,810	5,077	12,887
Note receivable	18,023	-	18,023
Inventory	-	2,096	2,096
Restricted cash and investments:			
Cash equivalents	-	35,955	35,955
Investments	12,420	-	12,420
Prepaid retirement	11,898	21,611	33,509
Other assets	4,685	2,244	6,929
Assets held for resale	10,476	-	10,476
Capital assets, net:			
Nondepreciable	336,197	250,904	587,101
Depreciable and amortizable	3,932	325,247	329,179
<b>Total Assets</b>	<b>1,809,017</b>	<b>1,533,304</b>	<b>3,342,321</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	1,430	7,002	8,432
Deferred outflows - pensions	13,995	25,590	39,585
Deferred outflows - OPEB	301	209	510
<b>Total Deferred Outflows of Resources</b>	<b>15,726</b>	<b>32,801</b>	<b>48,527</b>
<b>Liabilities</b>			
Accounts payable	89,137	35,925	125,062
Accrued payroll and related items	1,814	5,438	7,252
Accrued interest payable	13,366	1,701	15,067
Due to other governments	13,994	1,979	15,973
Unearned revenue	816	18,304	19,120
Other liabilities	65	34	99
Noncurrent liabilities:			
Due within one year	8,145	17,357	25,502
Due in more than one year	696,305	412,388	1,108,693
Total OPEB liability	724	1,577	2,301
Net pension liability	64,085	161,601	225,686
<b>Total Liabilities</b>	<b>888,451</b>	<b>656,304</b>	<b>1,544,755</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	18,680	33,503	52,183
Deferred inflows - OPEB	225	494	719
<b>Total Deferred Inflows of Resources</b>	<b>18,905</b>	<b>33,997</b>	<b>52,902</b>
<b>Net Position</b>			
Net investment in capital assets	340,129	303,484	643,613
Restricted for:			
Measure M program	522,478	-	522,478
Measure M - Environmental Mitigation Program	12,420	-	12,420
Debt service	18,293	682	18,975
Transportation program	73,111	-	73,111
Capital	-	10,589	10,589
Operating reserve	-	3,176	3,176
State of Good Repair Program	-	10,709	10,709
Unrestricted	(49,044)	547,164	498,120
<b>Total Net Position</b>	<b>\$ 917,387</b>	<b>\$ 875,804</b>	<b>\$ 1,793,191</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	Program Revenues					Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Functions/Programs</b>								
<b>Primary government</b>								
Governmental activities:								
General government	\$ 89,868	\$ (69,725)	\$ 872	\$ 7,386	\$ 37,921	\$ 26,036	\$ —	\$ 26,036
Measure M program	453,965	21,964	1,195	62,801	—	(411,933)	—	(411,933)
Motorist services	7,724	855	—	8,516	—	(63)	—	(63)
Commuter rail	454	16	2	—	—	(468)	—	(468)
<b>Total governmental activities</b>	<b>552,011</b>	<b>(46,890)</b>	<b>2,069</b>	<b>78,703</b>	<b>37,921</b>	<b>(386,428)</b>	<b>—</b>	<b>(386,428)</b>
Business-type activities:								
Fixed route	201,819	42,310	39,747	63,053	4,703	—	(136,626)	(136,626)
Paratransit	88,086	—	7,496	—	—	—	(80,590)	(80,590)
Tollroad	29,239	4,014	43,944	1,847	44	—	12,582	12,582
Taxicab administration	160	194	158	17	—	—	(179)	(179)
Fixed guideway	7	372	—	—	—	—	(379)	(379)
<b>Total business-type activities</b>	<b>319,311</b>	<b>46,890</b>	<b>91,345</b>	<b>64,917</b>	<b>4,747</b>	<b>—</b>	<b>(205,192)</b>	<b>(205,192)</b>
<b>Total primary government</b>	<b>\$ 871,322</b>	<b>\$ —</b>	<b>\$ 93,414</b>	<b>\$ 143,620</b>	<b>\$ 42,668</b>	<b>(386,428)</b>	<b>(205,192)</b>	<b>(591,620)</b>
General Revenues:								
Property taxes						—	17,829	17,829
Sales taxes						518,933	—	518,933
Unrestricted investment earnings						55,593	29,285	84,878
Other miscellaneous revenue						157	11,104	11,261
Transfers						(196,930)	196,930	—
<b>Total general revenues and transfers</b>						<b>377,753</b>	<b>255,148</b>	<b>632,901</b>
<b>Change in net position</b>						<b>(8,675)</b>	<b>49,956</b>	<b>41,281</b>
<b>Net position - beginning</b>						<b>926,062</b>	<b>825,848</b>	<b>1,751,910</b>
<b>Net position - ending</b>						<b>\$ 917,387</b>	<b>\$ 875,804</b>	<b>\$ 1,793,191</b>

See accompanying notes to the financial statements.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Balance Sheet - Governmental Funds**  
**June 30, 2020**

<i>(amounts expressed in thousands)</i>	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 36,293	\$ 1,190,083	\$ 11,786	\$ 18,293	\$ 5,304	\$ 15,072	\$ 1,276,831
Receivables:							
Interest	63	4,658	16	—	2	126	4,865
Operating grants	2,647	7,479	—	—	—	1	10,127
Capital grants	—	—	—	—	10,829	5	10,834
Other	—	192	—	—	—	9	201
Due from other funds	841	229	—	—	14,786	40	15,896
Due from other governments	2,191	72,070	28,792	2,130	—	15,928	121,111
Condemnation deposits	—	7,810	—	—	—	—	7,810
Note receivable	12,516	3,225	—	—	—	2,282	18,023
Advances to other funds	—	—	—	—	—	618	618
Restricted cash and investments:							
Investments	—	12,420	—	—	—	—	12,420
Prepaid retirement	11,898	—	—	—	—	—	11,898
Other assets	265	570	—	—	3,850	—	4,685
<b>Total Assets</b>	<b>\$ 66,714</b>	<b>\$ 1,298,736</b>	<b>\$ 40,594</b>	<b>\$ 20,423</b>	<b>\$ 34,771</b>	<b>\$ 34,081</b>	<b>\$ 1,495,319</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 3,293	\$ 57,273	\$ —	\$ —	\$ 27,601	\$ 970	\$ 89,137
Accrued payroll and related items	1,814	—	—	—	—	—	1,814
Compensated absences	80	—	—	—	—	—	80
Due to other funds	—	15,450	11,281	—	—	10,056	36,787
Due to other governments	331	12,387	162	—	1,057	57	13,994
Unearned revenue - other	497	319	—	—	—	—	816
Other liabilities	48	17	—	—	—	—	65
Advances from other funds	—	618	—	—	—	—	618
<b>Total Liabilities</b>	<b>6,063</b>	<b>86,064</b>	<b>11,443</b>	<b>—</b>	<b>28,658</b>	<b>11,083</b>	<b>143,311</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - interest on advances	—	—	—	—	—	537	537
Unavailable revenue - grant reimbursements	127	15,219	—	—	4,287	—	19,633
Unavailable revenue - reimbursements from others and other misc revenue	766	4,877	—	2,130	—	2,018	9,791
Unavailable revenue - sale of land	105	—	—	—	—	—	105
Unavailable revenue - ARTIC	11,828	—	—	—	—	—	11,828
<b>Total Deferred Inflows of Resources</b>	<b>12,826</b>	<b>20,096</b>	<b>—</b>	<b>2,130</b>	<b>4,287</b>	<b>2,555</b>	<b>41,894</b>
<b>Fund Balances</b>							
Nonspendable:							
Note receivable	583	—	—	—	—	—	583
Prepaid retirement	11,898	—	—	—	—	—	11,898
Other assets - Deposits, inventory, prepaid amounts	265	8,380	—	—	3,850	—	12,495
Restricted for:							
Transportation programs	23,517	1,184,196	29,151	—	—	14,853	1,251,717
Motorist services	—	—	—	—	—	5,590	5,590
Debt service	—	—	—	18,293	—	—	18,293
Assigned to:							
Metrolink/rail operations	11,562	—	—	—	—	—	11,562
Unassigned	—	—	—	—	(2,024)	—	(2,024)
<b>Total Fund Balances</b>	<b>47,825</b>	<b>1,192,576</b>	<b>29,151</b>	<b>18,293</b>	<b>1,826</b>	<b>20,443</b>	<b>1,310,114</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 66,714</b>	<b>\$ 1,298,736</b>	<b>\$ 40,594</b>	<b>\$ 20,423</b>	<b>\$ 34,771</b>	<b>\$ 34,081</b>	<b>\$ 1,495,319</b>

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, 2020**

*(amounts expressed in thousands)*

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

<b>Total fund balances (page 20)</b>	\$	1,310,114
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		340,129
Assets held for resale are not current financial resources and, therefore, are not reported in the funds, unless a sales contract is executed prior to the issuance of the financial statements.		10,476
Revenue that was earned but not collected within the availability period has not been recognized in the governmental funds.		41,894
Deferred outflows of resources related to deferred charge on refunding are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		1,430
Deferred outflows of resources related to pensions are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		13,995
Deferred outflows of resources related to OPEB are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		301
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.		498
Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds.		(13,366)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(724)
Long-term liabilities related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.		(64,085)
Deferred inflows of resources related to pensions and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.		(18,905)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(704,370)
<b>Net position of governmental activities (page 18)</b>	<b>\$</b>	<b>917,387</b>

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, 2020**

<i>(amounts expressed in thousands)</i>	General	LTA	Local Transportation	LTA Debt Service	General Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Sales taxes	\$ —	\$ 317,964	\$ 165,146	\$ —	\$ —	\$ 35,823	\$ 518,933
Transportation improvement fee	—	—	—	—	—	5,823	5,823
Vehicle registration fees	—	—	—	—	—	2,773	2,773
Fines	245	—	—	—	—	—	245
Contributions from other agencies	7,986	80,181	—	—	—	8,650	96,817
Interest and investment income	555	47,922	141	3,819	—	772	53,209
Capital assistance grants	65	—	—	—	29,037	—	29,102
Miscellaneous	211	1,167	—	—	—	47	1,425
<b>Total Revenues</b>	<b>9,062</b>	<b>447,234</b>	<b>165,287</b>	<b>3,819</b>	<b>29,037</b>	<b>53,888</b>	<b>708,327</b>
<b>Expenditures</b>							
Current:							
General government	11,088	83,941	1,802	—	1,619	8,461	106,911
Transportation:							
Contributions to other local agencies	1,167	93,577	2,372	—	—	—	97,116
Capital outlay	840	276,139	—	—	77,486	27	354,492
Debt service:							
Principal	—	—	—	8,530	—	—	8,530
Interest	—	22	—	35,593	—	—	35,615
<b>Total Expenditures</b>	<b>13,095</b>	<b>453,679</b>	<b>4,174</b>	<b>44,123</b>	<b>79,105</b>	<b>8,488</b>	<b>602,664</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,033)</b>	<b>(6,445)</b>	<b>161,113</b>	<b>(40,304)</b>	<b>(50,068)</b>	<b>45,400</b>	<b>105,663</b>
<b>Other financing sources (uses)</b>							
Transfers in	4,912	37,125	—	44,530	47,193	3,456	137,216
Transfers out	—	(105,633)	(164,917)	(21,951)	—	(41,645)	(334,146)
Proceeds from sale of capital assets	3,605	—	—	—	—	—	3,605
<b>Total other financing sources (uses)</b>	<b>8,517</b>	<b>(68,508)</b>	<b>(164,917)</b>	<b>22,579</b>	<b>47,193</b>	<b>(38,189)</b>	<b>(193,325)</b>
<b>Net change in fund balances</b>	<b>4,484</b>	<b>(74,953)</b>	<b>(3,804)</b>	<b>(17,725)</b>	<b>(2,875)</b>	<b>7,211</b>	<b>(87,662)</b>
Fund balances - beginning	43,341	1,267,529	32,955	36,018	4,701	13,232	1,397,776
<b>Fund balances - ending</b>	<b>\$ 47,825</b>	<b>\$ 1,192,576</b>	<b>\$ 29,151</b>	<b>\$ 18,293</b>	<b>\$ 1,826</b>	<b>\$ 20,443</b>	<b>\$ 1,310,114</b>

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, 2020**

*(amounts expressed in thousands)*

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

<b>Net change in fund balances - total governmental funds (page 22)</b>	<b>\$ (87,662)</b>
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.	77,144
The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, and donations) is to increase net position.	6,533
Donations and/or sales related to land held for resale are not reported as revenues in governmental funds, unless a sales contract is executed prior to the issuance of the financial statements. However, they are included in the Statement of Activities.	(105)
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.	(15,508)
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 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.	11,769
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.	(9)
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.	(713)
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.	(124)
<b>Change in net position of governmental activities (page 19)</b>	<b><u>\$ (8,675)</u></b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 451,369	\$ 205,920	\$ 33,579	\$ 191	\$ 691,059	\$ 44,700
Receivables:						
Interest	2,504	855	—	—	3,359	286
Operating grants	83,075	—	—	17	83,092	—
Capital grants	14,880	—	—	—	14,880	—
Violations, net	—	2,536	—	—	2,536	—
Farebox	134	—	—	—	134	—
Other	592	1,209	—	—	1,801	295
Due from other funds	21,120	—	—	—	21,120	—
Due from other governments	15,679	502	43	—	16,224	—
Condemnation deposits	—	—	5,077	—	5,077	—
Inventory	2,096	—	—	—	2,096	—
Prepaid retirement	21,568	—	—	43	21,611	—
Other assets	354	355	—	—	709	1,535
<b>Total current assets</b>	<b>613,371</b>	<b>211,377</b>	<b>38,699</b>	<b>251</b>	<b>863,698</b>	<b>46,816</b>
Noncurrent assets:						
Restricted cash and investments:						
Cash equivalents	10,709	25,246	—	—	35,955	—
Long-term violation receivables, net	—	11,411	—	—	11,411	—
Capital assets, net:						
Nondepreciable	58,074	798	192,032	—	250,904	—
Depreciable and amortizable	203,360	121,871	16	—	325,247	—
<b>Total noncurrent assets</b>	<b>272,143</b>	<b>159,326</b>	<b>192,048</b>	<b>—</b>	<b>623,517</b>	<b>—</b>
<b>Total Assets</b>	<b>885,514</b>	<b>370,703</b>	<b>230,747</b>	<b>251</b>	<b>1,487,215</b>	<b>46,816</b>
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding	—	7,002	—	—	7,002	—
Deferred outflows - pensions	25,556	—	—	34	25,590	—
Deferred outflows - OPEB	206	—	—	3	209	—
<b>Total Deferred Outflows of Resources</b>	<b>25,762</b>	<b>7,002</b>	<b>—</b>	<b>37</b>	<b>32,801</b>	<b>—</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Statement of Net Position  
Proprietary Funds, Continued  
June 30, 2020**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	15,996	7,277	12,037	2	35,312	613
Accrued payroll and related items	5,430	—	—	8	5,438	—
Accrued interest	—	1,701	—	—	1,701	—
Due to other funds	—	229	—	—	229	—
Claims payable	—	—	—	—	—	3,661
Due to other governments	1,396	40	543	—	1,979	—
Unearned revenue	12,617	5,686	—	1	18,304	—
Other liabilities	2	32	—	—	34	—
Current portion of long-term liabilities	7,261	6,420	—	15	13,696	—
<b>Total current liabilities</b>	<b>42,702</b>	<b>21,385</b>	<b>12,580</b>	<b>26</b>	<b>76,693</b>	<b>4,274</b>
<b>Noncurrent liabilities:</b>						
Claims payable	—	—	—	—	—	15,915
Total OPEB liability	1,568	—	—	9	1,577	—
Net pension liability	160,977	—	—	624	161,601	—
Other long-term liabilities	1,051	92,000	303,421	1	396,473	—
<b>Total noncurrent liabilities</b>	<b>163,596</b>	<b>92,000</b>	<b>303,421</b>	<b>634</b>	<b>559,651</b>	<b>15,915</b>
<b>Total Liabilities</b>	<b>206,298</b>	<b>113,385</b>	<b>316,001</b>	<b>660</b>	<b>636,344</b>	<b>20,189</b>
<b>Deferred Inflows of Resources</b>						
Deferred inflows - pensions	33,439	—	—	64	33,503	—
Deferred inflows - OPEB	493	—	—	1	494	—
<b>Total Deferred Inflows of Resources</b>	<b>33,932</b>	<b>—</b>	<b>—</b>	<b>65</b>	<b>33,997</b>	<b>—</b>
<b>Net Position</b>						
Net investment in capital assets	261,434	42,050	—	—	303,484	—
Restricted for:						
Debt service	—	682	—	—	682	—
Capital	—	10,589	—	—	10,589	—
Operating reserves	—	3,176	—	—	3,176	—
State of Good Repair Program	10,709	—	—	—	10,709	—
Unrestricted	398,903	207,823	(85,254)	(437)	521,035	26,627
<b>Total Net Position</b>	<b>\$ 671,046</b>	<b>\$ 264,320</b>	<b>\$ (85,254)</b>	<b>\$ (437)</b>	<b>\$ 849,675</b>	<b>\$ 26,627</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Reconciliation of the Statement of Net Position of Proprietary Funds**  
**to the Statement of Net Position**  
**June 30, 2020**

*(amounts expressed in thousands)*

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

<b>Total net position (page 25)</b>	\$ 849,675
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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.

26,129

<b>Net position of business-type activities (page 18)</b>	<u><u>\$ 875,804</u></u>
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See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Operating revenues:</b>						
User fees and charges	\$ 33,057	\$ 44,161	\$ —	\$ —	\$ 77,218	\$ —
Permit fees	—	—	—	157	157	—
Charges for services	—	—	—	—	—	9,091
<b>Total operating revenues</b>	<b>33,057</b>	<b>44,161</b>	<b>—</b>	<b>157</b>	<b>77,375</b>	<b>9,091</b>
<b>Operating expenses:</b>						
Wages, salaries and benefits	112,861	—	—	136	112,997	—
Maintenance, parts and fuel	14,695	—	—	—	14,695	—
Purchased services	81,951	6,560	—	—	88,511	—
Administrative services	42,087	2,997	1,017	566	46,667	223
Other	7,170	268	—	2	7,440	368
Insurance claims and premiums	(36)	394	—	—	358	8,828
Professional services	20,650	3,561	411	20	24,642	1,397
General and administrative	3,388	482	—	8	3,878	—
Depreciation and amortization	37,866	3,519	6	—	41,391	—
<b>Total operating expenses</b>	<b>320,632</b>	<b>17,781</b>	<b>1,434</b>	<b>732</b>	<b>340,579</b>	<b>10,816</b>
<b>Operating income (loss)</b>	<b>(287,575)</b>	<b>26,380</b>	<b>(1,434)</b>	<b>(575)</b>	<b>(263,204)</b>	<b>(1,725)</b>
<b>Nonoperating revenues (expenses):</b>						
State transit assistance	3,655	—	—	—	3,655	—
Federal operating assistance grants	49,757	—	—	17	49,774	—
Property taxes allocated by the County of Orange	17,829	—	—	—	17,829	—
Investment earnings	18,874	8,559	—	11	27,444	1,841
Interest expense	—	(4,599)	(8,660)	—	(13,259)	—
Other	14,148	247	—	235	14,630	891
<b>Total nonoperating revenues (expenses)</b>	<b>104,263</b>	<b>4,207</b>	<b>(8,660)</b>	<b>263</b>	<b>100,073</b>	<b>2,732</b>
<b>Income (loss) before contributions and transfers</b>	<b>(183,312)</b>	<b>30,587</b>	<b>(10,094)</b>	<b>(312)</b>	<b>(163,131)</b>	<b>1,007</b>
Capital contributions	14,344	—	682	—	15,026	—
Transfers in	212,705	—	—	379	213,084	—
Transfers out	(980)	(15,174)	—	—	(16,154)	—
<b>Change in net position</b>	<b>42,757</b>	<b>15,413</b>	<b>(9,412)</b>	<b>67</b>	<b>48,825</b>	<b>1,007</b>
Total net position - beginning	628,289	248,907	(75,842)	(504)	800,850	25,620
<b>Total net position - ending</b>	<b>\$ 671,046</b>	<b>\$ 264,320</b>	<b>\$ (85,254)</b>	<b>\$ (437)</b>	<b>\$ 849,675</b>	<b>\$ 26,627</b>

See accompanying notes to the financial statements.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Reconciliation of the Statement of Revenues, Expenses and**  
**Changes in Net Position of Proprietary Funds to the Statement of Activities**  
**For the Year Ended June 30, 2020**

*(amounts expressed in thousands)*

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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)** \$ 48,825

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.

1,131

**Change in net position of business-type activities (page 19)** **\$ 49,956**

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Totals	Internal Service Funds
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 34,557	\$ 48,928	\$ —	\$ 193	\$ 83,678	\$ —
Receipts from interfund services provided	—	—	—	—	—	8,961
Payments to suppliers	(139,789)	(13,307)	(411)	(37)	(153,544)	(1,522)
Payments to claimants	36	—	—	—	36	(7,888)
Payments to employees	(113,455)	—	—	(104)	(113,559)	—
Payments for interfund services used	(45,325)	(2,997)	(1,017)	(566)	(49,905)	(223)
Advertising revenue received	3,552	—	—	—	3,552	—
Miscellaneous revenue received	4,956	248	—	235	5,439	891
<b>Net cash provided by (used for) operating activities</b>	<b>(255,468)</b>	<b>32,872</b>	<b>(1,428)</b>	<b>(279)</b>	<b>(224,303)</b>	<b>219</b>
<b>Cash flows from noncapital financing activities:</b>						
Operating assistance grants received	57,220	—	—	—	57,220	—
Property taxes received	17,745	—	—	—	17,745	—
Reimbursement to other governments	—	(132)	—	—	(132)	—
State transit assistance funds received	3,358	—	—	—	3,358	—
Transfers from other funds	215,213	—	—	379	215,592	—
Transfers to other funds	(1,128)	(15,148)	—	—	(16,276)	—
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>292,408</b>	<b>(15,280)</b>	<b>—</b>	<b>379</b>	<b>277,507</b>	<b>—</b>
<b>Cash flows from capital and related financing activities:</b>						
Capital grants for acquisition and construction of capital assets	10,754	—	639	—	11,393	—
Proceeds from sale of capital assets	102	—	—	—	102	—
Receipts for condemnation deposits related to capital	—	—	1,630	—	1,630	—
Principal payment on long-term debt	—	(6,110)	—	—	(6,110)	—
Interest paid on long-term debt	—	(4,688)	—	—	(4,688)	—
Acquisition and construction of capital assets	(10,477)	(824)	(54,649)	—	(65,950)	—
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>379</b>	<b>(11,622)</b>	<b>(52,380)</b>	<b>—</b>	<b>(63,623)</b>	<b>—</b>
<b>Cash flows from investing activities:</b>						
Investment earnings	18,538	8,444	—	11	26,993	1,809
<b>Net cash provided by investing activities</b>	<b>18,538</b>	<b>8,444</b>	<b>—</b>	<b>11</b>	<b>26,993</b>	<b>1,809</b>
<b>Net increase in cash and cash equivalents</b>	<b>55,857</b>	<b>14,414</b>	<b>(53,808)</b>	<b>111</b>	<b>16,574</b>	<b>2,028</b>
Cash and cash equivalents at beginning of year	406,221	216,752	87,387	80	710,440	42,672
<b>Cash and cash equivalents at end of year</b>	<b>\$ 462,078</b>	<b>\$ 231,166</b>	<b>\$ 33,579</b>	<b>\$ 191</b>	<b>\$ 727,014</b>	<b>\$ 44,700</b>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Funds, Continued**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	OCTD	91 Express Lanes	I-405 Express Lanes	Nonmajor Enterprise Funds	Totals	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>						
Operating income (loss)	\$ (287,575)	\$ 26,380	\$ (1,434)	\$ (575)	\$ (263,204)	\$ (1,725)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	37,866	932	6	—	38,804	—
Amortization of franchise agreement	—	2,587	—	—	2,587	—
Advertising revenue	3,342	—	—	—	3,342	—
Miscellaneous	4,956	247	—	235	5,438	—
Insurance recoveries	—	—	—	—	—	891
Change in assets and liabilities:						
Receivables	2,542	5,523	—	—	8,065	32
Due from other governments	(4,983)	—	—	34	(4,949)	—
Inventory	206	—	—	—	206	—
Prepaid retirement	(1,482)	—	—	31	(1,451)	—
Other assets	493	(67)	—	—	426	(130)
Deferred outflows of resources related to pensions	20,127	—	—	2	20,129	—
Deferred outflows of resources related to OPEB	(20)	—	—	86	66	—
Accounts payable	(11,887)	(1,040)	—	(7)	(12,934)	(125)
Accrued payroll and related items	984	—	—	(3)	981	—
Compensated absences	411	—	—	(4)	407	—
Claims payable	—	—	—	—	—	1,276
Due to other governments	157	(934)	—	—	(777)	—
Unearned revenue	—	(477)	—	(1)	(478)	—
Other liabilities	—	(279)	—	—	(279)	—
Total OPEB liability	(430)	—	—	(1)	(431)	—
Net pension liability	(29,926)	—	—	(68)	(29,994)	—
Deferred inflows of resources related to pensions	9,258	—	—	(9)	9,249	—
Deferred inflows of resources related to OPEB	493	—	—	1	494	—
Total adjustments	<u>32,107</u>	<u>6,492</u>	<u>6</u>	<u>296</u>	<u>38,901</u>	<u>1,944</u>
<b>Net cash provided by (used for) operating activities</b>	<b><u>\$ (255,468)</u></b>	<b><u>\$ 32,872</u></b>	<b><u>\$ (1,428)</u></b>	<b><u>\$ (279)</u></b>	<b><u>\$ (224,303)</u></b>	<b><u>\$ 219</u></b>
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>						
Cash and investments	\$ 451,369	\$ 205,920	\$ 33,579	\$ 191	\$ 691,059	\$ 44,700
Restricted cash and cash equivalents	10,709	25,246	—	—	35,955	—
<b>Total cash and cash equivalents</b>	<b><u>\$ 462,078</u></b>	<b><u>\$ 231,166</u></b>	<b><u>\$ 33,579</u></b>	<b><u>\$ 191</u></b>	<b><u>\$ 727,014</u></b>	<b><u>\$ 44,700</u></b>
<b>Noncash capital, financing and investing activities:</b>						
Investment earnings - accrued interest	\$ (2,147)	\$ 169	\$ —	\$ —	\$ (1,978)	\$ 32
Amortization of bond premium	—	(644)	—	—	(644)	—
Amortization of deferred amount on refunding	—	670	—	—	670	—
Accreted interest on TIFIA loan	—	—	(8,659)	—	(8,659)	—

See accompanying notes to the financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
Statement of Net Position  
Fiduciary Funds  
June 30, 2020

<i>(amounts expressed in thousands)</i>	<b>Scholarship Trust Fund</b>	<b>ARBA Trust Fund</b>
<b>Assets</b>		
Cash and cash equivalents held in OCTA pool	\$ 25	\$ —
Cash and cash equivalents held in OCERS pool	—	219
Investments at fair value:		
Mutual funds	—	17,164
<b>Total Assets</b>	<b>25</b>	<b>17,383</b>
<b>Liabilities</b>		
Accounts payable	19	—
<b>Total Liabilities</b>	<b>19</b>	<b>—</b>
<b>Net Position</b>		
Held in trust for future scholarships	6	—
Restricted for pension benefits	—	17,383
<b>Total Net Position</b>	<b>\$ 6</b>	<b>\$ 17,383</b>

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, 2020**

<i>(amounts expressed in thousands)</i>	<b>Scholarship Trust Fund</b>	<b>ARBA Trust Fund</b>
<b>Additions</b>		
Contributions:		
Employer contributions	\$       —	\$       622
Private donations	19	—
Total contributions	<u>19</u>	<u>622</u>
Investment income:		
Investment income	1	943
Less investment expense	—	(23)
Net investment income	<u>1</u>	<u>920</u>
<b>Total additions</b>	<u>20</u>	<u>1,542</u>
<b>Deductions</b>		
Benefits	—	1,350
Scholarships	20	—
<b>Total deductions</b>	<u>20</u>	<u>1,350</u>
<b>Net increase in net position</b>	<b>—</b>	<b>192</b>
Net position - beginning	<u>6</u>	<u>17,191</u>
<b>Net position - ending</b>	<u><u>\$       6</u></u>	<u><u>\$     17,383</u></u>

See accompanying notes to the financial statements.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2020**

**(amounts expressed in thousands)**

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**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 7).

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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS**

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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.

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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**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 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, 2020, interest expense of \$32,376 and \$13,259, was included in Measure M 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** - This 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.
- **Local Transportation Authority (LTA) Fund** - This special revenue 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



**ORANGE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS**

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of Orange County, requires that sales tax revenues only be expended on projects included in the ordinance.

- ***Local Transportation Fund (LTF)*** – This special revenue 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.
- ***General Capital Project Fund*** – This fund, formerly known as the Transit Development Reserve, is used to account for transportation capital projects.

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.
- ***I-405 Express Lanes Fund*** – This fund accounts for the construction of the I-405 Express Lanes. The primary source of funding during the construction phase is the TIFIA Loan. After construction, this fund will account for the operations of the I-405 Express Lanes and the primary source of funding for the operations will be 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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS**

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**Measurement Focus and Basis of Accounting**

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 when the relevant expenditures incurred and availability criteria met. 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 revenues relating to the 91 Express Lanes are presented net of discounts and allowances. 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 June 10, 2020. The Policy complies with, or is more restrictive than, the California Government Code (Code). The majority of OCTA's investments are managed by four private sector investment managers. At June 30, 2020, the investment portfolios were held

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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by U.S. Bank 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.

OCTA holds investments that are measured at fair value on a recurring basis. OCTA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs - other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are unobservable inputs. Most of OCTA's leveled investments are measured using Level 2 inputs.

Investments in U.S. government and U.S. agency securities, medium-term notes, repurchase agreements, variable and floating rate securities, mortgage and asset-backed securities and corporate notes are carried at fair value based on quoted prices of similar assets, except for money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date, which are carried at amortized cost which approximates fair value. 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 amortized cost.

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, municipal debt, banker's acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, medium-term notes, money market and mutual funds, mortgage or asset-backed securities, supranationals, LAIF, OCIP, investment pools, variable and floating rate securities, bank deposits and derivatives.

Investment of debt proceeds held by trustees are governed by provisions of the indentures for each obligation, rather than the general provisions of the California Government Code or OCTA's investment policy. The investment of these debt proceeds is in accordance with the Permitted Investments section and applicable account restrictions outlined in the indenture of each debt obligation. Under certain indentures, guaranteed investment contracts are allowed. OCTA's investment in a guaranteed investment contract is carried at fair value.

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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS**

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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 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 \$710. 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 \$471. Approximately \$11,411 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 2019-20 fiscal year, \$71,145 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

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funds. The risk management internal service funds charged \$9,091 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 4.50% discount to employers for early payment of employer contributions. OCTA elected to prepay employer contributions for fiscal year 2020-21 in order to benefit from this discount. 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 or capital maintenance, are classified as restricted investments, because they are maintained in separate investment accounts and their use is limited by applicable debt covenants.

In addition, OCTA has restricted investments held by the California Community foundation (CCF). The amount invested in the CCF investment pool is a restricted asset as approved for funding by the OCTA Board of Directors in October of 2014. The CCF is headquartered in Los Angeles, California. CCF is a community foundation and holds a 501 (c) 3 status, which meets California State Government Code requirements for community foundations. Legislation providing for OCTA to use a qualified organization to hold and manage the endowment is provided in Government Code §§65965-65968. An investment committee is responsible for oversight of the foundation's investment pools. The Endowment Pool is a diversified pool invested for long-term growth and appreciation while providing a relatively predictable stream of distributions that keeps the pace with inflation over time. The pool includes a mix of asset classes including equities, alternative investment, real assets, and fixed income. The target asset allocation is approximately 50% equities, 14% alternative investments, 14% real assets and 22% fixed income.

The purpose of the agreement between CCF and OCTA is to provide for the establishment of a fund within the CCF to receive and hold M2 Environmental Mitigation Program contributions made by OCTA during the endowment funding period for use in establishing the permanent endowment pursuant to the conservation plan. OCTA is the beneficiary of the fund and, therefore, has reported a restricted asset in the financial statements.

The CCF shall hold, administer, invest, and reinvest the fund in accordance with the CCF's proposal and the objectives set forth in the Scope of Work of the Request for Proposal, each of which is incorporated into the agreement by reference, and in compliance with all applicable state and federal laws, including, but not limited to, Sections 65965, 65966, 69667,

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and 65968 of the California Government Code and the Uniform Prudent Management of Institutional Funds Act, California Probate Code Section 18501 et seq. The agreement shall remain in place in full force and effect through December 31, 2029.

**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 below). These assets are reported as assets held for resale in the governmental activities column in the government-wide financial statements except in cases in which OCTA has entered into a sales contract prior to the issuance of the financial statements. In these cases, the assets held for resale are reported in the governmental funds financial statements. Proceeds received 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, toll facility franchise 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 non-sticker transponder purchases, as they are considered a significant class of assets even though individually their cost is less than \$5. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the donation date.

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:

<b><u>Asset Type</u></b>	<b><u>Useful Life</u></b>
Buildings and improvements	10-30 years
Machinery, equipment and furniture	3-10 years
Transit vehicles	3-18 years
Transponders	5-7 years

The toll facility franchise is amortized over the remaining life of the franchise agreement through December 2065.

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**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 financial statements will sometimes include 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 three items that qualify for reporting in this category, which 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 represents OCTA's pension contributions made subsequent to the measurement date, change of assumptions, difference between expected and actual experience, and the net difference between projected and actual earnings on plan investments. The third item is the deferred outflow related to other postemployment benefits (OPEB), which represents the change of assumptions and difference between expected and actual experience.

In addition to liabilities, the financial statements will sometimes include 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. On the modified accrual basis of accounting, OCTA has one type of deferred inflow, unavailable revenue. The governmental funds report unavailable revenues from multiple sources for grant reimbursements, a note receivable with the City of Anaheim for ARTIC, a note receivable with the City of Buena Park 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 two deferred inflow of resources

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reported in the government-wide statement of net position. These items are the deferred inflows related to pensions and OPEB, which represent the change of assumptions, difference between expected and actual experience, or the net difference between projected and actual earnings on plan investments. Refer to note 11 for information related to amortization of the deferred outflows/inflows of resources related to pensions and note 12 for the amortization of the deferred outflows/inflows related to OPEB.

**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) pension plan and the Additional Retiree Benefit Account (ARBA) supplemental pension plan through OCERS, and additions to/deductions from both 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.

**Other Postemployment Benefits (OPEB)**

OPEB expense, deferred outflows/inflows of resources related to OPEB, and an implied subsidy payment were used to measure the total OPEB liability. OCTA does not provide any cash subsidy towards the benefit, and there are no assets accumulated in a trust for the plan.

**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 amortized over the life of the bonds using the straight-line method, which approximates the effective interest 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



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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) by LTA.

**Net Position**

In the government-wide financial statements, net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources 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 \$595,589 of net position restricted by enabling legislation for Measure M program and transportation programs.
- ***Unrestricted Net Position*** – This balance represents net position that is available for general use.

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**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.

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**Recent Event**

In December 2019, a novel strain of coronavirus (COVID-19) spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of California issued a statewide shelter-in-place order that continues to have a significant impact on the operations and business results of OCTA. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 and the actions required to contain the COVID-19. Management has not included any contingencies in the financial statements specific to this recent event.

**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 \$340,129 difference are as follows:

Capital assets	\$ 349,094
Less accumulated depreciation	(8,965)
<b>Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities</b>	<b><u><u>\$ 340,129</u></u></b>

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 \$(704,370) difference are as follows:

Bonds payable	\$ (626,690)
Plus unamortized bond issuance premium (to be amortized to interest expense)	(65,120)
Administrative headquarters’ rent holiday	(4,980)
Compensated absences	(7,580)
<b>Net adjustment to decrease fund balance – total governmental funds to arrive at net position – governmental activities</b>	<b><u><u>\$ (704,370)</u></u></b>

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**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 \$77,144 difference are as follows:

Capital outlay	\$ 78,353
Depreciation expense	(1,209)
	_____
<b>Net adjustment to increase net change in fund balance - total governmental funds to arrive at change in net position - governmental activities</b>	<b>\$ 77,144</b>
	_____

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 amortized in the statement of activities." The details of this \$11,769 difference are as follows:

Principal repayments	\$ 8,530
Change in accrued interest	(446)
Amortization of premium/ deferred charge on refunding	3,685
	_____
<b>Net adjustment to increase net change in fund balance - total governmental funds to arrive at change in net position - governmental activities</b>	<b>\$ 11,769</b>
	_____

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**3. CASH AND INVESTMENTS**

Cash and investments are comprised of the following at June 30, 2020:

<b>Cash:</b>	
Deposits	\$ 60,060
Petty Cash	7
<b>Total Cash</b>	<u><u>60,067</u></u>
 <b>Investments:</b>	
With Orange County Treasurer	11,890
With LAIF	10,913
With Trustee	95,469
With Custodian	1,887,614
With CA Community Foundation (CCF)	12,420
<b>Total Investments</b>	<u><u>2,018,306</u></u>
 <b>Total Cash and Investments</b>	 <u><u>\$ 2,078,373</u></u>

Total cash and investments are reported in the following funds:

<b>Unrestricted Cash and Investments:</b>	
Governmental Funds	\$ 1,276,831
Proprietary Funds:	
Enterprise Funds	691,059
Internal Service Funds	44,700
<b>Restricted Cash and Investments:</b>	
Governmental Funds:	
LTA Fund	12,420
Proprietary Funds:	
Enterprise Funds	35,955
Fiduciary Funds	17,408
<b>Total Cash and Investments</b>	<u><u>\$ 2,078,373</u></u>

Restricted investments represent reserves for debt service, capital and operations.

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As of June 30, 2020, OCTA had the following investments along with weighted average maturity (WAM) information:

<b>Investment</b>	<b>Fair Value</b>	<b>Interest Rate Range (Rounded)</b>	<b>Maturity Range</b>	<b>WAM (Years)</b>
Orange County Investment Pool*	\$ 11,890	1.860% - 2.101%	1 day - 5 years	0.792
Local Agency Investment Fund*	10,913	0.920% - 2.428%	173 - 191 days	0.523
U. S. Treasuries	562,648	0.125% - 2.750%	08/15/20 - 04/15/24	2.040
U. S. Agency Notes	323,725	0.250% - 4.410%	09/28/20 - 01/21/25	2.135
Medium Term Notes	319,708	0.400% - 5.625%	07/01/20 - 04/01/25	1.725
Variable Rate Notes	38,824	0.543% - 3.514%	07/13/20 - 06/01/24	1.894
Mortgage & Asset Backed Securities	223,999	0.550% - 6.000%	07/15/20 - 05/15/25	2.625
Money Market Funds *	94,292	0.010% - 0.070%	07/01/20 - 07/30/20	0.005
Municipal Debt	93,687	0.598% - 8.625%	07/01/20 - 07/01/24	1.972
Commercial Paper *	110,831	0.000% - 0.570%	07/07/20 - 09/14/20	0.101
Negotiable CD*	24,143	1.000% - 2.040%	02/19/21 - 12/02/22	1.609
CCF Investment Fund	12,420	N/A	N/A	N/A
Guaranteed Investment Contract	166,900	3.010%	04/01/21	0.753
Supranational	24,326	0.500% - 2.250%	06/24/21 - 06/19/23	2.111
<b>Total Investments</b>	<b><u>\$ 2,018,306</u></b>			
<b>Portfolio Weighted</b>				<b>1.726</b>

\* Money market funds, commercial paper, negotiable CD, OCIP, and LAIF are measured at amortized cost which approximates fair value.

OCTA holds investments that are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs - other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are significant unobservable inputs.

As of June 30, 2020, most of OCTA's investments, categorized within the fair value hierarchy, are classified as Level 2. These investments are valued using the market valuation approach based on quoted prices for similar assets with exception of the investment in the CA Community Foundation Investment Fund (CCF) which is valued by the CCF using significant unobservable inputs and, therefore, classified as Level 3. Unobservable inputs used by CCF include the foundations own assumptions, market comparable rates, capitalization and occupancy rates.

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<b>Investments by Fair Value Level</b>	<u>6/30/2020</u>	<b>Fair Value Measurement using:</b>		
		Quoted Prices in Active Markets for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 562,648	\$ —	\$ 562,648	\$ —
U.S. Agency Notes	323,725	—	323,725	—
Medium Term Notes	319,708	—	319,708	—
Mortgage & Asset Backed Securities	223,999	—	223,999	—
Variable Rate Notes	38,824	—	38,824	—
Municipal Debt	93,687	—	93,687	—
CCF Investment Fund	12,420	—	—	12,420
Guaranteed Investment Contract	166,900	—	166,900	—
Supranationals	24,326	—	24,326	—
<b>Total Leveled Investments</b>	<u><u>1,766,237</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 1,753,817</u></u>	<u><u>\$ 12,420</u></u>

**Investments Not Subject to the Fair Value Hierarchy**

Money Market Funds	94,292
Orange County Investment Pool	11,890
Local Agency Investment Fund	10,913
Commercial Paper	110,831
Negotiable Certificate of Deposit	24,143
<b>Total Investments Not Subject to the Fair Value Hierarchy</b>	<u>252,069</u>
<b>Total Investments</b>	<u><u>\$ 2,018,306</u></u>

**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 across the portfolio. OCTA maintains a low duration strategy, targeting an estimated average portfolio duration of two to 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, 2020, mortgage and asset-backed securities totaled \$223,999. The underlying assets are consumer receivables that include credit cards, auto and home loans. The securities have a fixed interest rate and are rated AA or higher by a nationally recognized statistical rating organizations (NRSROs).

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As of June 30, 2020, OCTA had the following variable rate notes (bp means basis points):

<b>Investment</b>	<b>Fair Value</b>	<b>Coupon Multiplier</b>	<b>Coupon Reset Date</b>
Bank of America	\$ 1,448	T0 1/4 4/15/23 + 130 bp	Monthly
Caterpillar Financial	2,467	LIBOR + 23 bp	Quarterly
Caterpillar Financial	2,103	LIBOR + 39 bp	Quarterly
Citigroup Inc.	3,814	T1 1/2 10/31/21 + 67 bp	Monthly
Citibank	1,632	T2 1/4 4/30/21 + 68 bp	Monthly
First Republic Bank	512	T1 1/2 1/15/23 + 48 bp	Monthly
Goldman Sachs	1,574	LIBOR + 78 bp	Quarterly
IBM	2,233	LIBOR + 40 bp	Quarterly
JP Morgan Chase	791	T2 5/8 5/15/21 + 85 bp	Monthly
JP Morgan Chase	1,601	T0 1/8 5/15/23 + 130 bp	Monthly
Key Bank	1,560	LIBOR + 81 bp	Quarterly
Key Bank	4,194	LIBOR + 66 bp	Quarterly
PNC Bank	1,673	T1 1/2 11/30/21 + 45 bp	Monthly
PNC Bank	4,041	LIBOR + 32.5 bp	Quarterly
Paccar Financial	4,450	LIBOR + 26 bp	Quarterly
Protective Life	893	LIBOR + 37 bp	Quarterly
State Street Corp.	1,816	T1 1/8 2/28/22 + 255 bp	Monthly
Wells Fargo	2,022	T1 1/2 8/31/21 + 65 bp	Monthly
<b>Total Variable Rate Notes</b>	<b>\$ 38,824</b>		

**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 in terms of 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, 2020, 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 F1 (Fitch), while an issuer of long-term debt shall be rated no less than an "A" by an NSRSO.



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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, 2020. (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U. S. government):

<b>Investments</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>% of Portfolio</b>
CA Community Foundation Fund	NR	NR	0.62%
Orange County Investment Pool	NR	NR	0.59%
Local Agency Investment Fund	NR	NR	0.54%
U.S. Treasuries	NR	NR	27.87%
U.S. Agency Notes			
FHMS	AAA	Aaa	0.03%
Agency Notes	AA	Aaa	16.01%
Medium Term Notes			
Corporate Notes	AAA	AA	0.16%
Corporate Notes	AA	AAA	0.20%
Corporate Notes	AA	AA	0.95%
Corporate Notes	AA	A	0.44%
Corporate Notes	AA	NA	2.08%
Corporate Notes	A	AA	1.57%
Corporate Notes	A	A	6.52%
Corporate Notes	A	BBB	0.08%
Corporate Notes	A	NA	2.33%
Corporate Notes	BBB	A	1.29%
Corporate Notes	NA	AA	0.12%
Corporate Notes	NA	A	0.10%
Mortgage and Asset-Backed Securities			
Securities	AAA	Aaa	2.80%
Securities	AAA	NR	1.81%
Securities	AA	Aaa	4.68%
Securities	AA	Aa	0.20%
Securities	NR	Aaa	1.61%
Variable Rate Notes			
Notes	AA	A	0.04%
Notes	A	Aa	0.18%
Notes	A	A	1.40%
Notes	A	Baa	0.03%
Notes	BBB	A	0.27%

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<b>Investments</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>% of Portfolio</b>
Money Market Funds	AAA	Aaa	4.67%
Municipal Bonds			
Los Altos School District	SP-1	NR	0.14%
Various Agencies	AAA	Aaa	0.26%
Various Agencies	AA	Aa	2.01%
Various Agencies	AA	A	0.71%
Various Agencies	AA	NR	0.59%
Various Agencies	A	Aa	0.06%
Various Agencies	A	A	0.58%
Various Agencies	A	NR	0.04%
Various Agencies	NR	Aa	0.21%
Various Agencies	NR	A	0.04%
Commercial Paper	A-1	P-1	5.49%
Certificate of Deposit			
Various	AA	Aa	0.40%
Various	A	Aa	0.60%
Skandinaviska Bank	A	NR	0.20%
Guaranteed Investment Contract			
The Bank of Nova Scotia	A	Aa	8.27%
Supranational			
Inter-American Develop Bank	AAA	Aaa	1.21%
<b>Total</b>			<b>100%</b>

**Concentration of Credit Risk**

At June 30, 2020, OCTA did not exceed the Policy maximum concentrations as stated below:

Issuer/Counter-Party Diversification Guidelines for All Securities Except U.S. Treasuries and U.S. Government Agency Securities

- Any one corporation, bank, local agency, special purpose vehicle or other corporate issuer name for one or more series of securities shall not exceed 5% of the portfolio.

Issuer/Counter-Party Diversification Guidelines for OCTA's Debt

- OCTA can purchase all or a portion of the OCTA'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.

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The following is a summary of the concentration of credit risk by issuer as a percentage of the OCTA's investment portfolio at June 30, 2020:

Issuer	Amount	% of OCTA's Portfolio
Federal Home Loan Mortgage Corporation	\$ 171,726	8.51 %
The Bank of Nova Scotia	166,900	8.27 %

**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 value of OCTA's investment in this pool is reported on an amortized cost basis in the accompanying financial statements, based upon OCTA's pro-rata share of the entire LAIF portfolio.

The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Deposits and withdrawals are made on the basis of \$1.00 (absolute dollars) and not fair value.

**Investment in Orange County Investment Pool**

The TDA guidelines require the California Department of Tax and Fee Administration (CDTFA) 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 value of OCTA's investment in this pool is reported on an amortized cost basis in the accompanying financial statements, based upon OCTA's pro-rata share of the entire OCIP portfolio, which is adjusted by the application of a fair value factor provided by OCIP. Deposits and withdrawals are made on the basis of \$1.00 (absolute dollars) and not fair value.

**Investment in CA Community Foundation Investment Pool**

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 CCF for the entire CCF portfolio (in relation to the amortized cost of that portfolio).

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**4. GRANTS AND STATE ASSISTANCE**

**Operating Assistance Grants**

Under provisions of the Federal Transit Administration (FTA), funds are available to OCTA for Americans with Disabilities Act (ADA) paratransit operating assistance, preventive maintenance, capital cost of contracting, demonstration projects, transportation planning, and related services. The appropriations for fiscal year 2019-20 total \$59,575. A receivable of \$93,219 is outstanding as of June 30, 2020.

**Capital Grants**

Under the provisions of FTA, appropriations are available for the development and capital investments for a public transportation system including the acquisition and construction of facilities, transit vehicles and related support equipment. The appropriations for fiscal year 2019-20 related to capital investments total \$6,975. A receivable of \$25,714 is outstanding as of June 30, 2020.

**Local Transportation Fund**

In fiscal year 2019-20, 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 2019-20, OCTA and OCTD became entitled to \$3,911 and \$161,006 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. The Road Repair and Accountability Act of 2017, signed into law April 2017, provided additional funding to existing programs as well as created new programs. STA revenues are then distributed based on several demographic factors. OCTA received \$35,823 and \$5,822 in sales tax and transportation improvement fees respectively, in fiscal year 2019-20.

**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). As of June 30, 2020, OCTA has unspent Prop 1B proceeds and interest of \$1,497 and \$0 in PTMISEA and TSSSDRA funds, respectively.

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**5. DUE FROM/TO OTHER GOVERNMENTS**

Amounts due from other governments as of June 30, 2020 in the fund financial statements are as follows:

Receivables:	Governmental Funds					Enterprise Funds			Total
	General	LTA	LTF	LTA Debt	Nonmajor Funds	OCTD	91 EL	I-405 EL	
Sales taxes	\$ —	\$ 56,092	\$ 28,792	\$ —	\$ 10,056	\$ —	\$ —	\$ —	\$ 94,940
Projects	902	15,969	—	2,130	—	297	—	43	19,341
Other	1,289	9	—	—	5,872	15,382	502	—	23,054
<b>Total</b>	<b>\$ 2,191</b>	<b>\$ 72,070</b>	<b>\$ 28,792</b>	<b>\$ 2,130</b>	<b>\$ 15,928</b>	<b>\$ 15,679</b>	<b>\$ 502</b>	<b>\$ 43</b>	<b>\$137,335</b>

Amounts due to other governments as of June 30, 2020 are as follows:

Payables:	Governmental Funds					Enterprise Funds			Total
	General	LTA	LTF	General Capital Project	Nonmajor Funds	OCTD	91 EL	I-405 EL	
Projects	\$ —	\$ 12,140	\$ —	\$ 1,057	\$ —	\$ 622	\$ —	\$ 543	\$ 14,362
Use taxes	—	—	—	—	—	4	—	—	4
Other	331	247	162	—	57	770	40	—	1,607
<b>Total</b>	<b>\$ 331</b>	<b>\$ 12,387</b>	<b>\$ 162</b>	<b>\$ 1,057</b>	<b>\$ 57</b>	<b>\$ 1,396</b>	<b>\$ 40</b>	<b>\$ 543</b>	<b>\$ 15,973</b>

**6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

The composition of interfund balances at June 30, 2020 is as follows:

**Due to/from other funds:**

Payable Funds	Receivable Funds						Total
	General	LTA	General Capital Project	Nonmajor Governmental	OCTD Enterprise		
LTA	\$ 583	\$ —	\$ 14,786	\$ 40	\$ 41	\$ —	\$ 15,450
LTF	258	—	—	—	11,023	—	11,281
Nonmajor Governmental	—	—	—	—	10,056	—	10,056
91 Express Lanes	—	229	—	—	—	—	229
<b>Total</b>	<b>\$ 841</b>	<b>\$ 229</b>	<b>\$ 14,786</b>	<b>\$ 40</b>	<b>\$ 21,120</b>	<b>\$ —</b>	<b>\$ 37,016</b>

The due to/from other funds arise due to short-term funding for certain projects, operations, and temporary cash deficit. These projects include ARTIC Station & Placentia Station, OC Streetcar project, OCTD & CTSA operations.

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**Advances to/from other funds:**

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	LTA Fund	\$ 618

Beginning with fiscal year 2006-07, OCUTT advanced monies to LTA to cover expenditures such as election costs, administrative costs, and accrued interest. The advance does not have a defined maturity schedule. Interest accrues monthly at an interest rate representing OCTA's rate of return on short-term investments, adjusted each July (2.13% for fiscal year 2019-20). LTA began repaying OCUTT when Measure M funds were collected.

**Interfund transfers:**

Transfers Out	Transfers In							Total
	General	LTA	LTA Debt Service	General Capital Project	Nonmajor Governmental	OCTD Enterprise	Nonmajor Enterprise	
LTA	\$ 21	\$ -	\$ 44,530	\$ 47,193	\$ 3,456	\$ 10,054	\$ 379	\$ 105,633
LTF	3,911	-	-	-	-	161,006	-	164,917
LTA Debt Service	-	21,951	-	-	-	-	-	21,951
Nonmajor Governmental	-	-	-	-	-	41,645	-	41,645
OCTD Enterprise	980	-	-	-	-	-	-	980
91 Express Lanes	-	15,174	-	-	-	-	-	15,174
<b>Total</b>	<b>\$ 4,912</b>	<b>\$ 37,125</b>	<b>\$ 44,530</b>	<b>\$ 47,193</b>	<b>\$ 3,456</b>	<b>\$ 212,705</b>	<b>\$ 379</b>	<b>\$ 350,300</b>

The purpose of these transfers were primarily for reimbursement of project costs, debt service payments, and operating costs, such as Transportation Security Operations Center Land, OC Streetcar project, OCTD and CTSA operations, OCTD capital and operating cost, SR-91 improvement project, fare stabilization, commuter rail, La Habra service, Irvine shuttle and FTA asset sale proceeds.

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**7. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 172,236	\$ —	\$ —	\$ —	\$ 172,236
Construction in progress	87,534	77,721	—	(1,294)	163,961
Total capital assets, not being depreciated	259,770	77,721	—	(1,294)	336,197
Capital assets, being depreciated:					
Building and improvements	1,668	—	—	—	1,668
Machinery, equipment and furniture	10,241	632	(938)	1,294	11,229
Total capital assets, being depreciated	11,909	632	(938)	1,294	12,897
Less accumulated depreciation for:					
Buildings and improvements	(1,170)	(36)	—	—	(1,206)
Machinery, equipment and furniture	(7,524)	(1,173)	938	—	(7,759)
Total accumulated depreciation	(8,694)	(1,209)	938	—	(8,965)
Total capital assets, being depreciated, net	3,215	(577)	—	1,294	3,932
<b>Governmental activities capital assets, net</b>	<b>\$ 262,985</b>	<b>\$ 77,144</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 340,129</b>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 57,133	\$ —	\$ —	\$ —	\$ 57,133
Construction in progress	149,946	55,114	—	(11,289)	193,771
Total capital assets, not being depreciated	207,079	55,114	—	(11,289)	250,904
Capital assets, being depreciated and amortized:					
Building and improvements	149,021	4,060	(5,088)	5,737	153,730
Transit vehicles	333,548	5,608	(1,490)	4,843	342,509
Machinery, equipment and furniture	82,226	2,874	(4,051)	709	81,758
Toll facility franchise	205,264	—	—	—	205,264
Total capital assets, being depreciated and amortized	770,059	12,542	(10,629)	11,289	783,261
Less accumulated depreciation and amortization for:					
Buildings and improvements	(90,535)	(4,839)	5,063	—	(90,311)
Transit vehicles	(193,180)	(28,972)	1,413	—	(220,739)
Machinery, equipment and furniture	(58,439)	(4,993)	4,037	—	(59,395)
Toll facility franchise	(84,982)	(2,587)	—	—	(87,569)
Total accumulated depreciation and amortization	(427,136)	(41,391)	10,513	—	(458,014)
Total capital assets, being depreciated and amortized, net	342,923	(28,849)	(116)	11,289	325,247
<b>Business-type activities capital assets, net</b>	<b>\$ 550,002</b>	<b>\$ 26,265</b>	<b>\$ (116)</b>	<b>\$ —</b>	<b>\$ 576,151</b>

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Depreciation and amortization expense was charged to functions/programs as follows:

<b>Governmental activities:</b>	
General Government	\$ 1,072
Motorist services	137
<b>Total depreciation expense - governmental activities</b>	<b>\$ 1,209</b>
<b>Business-type activities:</b>	
Fixed route	\$ 34,093
Paratransit	3,773
Toll road	3,525
<b>Total depreciation and amortization expense - business-type activities</b>	<b>\$ 41,391</b>

**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.



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**8. 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:

	2020	2019
<b>General Liability</b>		
<b>Unpaid claims as of July 1</b>	<b>\$ 3,281</b>	<b>\$ 3,698</b>
Incurred claims (including claims incurred but not reported as of 6/30)	153	144
Payments	(613)	(503)
Increase/(decrease) in provision for prior years' events	601	(58)
<b>Unpaid claims at June 30</b>	<b>3,422</b>	<b>3,281</b>
 <b>Workers' Compensation</b>		
<b>Unpaid claims as of July 1</b>	<b>15,019</b>	<b>14,224</b>
Incurred claims (including claims incurred but not reported as of 6/30)	2,920	2,229
Payments	(5,170)	(4,966)
Increase in provision for prior years' events	3,385	3,532
<b>Unpaid claims at June 30</b>	<b>16,154</b>	<b>15,019</b>
<b>Total unpaid claims at June 30</b>	<b>19,576</b>	<b>18,300</b>
<b>Less current portion of unpaid claims</b>	<b>3,661</b>	<b>3,458</b>
<b>Total long-term portion of unpaid claims</b>	<b>\$ 15,915</b>	<b>\$ 14,842</b>

**9. 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

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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.

On February 12, 2019, LTA issued \$376,690 in M2 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2019 (the "Series 2019 Bonds"), i) to finance the costs of certain transportation projects located in Orange County, consisting of the general purpose lanes of I-405 Improvement Project; ii) to refund and defease \$43,540 of the 2010 Series A Bonds, which resulted in gross cumulative cash flow savings of approximately \$2,867 and net present value cumulative savings of approximately \$2,584; and iii) to fund costs of issuance related to the Series 2019 Bonds. A reserve fund is not required in connection with the Series 2019 Bonds per the bond indenture. The transaction closed on February 26, 2019.

The OCTA's outstanding debt obligations related to M2 Sales Tax Revenue Bonds contain a provision that in an event of default, bondholders have the right to sue in order to force the Authority to cure the event of default, which may result in finance related consequences.

A summary of the bonds outstanding is as follows:

	<b>2010 Series A (Taxable Build America Bonds)</b>	<b>2019 Series (Tax-Exempt Bonds)</b>
Issuance date	12/09/10	2/12/19
Original issue amount	\$ 293,540	\$ 376,690
Original issue premium	—	69,342
<b>Net Bond Proceeds</b>	<b>\$ 293,540</b>	<b>\$ 446,032</b>
Issuance costs	\$ 1,905	\$ 970
Interest rates	5.56%-6.91%	3.00%-5.00%
Maturity range	2021-2041	2021-2041
Final maturity	2041	2041
Bonds outstanding	\$ 250,000	\$ 376,690
Plus unamortized premium	—	65,120
<b>Total</b>	<b>\$ 250,000</b>	<b>\$ 441,810</b>

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Annual debt service requirements on the sales tax revenue bonds as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest
2021	\$ 8,065	\$ 35,774
2022	8,455	35,371
2023	19,935	34,949
2024	20,920	33,952
2025	21,950	32,906
2026-2030	129,960	144,061
2031-2035	164,000	102,204
2036-2040	206,240	50,223
2041	47,165	2,757
Total	<u>\$ 626,690</u>	<u>\$ 472,197</u>

**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 Series 2013 Bonds were issued as fixed rate bonds. The transaction closed on August 8, 2013.

The OCTA's outstanding debt obligations related to Toll Road Revenue Refunding Bonds contain a provision that in an event of default, bondholders have the right to sue in order to force the Authority to cure the event of default, which may result in finance related consequences.

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	\$22,169*
Cash reserve balance	\$25,246
Interest rate range	2% - 5%
Maturity	December 2030
Principal payment date	August 15
Current balance	\$91,685
Unamortized premium	\$6,734
Deferred amount on refunding	(\$7,002)

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\*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 \$9,169, Major Maintenance Reserve Fund \$10,000, and Operating Reserve Fund \$3,000. At June 30, 2020, all reserve requirements have been satisfied.

Annual debt service requirements on the tax-exempt bonds as of June 30, 2020, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2021	\$ 6,420	\$ 4,375
2022	6,750	4,045
2023	7,095	3,700
2024	7,460	3,336
2025	7,845	2,953
2026-2030	45,645	8,338
2031	10,470	328
Total	<u>\$ 91,685</u>	<u>\$ 27,075</u>

**TIFIA Loan Agreement**

On July 26, 2017, OCTA and the Department of Transportation Build America Bureau Credit Programs Office (Bureau) executed a TIFIA loan of up to \$628,930 as a direct borrowing per GASB 88 for eligible project costs for the I-405 Improvement Project. The Bureau required OCTA to secure a \$900,000 line of credit secured by future M2 debt issuances to be committed at the time of closing on the TIFIA loan. The OCTA Board of Directors selected Bank of America N.A. (BANA) to provide a \$900,000 line of credit to meet the Bureau's requirement. The line of credit was set up as two separate Credit and Fee Agreements, one with a 2019 maturity in the amount of \$400,000, and the other with a 2021 maturity in the amount of \$500,000. The cost for the BANA Line is 26 basis points per year for the 2019 maturity and 36 basis points per year for the 2021 maturity. The two Credit and Fee Agreements were also executed on July 26, 2017. The 2019 maturity terminated in 2019. The cost for the \$500,000 2021 maturity BANA Line of credit was 36 basis points per year with an expiration date of July 16, 2021 however, the agreements were amended, effective June 29, 2020, changing the expiration to June 28, 2021, and reducing the commitment fee from 36 basis points to 34 basis points. There were no amounts drawn on the line of credit as of June 30, 2020. The unused portion of line of credit at June 30, 2020 is \$500,000.

The payment obligations owed to BANA under the Credit and Fee Agreements is payable and secured by a pledge of, lien on, and security interest in the M2 sales tax revenues, including earnings on such amounts, subject only to the provisions of the Master Indenture. The pledge, lien, and security interest shall be junior and subordinate only to the pledge of M2 sales tax revenues in favor of the Senior Lien Debt pursuant to the express terms of the Master Indenture.

During construction and for a period of up to five years following the substantial completion, interest is capitalized and added to the initial TIFIA loan. The loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent that additional funds are available. Annual debt service requirements will be determined once the final draw on the TIFIA loan are made, which is scheduled to occur in

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2023. TIFIA debt service payments are expected to commence on December 1, 2028, which is approximately five years after expected substantial completion of the I-405 Improvement Project, through December 1, 2058. The interest rate of the TIFIA loan is 2.91%. As of June 30, 2020, \$287,000 was drawn on the TIFIA loan, and the unused balance is \$341,930. The amount outstanding under the TIFIA loan at June 30, 2020 is \$303,421.

The TIFIA loan is secured solely by toll revenues of the I-405 Express Lanes, which is estimated to open in 2023. The loan is non-recourse debt and is issued on a senior lien basis. The credit rating on the TIFIA loan is Baa2 (Moody's). The legal documents for the TIFIA loan contain provisions with finance related consequences, that if an event of default occurs and continues, the trust estate shall be under the control of the trustee. Also, under the TIFIA Loan Agreement interest increases to the Default Rate, and the US Department of Transportation has the option of holding up loan disbursements. The OCTA's legal documents also contain acceleration clauses, whereas the OCTA's obligations shall automatically become due and payable.

**Changes in Long-Term Debt**

Long-term debt activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Governmental activities:</b>					
Sales tax revenue bonds	\$ 635,220	\$ —	\$ (8,530)	\$ 626,690	\$ 8,065
Unamortized premium	68,874	—	(3,754)	65,120	—
<b>Total governmental activities</b>	<b>\$ 704,094</b>	<b>\$ —</b>	<b>\$ (12,284)</b>	<b>\$ 691,810</b>	<b>\$ 8,065</b>
<b>Business-type activities:</b>					
Tax-exempt bonds	\$ 97,795	\$ —	\$ (6,110)	\$ 91,685	\$ 6,420
Unamortized premium	7,378	—	(644)	6,734	—
Subtotal for Tax-exempt bonds	105,173	—	(6,754)	98,419	6,420
Direct Borrowing-TIFIA loan	294,762	8,659	—	303,421	—
<b>Total business-type activities</b>	<b>\$ 399,935</b>	<b>\$ 8,659</b>	<b>\$ (6,754)</b>	<b>\$ 401,840</b>	<b>\$ 6,420</b>

**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

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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, 2020, are indicated in the following table and OCTA is in compliance with the ratio per the debt agreement:

<b>Description of Pledged Revenue</b>	<b>Annual Amount of Net Pledged Revenue</b>	<b>Annual Debt Service Payments</b>	<b>Pledged Revenue Coverage</b>
Measure M2 Net Sales Tax Revenue	\$252,570	\$44,123	5.72
91 EL Net Toll Road Revenue	\$37,268	\$10,798	3.45

**10. Changes in Long-Term Liabilities**

Long-term liabilities activity for the year ended June 30, 2020, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within one year</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 6,471	\$ 7,993	\$ (6,804)	\$ 7,660	\$ 80
Rent holiday	4,969	35	(24)	4,980	-
Net pension liability	80,844	9,577	(26,336)	64,085	-
Total OPEB liability	919	80	(275)	724	-
<b>Total governmental activities</b>	<b>\$ 93,203</b>	<b>\$ 17,685</b>	<b>\$ (33,439)</b>	<b>\$ 77,449</b>	<b>\$ 80</b>
<b>Business-type activities:</b>					
Claims payable	\$ 18,300	\$ 7,059	\$ (5,783)	\$ 19,576	\$ 3,661
Compensated absences	7,922	10,103	(9,697)	8,328	7,276
Net pension liability	191,595	17,063	(47,057)	161,601	-
Total OPEB liability	2,008	177	(608)	1,577	-
<b>Total business-type activities</b>	<b>\$ 219,825</b>	<b>\$ 34,402</b>	<b>\$ (63,145)</b>	<b>\$ 191,082</b>	<b>\$ 10,937</b>

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.

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**11. 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, 2020 is presented below:

	OCERS	ARBA	Total
Deferred outflows of resources - pensions	\$ 37,731	\$ 1,854	\$ 39,585
Net pension liability	\$ 224,285	\$ 1,401	\$ 225,686
Deferred inflows of resources - pensions	\$ 49,317	\$ 2,866	\$ 52,183
Pension expenses	\$ 26,336	\$ 124	\$ 26,460

**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](http://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.

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Funding contributions for the OCERS plan are determined annually on an actuarial basis by OCERS. The contribution requirement for the year ended June 30, 2020 was 30.06% 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 \$27,801 for the year ended June 30, 2020.

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

As of June 30, 2020, OCTA reported a liability of \$224,285 for its proportionate share of the net pension liability (NPL). The NPL was measured as of December 31, 2019, and determined by rolling forward the total pension liability (TPL) as of December 31, 2018 actuarial valuation date. OCTA's proportionate share of the TPL has been determined by OCERS' actuary based upon employer contributions within each rate group. While OCERS is comprised of many rate groups, and certain rate groups may have multiple employer participants, OCTA is the only employer within its own individual rate group. 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, 2019, OCTA's proportion was 4.419%, which was an increase of 0.07% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, OCTA recognized pension expense of \$26,336. At June 30, 2020, OCTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 13,480	\$ —
Net difference between projected and actual earnings on plan investments	—	26,953
Difference between expected and actual experience	2,331	21,769
Changes of assumptions	21,920	595
Total	<u>\$ 37,731</u>	<u>\$ 49,317</u>

\$13,480 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, 2021. Other amounts reported as deferred inflows/outflows 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 5.86 years determined as of December 31, 2018 (the beginning of the measurement period ended



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December 31, 2019). In addition, the net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis beginning with the year in which they occur.

Following is a schedule for amortization of deferred outflows/inflows of resources:

Year ended June 30:	Increase/(Decrease) in Pension Expense
2021	\$ (10,405)
2022	(7,287)
2023	4,762
2024	(12,509)
2025	373
Total	\$ (25,066)

**Actuarial Assumptions**

Following are the key methods and assumptions used for the TPL as of December 31, 2019:

Actuarial Experience Study	Three year period ending December 31, 2016
Actuarial Cost Method	Entry age normal cost
Actuarial Assumptions:	
Investment Rate of Return	7.00% net of pension plan investment expenses, including inflation
Discount Rate	7.00%
Inflation Rate	2.75%
Cost of Living Adjustment	2.75% of retirement income
Projected Salary Increases	4.25% to 12.25%; Varies by service, including inflation

Mortality Assumptions: The underlying mortality assumptions used in the TPL at December 31, 2019 were based on the results of the actuarial experience study for the period January 1, 2014 through December 31, 2016 using the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table as a starting point, projected generationally using the two-dimensional Scale MP-2016, with age adjustments, and adjusted separately for healthy and disabled. In general, using a generational mortality table anticipates increases in the cost of the Plan over time as participants' life expectancies are projected to increase. This is in contrast to updating a static mortality assumption with each experience study as proposed in prior experience studies.

Long-term Expected Rate of Return: 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.

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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 Arithmetic Real Rate of Return
Global Equity	35.00%	6.38%
Core Bonds	13.00%	1.03%
High Yield Bonds	4.00%	3.52%
Bank Loan	2.00%	2.86%
TIPS	4.00%	0.96%
Emerging Market Debt	4.00%	3.78%
Real Estate	10.00%	4.33%
Core Infrastructure	2.00%	5.48%
Natural Resources	10.00%	7.86%
Risk Mitigation	5.00%	4.66%
Mezzanine/Distressed Debts	3.00%	6.53%
Private Equity	8.00%	9.48%
<b>Total</b>	<b>100.00%</b>	

Discount Rate: The discount rate used to measure the TPL was 7.00% as of December 31, 2019 and 2018. 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 as of both December 31, 2019 and 2018.

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 7.00%, 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 6.00%	Current Rate 7.00%	1% Increase 8.00%
OCTA's Proportionate Share of the NPL	\$ 370,129	\$ 224,285	\$ 105,654

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**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 times the number of years of OCTA continuous service prior to retirement with a maximum of \$150 per month. ARBA has no termination, disability, or survivor benefits.

Employees Covered by Benefit Terms: As of January 1, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	795
Inactive plan members entitled to but not yet receiving benefits	–
Active plan Members	1,313
<b>Total</b>	<b><u>2,108</u></b>

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, 2020 actuarial valuation. The actuarial determined contribution rate for the year ended June 30, 2020 was 0.60% of annual covered payroll and OCTA's contribution to the plan was \$622. 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.

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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, 2020:

<b>Asset Class</b>	<b>Target Allocation</b>
Fixed Income	35.0 %
Domestic Equity	50.0 %
International Equity	15.0 %
Cash Equivalents	0.0 %
<b>Total</b>	<b>100.0 %</b>

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.44%. 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, 2020, using a bi-annual actuarial valuation as of January 1, 2020 rolled forward to June 30, 2020 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, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial Assumptions: The total pension was determined using the following actuarial assumptions:

Valuation Date	January 1, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal cost, level percent of pay
Actuarial Assumptions:	
Investment Rate of Return	7.25% net of pension plan investment expenses
Discount Rate	7.25%
Inflation Rate	3.25%
Cost of Living Adjustment	Not applicable
Projected Salary Increases	3.25% per annum for all purposes

Mortality rates were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point, projected generationally with the two-dimensional MP-2016 projection scale.

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 2017 and collected and analyzed data for the period from January 1, 2014 to December 31, 2016.

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	1.5%
Domestic Equity	4.4%
International Equity	5.5%
Cash	0.0%

Discount Rate: As of June 30, 2020 measurement date, the discount rate used to measure the TPL was 7.25%, which has not changed from June 30, 2019. The projection of cash flows used to determine the discount rate assumed that ongoing contributions will be made at the actuarial determined amounts.

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Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of 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.

**Changes in Net Pension Liability**

	Increase (Decrease)		
	Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Balance at 6/30/2019</b>	\$ 19,841	\$ 17,191	\$ 2,650
<b>Changes for the year:</b>			
Service Cost	324	—	324
Interest	1,201	—	1,201
Difference between expected and actual experience	(1,232)	—	(1,232)
Contributions - Employer	—	622	(622)
Net investment income	—	943	(943)
Benefits payments, including refunds of employee	(1,350)	(1,350)	—
Administrative expense	—	(23)	23
<b>Net changes</b>	<b>(1,057)</b>	<b>192</b>	<b>(1,249)</b>
<b>Balance at 6/30/2020</b>	<b>\$ 18,784</b>	<b>\$ 17,383</b>	<b>\$ 1,401</b>
Plan fiduciary net position as a percentage of the total pension liability			92.54 %

Sensitivity of the NPL to Change in the Discount Rate: The following presents the NPL of OCTA, calculated using the discount rate of 7.25%, as well as what OCTA's NPL would be if it was calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Rate	1% Increase
	6.25%	7.25%	8.25%
OCTA's net pension liability	\$ 3,342	\$ 1,401	\$ 194

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

For the year ended June 30, 2020, OCTA recognized pension expense for the ARBA of \$124. At June 30, 2020, OCTA reported deferred outflows/inflows of resources related to ARBA from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 96	\$ –
Difference between expected and actual experience	–	1,915
Changes of assumptions	1,758	951
Total	<u>\$ 1,854</u>	<u>\$ 2,866</u>

\$96 reported as deferred outflows of resources related to investment earnings is the cumulative net difference that will be recognized as pension expense using a systematic and rational method over an initial five-year closed period. All other amounts reported as deferred outflows/inflows of resources are also cumulative and will be recognized as pension expense over the average of the expected remaining service lives of all employees. Below is the amortization schedule of collective deferred outflows/inflows of resources:

Year ended June 30,	Increase/(Decrease) in Pension Expense
2021	\$ (331)
2022	(217)
2023	(219)
2024	(230)
2025	162
Thereafter	(177)
Total	<u>\$ (1,012)</u>

**12. 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.

Effective July 1, 2018, Coach Operators became eligible to participate in the Other Postemployment Benefits (OPEB) plan sponsored and administered by OCTA. Previously, only Unrepresented Administrative Employees and Transportation Communications International Union Employees were eligible to continue participating in the group healthcare insurance program after retirement until age 65 for retirees who retire directly

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from OCTA. Unrepresented Administrative Employees and Transportation Communications International Union Employees in OCERS Plan A and B must be at a minimum of age 50 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 52 with at least five years of OCTA service to meet eligibility requirements. Coach Operators in OCERS Plan A and B must be at a minimum of age 55 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 55 with at least five years of OCTA service for eligibility. 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. No assets are accumulated in a trust.

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.

For fiscal year ended June 30, 2020, the implied subsidy was determined as part of the June 30, 2020 actuarial valuation. The estimated implied subsidy at June 30, 2020 was \$185.

GASB Statement 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit.

Employees covered by benefit terms:

As of January 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefit	–
Active employees	<u>1,144</u>
Total participants covered by OPEB Plan	<u><u>1,173</u></u>

Total OPEB liability

OCTA’s total OPEB liability (TOL) of \$2,301 was measured as of June 30, 2020 and was determined by an actuarial valuation as of January 1, 2020. The valuation and measurement dates for fiscal year ended June 30, 2020 were as of the same date, updated as prior year valuation and measurement date was as of June 30, 2019.



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Actuarial assumptions and other inputs:

The TOL of \$2,301 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.45 %
Healthcare Cost Trend Rates:	
2019 - 2020 Current Year Trend	6.00 %
2020 - 2021 Trend	5.90 %
Decrement	0.10 %
Ultimate Trend	5.00 %
Year Ultimate Trend is Reached	2029
Salary Increases	3.25 %

The discount rate was based on the index provided by Fidelity General Obligation AA 20 Years Municipal Index based on the 20 year AA municipal bond rate as of June 30, 2020, a decrease from the discount rate used for fiscal year ended June 30, 2019 of 3.50%.

Mortality rates were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point, projected generationally with the two-dimensional MP-2016 projection scale used as of June 30, 2020, which has changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) used for fiscal year ended June 30, 2019.

Changes in the total OPEB liability:

	Total OPEB Liability
<b>Balance at 6/30/2019</b>	<b>\$ 2,927</b>
Changes for the Year:	
Service cost	152
Interest	104
Changes in assumptions	172
Differences between expected and actual experience	(869)
Benefit payments	(185)
<b>Net changes</b>	<b>(626)</b>
<b>Balance at 6/30/2020</b>	<b>\$ 2,301</b>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the TOL of OCTA, calculated using the discount rate of 2.45%, as well as what OCTA's TOL would be if it was calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current rate:

	1% Decrease 1.45%	Current Rate 2.45%	1% Increase 3.45%
OCTA's total OPEB liability	\$ 2,413	\$ 2,301	\$ 2,191

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Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the TOL of OCTA, calculated using an initial trend rate of 6.00%, as well as what OCTA's TOL would be if it was calculated using a trend rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current rate:

	1% Decrease 5.00%	Current Rate 6.00%	1% Increase 7.00%
OCTA's total OPEB liability	\$ 2,107	\$ 2,301	\$ 2,522

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, OCTA recognized OPEB expense of \$246. At June 30, 2020, OCTA reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 348	\$ 717
Changes of assumptions	162	2
Total	\$ 510	\$ 719

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Increase/(Decrease) in OPEB Expense
2021	\$ (11)
2022	(11)
2023	(11)
2024	(90)
2025	(86)
Total	\$ (209)

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**13. 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, 2020 are as follows:

	<b>Total Purchase Commitments</b>	<b>Reserve for Encumbrances</b>	<b>Unencumbered Purchase Commitments</b>
Governmental Funds:			
General	\$ 114,298	\$ 8,373	\$ 105,925
LTA	1,192,069	536,051	656,018
LTF	125	—	125
Nonmajor governmental funds	247,407	209,027	38,380
Total Governmental Funds	<u>1,553,899</u>	<u>753,451</u>	<u>800,448</u>
Proprietary Funds:			
OCTD	245,729	43,492	202,237
91 Express Lanes	93,034	13,371	79,663
I-405 Express Lanes	197,692	165,972	31,720
Internal Service Funds	971	178	793
Total Proprietary Funds	<u>537,426</u>	<u>223,013</u>	<u>314,413</u>
<b>Total</b>	<u><u>\$ 2,091,325</u></u>	<u><u>\$ 976,464</u></u>	<u><u>\$ 1,114,861</u></u>

The majority of the contracts relate to the expansion of Orange County's freeway and road systems, grade separation projects, OC Streetcar project, purchase of up to 117, 22-foot gas powered cutaway buses, paratransit bus services, and services for the operation of the contracted fixed route, stationlink and express buses.

**14. OTHER COMMITMENTS AND CONTINGENCIES**

**Litigation**

OCTA is a defendant in various legal actions. To the extent the outcome of such litigation has been determined to result in probable loss to OCTA, such loss has been accrued in the accompanying financial statements. OCTA believes that these accruals are adequate to provide for its estimated future obligations in these matters, and that any amounts in excess of such accruals will not have a significant effect on OCTA's financial position or changes in financial position.

In April 2020, the OCTA Board approved a settlement for \$1,000 in cash and forgiveness of \$40,000 in toll violations and penalties for the In Re Toll Roads Litigation (Plaintiffs) case. The case initially focused on two basic sets of claims. The first related to due process and negligence claims alleging that the procedures used to assess and collect toll violation penalties when drivers use toll roads without paying the required toll are inadequate. The

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second original claim is that the penalties assessed against toll violators on the 91 Express Lanes is excessive. Over time, the Plaintiffs alleged that OCTA routinely sells and/or provides personally identifiable information of drivers to a host of other entities as part of the operation of the 91 Express Lanes. The parties are in the process of finalizing settlement agreements and preparing the paperwork necessary to: 1) obtain court approval of the settlement; and 2) give notice of the settlement to the class members. Management recorded a liability of \$1,000 for the cash settlement and wrote off approximately \$3,600 of violations receivable for the forgiveness of toll violations and penalties.

**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**

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.

Total costs for leases for the year ended June 30, 2020 amounted to \$6,661. Future minimum payments for these leases are as follows:

<b>Year Ending June 30:</b>	<b>Amount</b>
2021	\$6,285
2022	6,296
2023	6,308
2024	6,319
2025	5,990
2026-2030	16,101
2031	76
<b>Total</b>	<b>\$47,375</b>

**15. JOINT VENTURE**

OCTA is one of five members of the Southern California Regional Rail Authority (SCRRA), a joint powers authority (JPA) 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 County Transportation Authority (SBCTA) and the Riverside County

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
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Transportation Commission (RCTC); and four members from the Los Angeles County Metropolitan Transportation Authority (LACMTA). SCRRRA 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 \$19,457 during fiscal year 2019-20 for its share of Metrolink capital and operating costs. Separate financial statements are prepared by, and available from, SCRRRA, which is located at One Gateway Plaza, 12th Floor, Los Angeles, CA 90012.

OCTA is one of 11 members of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency, a JPA 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 charged \$4,013 to LOSSAN for administrative support during fiscal year 2019-20. 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.

**16. FUND DEFICIT**

The I-405 Express Lanes (I-405 EL) fund, an enterprise fund, had a net position deficit of \$85,254. The deficit was primarily due to the fact that the fund is at construction phase and does not have operating revenue.

The Orange County Taxi Administration Program (OCTAP) fund, an enterprise fund, had a net position deficit of \$437. The fund deficit was the result of operating expenses exceeding operating revenues due to a decrease in operating revenue from permit fees.

**17. EFFECT OF NEW PRONOUNCEMENTS**

**GASB Statement No. 84**

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary

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fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement was effective for OCTA's fiscal year ending June 30, 2020, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. OCTA has not determined the effect of this Statement.

**GASB Statement No. 87**

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement was effective for OCTA's fiscal year ending June 30, 2021, but was postponed by 18 months per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. OCTA has not determined the effect of this Statement.

**GASB Statement No. 90**

In August 2018, GASB issued Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement was effective for OCTA's fiscal year ending June 30, 2020, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. OCTA has not determined the effect of this Statement.

**GASB Statement No. 91**

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement was effective for OCTA's fiscal year ending June 30, 2022, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. OCTA has not determined the effect of this Statement.

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**GASB Statement No. 92**

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Paragraphs 4, 5, 11 and 13 of this Statement are effective immediately. The remaining paragraphs of this Statement were effective for OCTA's fiscal year ending June 30, 2021, but were postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The implementation of paragraphs 4, 5, 11 and 13 of this Statement did not have a material effect on the financial statements. OCTA has not determined the effect of the remaining paragraphs of this Statement.

**GASB Statement No. 93**

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended, (7) providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement, except for paragraph 11b, are effective for OCTA's fiscal year ending June 30, 2021. The requirement in paragraph 11b is effective for OCTA's fiscal year ending June 30, 2022. GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponed the effective date of paragraphs 13 and 14 of this Statement by one year. OCTA has not determined the effect of this Statement.

**GASB Statement No. 94**

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement is effective for OCTA's fiscal year ending June 30, 2023. OCTA has not determined the effect of this Statement.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS**

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**GASB Statement No. 95**

In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. This Statement is effective for OCTA's fiscal year ending June 30, 2020. This implementation of this Statement did not have a material effect on the financial statements.

**GASB Statement No. 96**

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). This Statement is effective for OCTA's fiscal year ending June 30, 2023. OCTA has not determined the effect of this Statement.

**GASB Statement No. 97**

In June 2020, GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Paragraphs 4 and 5 of this Statement are effective immediately, and the remaining paragraphs of this Statement are effective for OCTA's fiscal year ending June 30, 2022. The implementation of paragraphs 4 and 5 of this Statement did not have a material effect on the financial statements. OCTA has not determined the effect of the remaining paragraphs of this Statement.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines	\$ 200	\$ 200	\$ 243	\$ 43
Contributions from other agencies	14,766	14,766	9,054	(5,712)
Interest and investment income	882	882	78	(804)
Capital assistance grants	1,600	1,600	641	(959)
Miscellaneous	576	576	44	(532)
<b>Total revenues</b>	<b>18,024</b>	<b>18,024</b>	<b>10,060</b>	<b>(7,964)</b>
<b>Expenditures</b>				
Current:				
General government:				
Salaries and benefits	62,958	63,118	59,611	3,507
Supplies and services	38,302	38,278	29,325	8,953
Interfund reimbursements	(78,452)	(78,452)	(71,145)	(7,307)
Transportation:				
Contributions to other local agencies	2,948	3,054	788	2,266
Capital outlay	2,684	2,946	2,238	708
<b>Total expenditures</b>	<b>28,440</b>	<b>28,944</b>	<b>20,817</b>	<b>8,127</b>
<b>Deficiency of revenues under expenditures</b>	<b>(10,416)</b>	<b>(10,920)</b>	<b>(10,757)</b>	<b>163</b>
<b>Other financing sources (uses)</b>				
Transfers in	5,127	5,127	4,912	(215)
Proceeds from sale of capital assets	109	109	105	(4)
<b>Total other financing sources</b>	<b>5,236</b>	<b>5,236</b>	<b>5,017</b>	<b>(219)</b>
<b>Net change in fund balance</b>	<b>\$ (5,180)</b>	<b>\$ (5,684)</b>	<b>\$ (5,740)</b>	<b>\$ (56)</b>

**Reconciliation to GAAP:**

Net change in fund balance (budgetary basis)	\$ (5,740)
Net change in fund balance (budgetary basis) - from CURE fund	3,011
Less: Estimated revenues for encumbrances outstanding at June 30	1,644
Add: Current year encumbrances outstanding at June 30 - from CURE fund	664
Add: Current year encumbrances outstanding at June 30	8,193
Net change in fund balance (GAAP basis)	<b>\$ 4,484</b>

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, 2020**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax revenue	\$ 340,940	\$ 340,940	\$ 317,964	\$ (22,976)
Fines	8	8	—	(8)
Contributions from other agencies	137,748	137,748	87,618	(50,130)
Interest and investment income	26,536	26,536	47,922	21,386
Miscellaneous	4,505	4,505	1,167	(3,338)
<b>Total revenues</b>	<b>509,737</b>	<b>509,737</b>	<b>454,671</b>	<b>(55,066)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	178,735	173,827	127,363	46,464
Transportation:				
Contributions to other local agencies	157,610	162,518	93,672	68,846
Capital outlay	997,712	997,712	804,930	192,782
Debt service:				
Interest	—	—	22	(22)
<b>Total expenditures</b>	<b>1,334,057</b>	<b>1,334,057</b>	<b>1,025,987</b>	<b>308,070</b>
<b>Deficiency of revenues under expenditures</b>	<b>(824,320)</b>	<b>(824,320)</b>	<b>(571,316)</b>	<b>253,004</b>
<b>Other financing sources (uses)</b>				
Transfers in	56,380	56,380	37,125	(19,255)
Transfers out	(84,056)	(84,056)	(105,633)	(21,577)
<b>Total other financing sources (uses)</b>	<b>(27,676)</b>	<b>(27,676)</b>	<b>(68,508)</b>	<b>(40,832)</b>
<b>Net change in fund balance</b>	<b>\$ (851,996)</b>	<b>\$ (851,996)</b>	<b>\$ (639,824)</b>	<b>\$ 212,172</b>
<b>Reconciliation to GAAP:</b>				
Net change in fund balance (budgetary basis)			\$ (639,824)	
Less: Estimated revenues for encumbrances outstanding at June 30			7,437	
Add: Current year encumbrances outstanding at June 30			572,308	
Net change in fund balance (GAAP basis)			\$ (74,953)	

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, 2020

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax revenue	\$ 176,673	\$ 176,673	\$ 165,146	\$ (11,527)
Interest and investment income	46	46	141	95
<b>Total revenues</b>	<b>176,719</b>	<b>176,719</b>	<b>165,287</b>	<b>(11,432)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	2,267	2,267	1,802	465
Transportation:				
Contributions to other local agencies	2,473	2,473	2,372	101
<b>Total expenditures</b>	<b>4,740</b>	<b>4,740</b>	<b>4,174</b>	<b>566</b>
<b>Excess of revenues over expenditures</b>	<b>171,979</b>	<b>171,979</b>	<b>161,113</b>	<b>(10,866)</b>
<b>Other financing uses</b>				
Transfers out	(171,979)	(171,979)	(164,917)	7,062
<b>Total other financing uses</b>	<b>(171,979)</b>	<b>(171,979)</b>	<b>(164,917)</b>	<b>7,062</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (3,804)</b>	<b>\$ (3,804)</b>

See accompanying notes to required supplementary information.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Required Supplementary Information**  
**Supplemental Pension Plan and OPEB Plan Trend Data**  
**June 30, 2020**

*(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\*

	2020	2019	2018	2017	2016	2015	2014
OCTA's Proportion of the NPL	4.419 %	4.353 %	4.283 %	4.436 %	4.377 %	4.006 %	4.112 %
OCTA's proportionate share of the NPL	\$ 224,285	\$ 230,261	\$ 230,261	\$ 230,261	\$ 250,193	\$ 203,592	\$ 217,569
OCTA's covered payroll	\$ 101,980	\$ 97,230	\$ 94,528	\$ 94,507	\$ 93,110	\$ 95,061	\$ 92,200
OCTA's proportionate share of the NPL as a percentage of its covered payroll	219.93 %	277.48 %	224.40 %	243.64 %	268.71 %	214.17 %	235.98 %
Plan fiduciary net position as a percentage of the total pension liability	76.67 %	70.03 %	74.93 %	71.16 %	67.10 %	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\*

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 27,801	\$ 24,690	\$ 24,811	\$ 23,900	\$ 26,347	\$ 24,722	\$ 22,244
Contributions in relation to the actuarially determined contributions	27,801	24,690	24,811	23,900	26,347	24,722	22,244
Contribution excess (deficiency)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 92,496	\$ 87,887	\$ 86,117	\$ 86,925	\$ 97,616	\$ 92,878	\$ 94,244
Contributions as a percentage of covered payroll	30.06%	28.09%	28.81%	27.50%	26.99%	26.62%	23.60%

Change of assumptions: For fiscal year 2017-18 and later, mortality assumptions were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table rather than the RP-2000 Combined Healthy Mortality Table, which was used to determine amounts reported prior to fiscal year 2017-18. The discount rate used to measure the TPL was 7.00% in fiscal year 2017-18 and 7.25% in fiscal year 2016-17.

\* 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 and OPEB Plan Trend Data**  
**June 30, 2020**

*(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\*

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 324	\$ 404	\$ 377	\$ 401	\$ 361	\$ 423	\$ 388
Interest	1,201	1,206	1,229	1,260	1,294	1,240	1,214
Changes of assumptions	—	2,366	—	—	(2,140)	207	—
Difference between expected and actual experience	(1,232)	(175)	(1,220)	—	(99)	—	—
Benefit payments, including refunds of employee contributions	(1,350)	(1,205)	(1,205)	(1,145)	(1,066)	(980)	(1,010)
<b>Net change in total pension liability</b>	(1,057)	2,596	(819)	516	(1,650)	890	592
<b>Total pension liability - beginning</b>	19,841	17,245	18,064	17,548	19,198	18,308	17,716
<b>Total pension liability - ending (a)</b>	\$ 18,784	\$ 19,841	\$ 17,245	\$ 18,064	\$ 17,548	\$ 19,198	\$ 18,308
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 622	\$ 749	\$ 931	\$ 929	\$ 955	\$ 875	\$ 848
Net investment income	943	1,236	1,180	1,596	209	467	2,075
Benefit payments, including refunds of employee contributions	(1,350)	(1,294)	(1,205)	(1,145)	(1,066)	(980)	(897)
Administrative expenses	(23)	(23)	(24)	(24)	(24)	(24)	(23)
<b>Net change in plan fiduciary net position</b>	\$ 192	\$ 668	\$ 882	\$ 1,356	\$ 74	\$ 338	\$ 2,003
<b>Plan fiduciary net position - beginning</b>	17,191	16,523	15,641	14,285	14,211	13,873	11,870
<b>Plan fiduciary net position - ending (b)</b>	\$ 17,383	\$ 17,191	\$ 16,523	\$ 15,641	\$ 14,285	\$ 14,211	\$ 13,873
<b>Net pension liability - ending (a) - (b)</b>	\$ 1,401	\$ 2,650	\$ 722	\$ 2,423	\$ 3,263	\$ 4,987	\$ 4,435
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	92.54%	86.64%	95.81%	86.59%	81.40%	74.02%	75.78%
<b>Covered payroll</b>	\$103,464	\$ 99,440	\$ 95,212	\$ 95,015	\$ 94,011	\$ 92,403	\$ 89,494
<b>Net pension liability as a percentage of covered payroll</b>	1.35%	2.66%	0.76%	2.55%	3.47%	5.40%	4.96%

**Notes to the schedule for Additional Retiree Benefit Account Plan**

Change of assumptions: In fiscal year 2015-16, amounts reported as changes of assumptions resulted from adjustments to discount rate. In fiscal year 2019-20, there was a change in the mortality assumptions.

\* 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 and OPEB Plan Trend Data**  
**June 30, 2020**

*(amounts expressed in thousands)*

**Schedule of Investment Returns**  
**Additional Retiree Benefit Account Plan**  
Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	5.44 %	0.10 %	4.60 %	11.09 %	1.47 %	3.38 %	17.51 %

**Schedule of OCTA Contributions**  
**Additional Retiree Benefit Account Plan**  
Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 565	\$ 523	\$ 546	\$ 786	\$ 772	\$ 904	\$ 875
Contributions in relation to the actuarially determined contributions	622	749	931	929	955	874	848
Contribution excess (deficiency)	\$ 57	\$ 226	\$ 385	\$ 143	\$ 183	\$ (30)	\$ (27)
Covered payroll	\$103,464	\$ 99,440	\$ 95,212	\$ 95,015	\$ 94,011	\$ 92,403	\$ 89,494
Contributions as a percentage of covered payroll	0.60%	0.75%	0.98%	0.98%	1.02%	0.95%	0.95%

**Notes to the schedule for Additional Retiree Benefit Account Plan**

Valuation date: Actuarially determined contribution rates are calculated as of January 1, eighteen 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 cost, level percent of pay
Amortization method:	Level-dollar basis
Remaining amortization:	11 years
Asset valuation method:	5-year smoothed, market value
Return on Assets:	7.25%
Discount Rate:	7.25%
Inflation:	3.25%
Salary Scale:	3.25% per annum for all purposes
Cost of Living:	Not applicable
Mortality Rates:	Rates are from the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point, projected generationally with the two-dimensional MP-2016 projection scale.

\* 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 and OPEB Plan Trend Data**  
**June 30, 2020**

*(amounts expressed in thousands)*

**Schedule of the Changes in OCTA's Total OPEB Liability and Related Ratios**

**Other Post Employment Benefit Plan**

Last 10 Fiscal Years\*

	2020	2019	2018
<b>Total OPEB liability - beginning</b>	\$ 2,927	\$ 1,432	\$ 745
Changes for the year:			
Service cost	152	112	40
Interest	104	48	28
Changes in assumption	172	(4)	40
Difference between actual and expected experience	(869)	12	651
Plan change	—	1,419	
Benefit payments	(185)	(92)	(72)
<b>Total OPEB liability - ending</b>	<b>\$ 2,301</b>	<b>\$ 2,927</b>	<b>\$ 1,432</b>
Covered employee payroll	\$ 82,050	\$ 70,204	\$ 42,366
Total OPEB liability as a percentage of covered employee payroll	2.80%	4.17%	3.38%

**Notes to the schedule for OPEB Plan**

Funding policy: OCTA funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

The amounts presented for fiscal year 2018 were determined as of December 31, and the amounts for fiscal year 2019 and thereafter were determined as of June 30.

Plan Change: Effective July 1, 2018 for fiscal year ended June 30, 2019, Coach Operators became eligible to participate in the OPEB plan. Previously, only Unrepresented Administrative and Transportation Communications International Union employees were eligible for OPEB benefits.

Change of assumptions: For fiscal year 2019-20, the discount rate used to measure the TOL was 2.45%, a decrease from the discount rate of 3.50% for fiscal year 2018-19. For fiscal year 2019-20, mortality assumptions were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point, projected generationally with the two-dimensional MP-2016 projection scale used, rather than the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006), which was used to determine amounts reported in fiscal year 2018-19.

For fiscal year 2018-19, the discount rate used to measure the TOL was 3.50%, an increase from the discount rate of 3.44% for fiscal year 2017-18. For fiscal year 2018-19, mortality assumptions were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) rather than the RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, which was used to determine amounts reported in fiscal year 2017-18.

\* 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**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2020  
(amounts expressed in thousands)

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**1. BUDGETARY DATA**

OCTA establishes accounting control through formal adoption of an annual budget for all governmental funds. The budget is prepared in a basis consistent 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 2020 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 2019-20 for the General fund and the major special revenue funds, except for the Local Transportation Authority fund. In the Local Transportation Authority fund, actual transfers exceeded appropriations in the amount of \$21,577, due to interfund transfers pertaining to carry over budget from encumbered contracts related to OC Streetcar projects.

Beginning 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.



ORANGE COUNTY TRANSPORTATION AUTHORITY

OTHER SUPPLEMENTARY INFORMATION

June 30, 2020

(amounts expressed in thousands)

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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 project 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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2020**

<i>(amounts expressed in thousands)</i>	Special Revenue				Total Nonmajor Governmental Funds
	OCUTT	SAFE	SAAV	STAF	
<b>Assets</b>					
Cash and investments	\$ 12,238	\$ 2,698	\$ 31	\$ 105	\$ 15,072
Receivables:					
Interest	106	14	—	6	126
Operating Grants	—	1	—	—	1
Capital Grants	—	5	—	—	5
Other	—	9	—	—	9
Due from other funds	40	—	—	—	40
Due from other governments	—	5,872	—	10,056	15,928
Note receivable	2,282	—	—	—	2,282
Advances to other funds	618	—	—	—	618
<b>Total Assets</b>	<b>\$ 15,284</b>	<b>\$ 8,599</b>	<b>\$ 31</b>	<b>\$ 10,167</b>	<b>\$ 34,081</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 5	\$ 965	\$ —	\$ —	\$ 970
Due to other funds	—	—	—	10,056	10,056
Due to other governments	—	57	—	—	57
<b>Total Liabilities</b>	<b>5</b>	<b>1,022</b>	<b>—</b>	<b>10,056</b>	<b>11,083</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - interest on advances	537	—	—	—	537
Unavailable revenue - reimbursements from others and other misc revenue	—	2,018	—	—	2,018
<b>Total Deferred Inflows of Resources</b>	<b>537</b>	<b>2,018</b>	<b>—</b>	<b>—</b>	<b>2,555</b>
<b>Fund Balances</b>					
Restricted for:					
Transportation programs	14,742	—	—	111	14,853
Motorist services	—	5,559	31	—	5,590
<b>Total Fund Balances</b>	<b>14,742</b>	<b>5,559</b>	<b>31</b>	<b>111</b>	<b>20,443</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 15,284</b>	<b>\$ 8,599</b>	<b>\$ 31</b>	<b>\$ 10,167</b>	<b>\$ 34,081</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	Special Revenue				Total Nonmajor Governmental Funds
	OCUTT	SAFE	SAAV	STAF	
<b>Revenues</b>					
Sales taxes	\$ —	\$ —	\$ —	\$ 35,823	\$ 35,823
Transportation improvement fee	—	—	—	5,823	5,823
Vehicle registration fees	—	2,773	—	—	2,773
Contributions from other agencies	—	8,650	—	—	8,650
Interest and investment income	762	(14)	—	24	772
Miscellaneous	—	47	—	—	47
<b>Total revenues</b>	<b>762</b>	<b>11,456</b>	<b>—</b>	<b>41,670</b>	<b>53,888</b>
<b>Expenditures</b>					
Current:					
General government:					
Supplies and services	17	8,443	—	1	8,461
Capital outlay	—	27	—	—	27
<b>Total expenditures</b>	<b>17</b>	<b>8,470</b>	<b>—</b>	<b>1</b>	<b>8,488</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>745</b>	<b>2,986</b>	<b>—</b>	<b>41,669</b>	<b>45,400</b>
<b>Other financing sources (uses)</b>					
Transfers in	—	3,456	—	—	3,456
Transfers out	—	—	—	(41,645)	(41,645)
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>3,456</b>	<b>—</b>	<b>(41,645)</b>	<b>(38,189)</b>
<b>Net change in fund balances</b>	<b>745</b>	<b>6,442</b>	<b>—</b>	<b>24</b>	<b>7,211</b>
Fund balances - beginning	13,997	(883)	31	87	13,232
<b>Fund balances - ending</b>	<b>\$ 14,742</b>	<b>\$ 5,559</b>	<b>\$ 31</b>	<b>\$ 111</b>	<b>\$ 20,443</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Commuter and Urban Rail Endowment Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines	\$ —	\$ —	\$ 2	\$ 2
Interest and investment income	—	—	477	477
Miscellaneous	—	—	167	167
<b>Total revenues</b>	<b>—</b>	<b>—</b>	<b>646</b>	<b>646</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	235	235	273	(38)
Transportation:				
Contributions to other local agencies	—	—	433	(433)
Capital outlay	456	456	429	27
<b>Total expenditures</b>	<b>691</b>	<b>691</b>	<b>1,135</b>	<b>(444)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(691)</b>	<b>(691)</b>	<b>(489)</b>	<b>202</b>
<b>Other financing sources</b>				
Proceeds from sale of capital assets	—	—	3,500	3,500
<b>Total other financing sources</b>	<b>—</b>	<b>—</b>	<b>3,500</b>	<b>3,500</b>
<b>Net change in fund balance</b>	<b>\$ (691)</b>	<b>\$ (691)</b>	<b>\$ 3,011</b>	<b>\$ 3,702</b>
<b>Reconciliation to GAAP:</b>				
Net change in fund balance (budgetary basis)			\$ 3,011	
Add: Current year encumbrances outstanding at June 30			664	
Net change in fund balance (GAAP basis), reported with General fund			\$ 3,675	

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Local Transportation Authority Debt Service Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Interest and investment income	\$ 6,010	\$ 6,010	\$ 3,819	\$ (2,191)
<b>Total revenues</b>	<b>6,010</b>	<b>6,010</b>	<b>3,819</b>	<b>(2,191)</b>
<b>Expenditures</b>				
Debt service:				
Principal payments on long-term debt	8,530	8,530	8,530	—
Interest on long-term debt	35,593	35,593	35,593	—
<b>Total expenditures</b>	<b>44,123</b>	<b>44,123</b>	<b>44,123</b>	<b>—</b>
<b>Deficiency of revenues under expenditures</b>	<b>(38,113)</b>	<b>(38,113)</b>	<b>(40,304)</b>	<b>(2,191)</b>
<b>Other financing sources (uses)</b>				
Transfers in	43,783	43,783	44,530	747
Transfers out	(5,670)	(5,670)	(21,951)	(16,281)
<b>Total other financing sources (uses)</b>	<b>38,113</b>	<b>38,113</b>	<b>22,579</b>	<b>(15,534)</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (17,725)</b>	<b>\$ (17,725)</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Orange County Unified Transportation Trust Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest and investment income	\$ 153	\$ 153	\$ 762	\$ 609
<b>Total revenues</b>	<b>153</b>	<b>153</b>	<b>762</b>	<b>609</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	118	118	17	101
<b>Total expenditures</b>	<b>118</b>	<b>118</b>	<b>17</b>	<b>101</b>
<b>Excess of revenues over expenditures</b>	<b>35</b>	<b>35</b>	<b>745</b>	<b>710</b>
<b>Net change in fund balance</b>	<b>\$ 35</b>	<b>\$ 35</b>	<b>\$ 745</b>	<b>\$ 710</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**Service Authority for Freeway Emergencies Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Vehicle registration fees	\$ 2,960	\$ 2,960	\$ 2,773	\$ (187)
Contributions from other agencies	4,622	4,622	8,650	4,028
Interest and investment income	32	32	(14)	(46)
Miscellaneous	10	10	47	37
<b>Total revenues</b>	<b>7,624</b>	<b>7,624</b>	<b>11,456</b>	<b>3,832</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	8,771	8,771	8,483	288
Capital outlay	443	443	27	416
<b>Total expenditures</b>	<b>9,214</b>	<b>9,214</b>	<b>8,510</b>	<b>704</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,590)</b>	<b>(1,590)</b>	<b>2,946</b>	<b>4,536</b>
<b>Other financing sources</b>				
Transfers in	946	946	3,456	2,510
<b>Total other financing sources</b>	<b>946</b>	<b>946</b>	<b>3,456</b>	<b>2,510</b>
<b>Net change in fund balance</b>	<b>\$ (644)</b>	<b>\$ (644)</b>	<b>\$ 6,402</b>	<b>\$ 7,046</b>
<b>Reconciliation to GAAP:</b>				
Net change in fund balance (budgetary basis)			\$ 6,402	
Add: Current year encumbrances outstanding at June 30			40	
Net change in fund balance (GAAP basis)			<b>\$ 6,442</b>	

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**State Transit Assistance Special Revenue Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax revenue	\$ 41,059	\$ 41,059	\$ 35,823	\$ (5,236)
Transportation improvement fee	5,720	5,720	5,823	103
Interest and investment income	1	1	24	23
<b>Total revenues</b>	<b>46,780</b>	<b>46,780</b>	<b>41,670</b>	<b>(5,110)</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	—	—	1	(1)
<b>Total expenditures</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>(1)</b>
<b>Excess of revenues over expenditures</b>	<b>46,780</b>	<b>46,780</b>	<b>41,669</b>	<b>(5,111)</b>
<b>Other financing uses</b>				
Transfers out	(46,781)	(46,781)	(41,645)	5,136
<b>Total other financing uses</b>	<b>(46,781)</b>	<b>(46,781)</b>	<b>(41,645)</b>	<b>5,136</b>
<b>Net change in fund balance</b>	<b>\$ (1)</b>	<b>\$ (1)</b>	<b>24</b>	<b>\$ 25</b>



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Budgetary Comparison Schedule**  
**General Capital Project Fund (Budgetary Basis)**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Contributions from other agencies	\$ 1,136	\$ 1,136	\$ —	\$ (1,136)
Interest	18	18	—	(18)
Capital assistance grants	15,386	15,386	74,719	59,333
<b>Total revenues</b>	<b>16,540</b>	<b>16,540</b>	<b>74,719</b>	<b>58,179</b>
<b>Expenditures</b>				
Current:				
General government:				
Supplies and services	13,535	13,535	3,155	10,380
Transportation:				
Contributions to other local agencies	1,085	1,085	—	1,085
Capital outlay	288,907	288,907	300,072	(11,165)
<b>Total expenditures</b>	<b>303,527</b>	<b>303,527</b>	<b>303,227</b>	<b>300</b>
<b>Deficiency of revenues under expenditures</b>	<b>(286,987)</b>	<b>(286,987)</b>	<b>(228,508)</b>	<b>58,479</b>
<b>Other financing sources</b>				
Transfers in	35,436	35,436	47,193	11,757
<b>Total other financing sources</b>	<b>35,436</b>	<b>35,436</b>	<b>47,193</b>	<b>11,757</b>
<b>Net change in fund balance</b>	<b>\$ (251,551)</b>	<b>\$ (251,551)</b>	<b>\$ (181,315)</b>	<b>\$ 70,236</b>

**Reconciliation to GAAP:**

Net change in fund balance (budgetary basis)	\$ (181,315)
Less: Estimated revenues for encumbrances outstanding at June 30	45,682
Add: Current year encumbrances outstanding at June 30	224,122
Net change in fund balance (GAAP basis)	<b>\$ (2,875)</b>

ORANGE COUNTY TRANSPORTATION AUTHORITY  
OTHER SUPPLEMENTARY INFORMATION  
June 30, 2020  
(amounts expressed in thousands)

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**NONMAJOR ENTERPRISE FUNDS**

**OC Streetcar Fund** - This fund is established to account for the operations of the OC Streetcar which is planned to be operative in fiscal year 2022-23. The primary source of funding for the operation will be fare collections.

**Orange County Taxicab Administration Program (OCTAP)** - This fund accounts for the taxicab licensing and driver's permit program. The sources of funding for the operations are the permit fees.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Net Position - Nonmajor Enterprise Funds**  
**June 30, 2020**

<i>(amounts expressed in thousands)</i>	OC Streetcar	OCTAP	Total Nonmajor Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and investments	\$ —	\$ 191	\$ 191
Receivables:			
Operating grants	—	17	17
Prepaid retirement	—	43	43
Total current assets	—	251	251
<b>Total Assets</b>	<b>—</b>	<b>251</b>	<b>251</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	—	34	34
Deferred outflows - OPEB	—	3	3
<b>Total Deferred Outflows of Resources</b>	<b>—</b>	<b>37</b>	<b>37</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	—	2	2
Accrued payroll and related items	—	8	8
Unearned revenue	—	1	1
Current portion of long-term liabilities	—	15	15
Total current liabilities	—	26	26
Noncurrent liabilities:			
Total OPEB liability	—	9	9
Net pension liability	—	624	624
Long-term liabilities	—	1	1
Total noncurrent liabilities	—	634	634
<b>Total Liabilities</b>	<b>—</b>	<b>660</b>	<b>660</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	—	64	64
Deferred inflows - OPEB	—	1	1
<b>Total Deferred Inflows of Resources</b>	<b>—</b>	<b>65</b>	<b>65</b>
<b>Net Position</b>			
Unrestricted	—	(437)	(437)
<b>Total Net Position</b>	<b>\$ —</b>	<b>\$ (437)</b>	<b>\$ (437)</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Revenues, Expenses and Charges in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	OC Streetcar	OCTAP	Total Nonmajor Enterprise Funds
<b>Operating revenues:</b>			
Permit fees	\$       —	\$       157	\$       157
<b>Total operating revenues</b>	<b>—</b>	<b>157</b>	<b>157</b>
<b>Operating expenses:</b>			
Wages, salaries and benefits	—	136	136
Administrative services	372	194	566
Other	—	2	2
Professional services	—	20	20
General and administrative	7	1	8
<b>Total operating expenses</b>	<b>379</b>	<b>353</b>	<b>732</b>
<b>Operating loss</b>	<b>(379)</b>	<b>(196)</b>	<b>(575)</b>
<b>Nonoperating revenues:</b>			
Federal operating assistance grants	—	17	17
Investment earnings	—	11	11
Other	—	235	235
<b>Total nonoperating revenues</b>	<b>—</b>	<b>263</b>	<b>263</b>
<b>Loss before contributions and transfers</b>	<b>(379)</b>	<b>67</b>	<b>(312)</b>
Transfers in	379	—	379
<b>Change in net position</b>	<b>—</b>	<b>67</b>	<b>67</b>
Total net position - beginning	—	(504)	(504)
<b>Total net position - ending</b>	<b>\$       —</b>	<b>\$       (437)</b>	<b>\$       (437)</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Cash Flows - Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	OC Streetcar	OCTAP	Total Nonmajor Enterprise Funds
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ —	\$ 193	\$ 193
Payments to suppliers	(7)	(30)	(37)
Payments to employees	—	(104)	(104)
Payments for interfund services used	(372)	(194)	(566)
Miscellaneous revenue received	—	235	235
<b>Net cash provided by (used for) operating activities</b>	<b>(379)</b>	<b>100</b>	<b>(279)</b>
<b>Cash flows from noncapital financing activities:</b>			
Transfers from other funds	379	—	379
<b>Net cash provided by noncapital financing activities</b>	<b>379</b>	<b>—</b>	<b>379</b>
<b>Cash flows from investing activities:</b>			
Investment earnings	—	11	11
<b>Net cash provided by investing activities</b>	<b>—</b>	<b>11</b>	<b>11</b>
<b>Net increase in cash and cash equivalents</b>	<b>—</b>	<b>111</b>	<b>111</b>
Cash and cash equivalents at beginning of year	—	80	80
<b>Cash and cash equivalents at end of year</b>	<b>\$ —</b>	<b>\$ 191</b>	<b>\$ 191</b>
<b>Reconciliation of operating loss to net cash provided by (used for) operating activities:</b>			
Operating loss	\$ (379)	\$ (196)	\$ (575)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Miscellaneous	—	235	235
Change in assets and liabilities:			
Due from other governments	—	34	34
Prepaid retirement	—	31	31
Deferred outflows of resources related to pensions	—	2	2
Deferred outflows of resources related to OPEB	—	86	86
Accounts payable	—	(7)	(7)
Accrued payroll and related items	—	(3)	(3)
Compensated absences	—	(4)	(4)
Unearned revenue	—	(1)	(1)
Total OPEB liability	—	(1)	(1)
Net pension liability	—	(68)	(68)
Deferred inflows of resources related to pensions	—	(9)	(9)
Deferred inflows of resources related to OPEB	—	1	1
<b>Total adjustments</b>	<b>—</b>	<b>296</b>	<b>296</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (379)</b>	<b>\$ 100</b>	<b>\$ (279)</b>

ORANGE COUNTY TRANSPORTATION AUTHORITY  
OTHER SUPPLEMENTARY INFORMATION  
June 30, 2020  
(amounts expressed in thousands)

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**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 Net Position - Internal Service Funds**  
**June 30, 2020**

<i>(amounts expressed in thousands)</i>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 16,420	\$ 28,280	\$ 44,700
Receivables:			
Interest	129	157	286
Other	88	207	295
Other assets	598	937	1,535
Total current assets	17,235	29,581	46,816
<b>Total Assets</b>	<b>17,235</b>	<b>29,581</b>	<b>46,816</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	69	544	613
Claims payable	753	2,908	3,661
Total current liabilities	822	3,452	4,274
Noncurrent liabilities:			
Claims payable	2,669	13,246	15,915
<b>Total Liabilities</b>	<b>3,491</b>	<b>16,698</b>	<b>20,189</b>
<b>Net Position</b>			
Unrestricted	13,744	12,883	26,627
<b>Total Net Position</b>	<b>\$ 13,744</b>	<b>\$ 12,883</b>	<b>\$ 26,627</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues:</b>			
Charges for services	\$ 3,238	\$ 5,853	\$ 9,091
<b>Total operating revenues</b>	<b>3,238</b>	<b>5,853</b>	<b>9,091</b>
<b>Operating expenses:</b>			
Administrative services	155	68	223
Other	75	293	368
Insurance claims and premiums	2,115	6,713	8,828
Professional services	906	491	1,397
<b>Total operating expenses</b>	<b>3,251</b>	<b>7,565</b>	<b>10,816</b>
<b>Operating loss</b>	<b>(13)</b>	<b>(1,712)</b>	<b>(1,725)</b>
<b>Nonoperating revenues:</b>			
Investment earnings	709	1,132	1,841
Other	210	681	891
<b>Total nonoperating revenues</b>	<b>919</b>	<b>1,813</b>	<b>2,732</b>
<b>Change in net position</b>	<b>906</b>	<b>101</b>	<b>1,007</b>
Total net position - beginning	12,838	12,782	25,620
<b>Total net position - ending</b>	<b>\$ 13,744</b>	<b>\$ 12,883</b>	<b>\$ 26,627</b>



**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Combining Statement of Cash Flows - Internal Service Funds**  
**For the Year Ended June 30, 2020**

<i>(amounts expressed in thousands)</i>	<b>General Liability</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>			
Receipts from interfund services provided	\$ 3,119	\$ 5,842	\$ 8,961
Payments to suppliers	(1,146)	(376)	(1,522)
Payments to claimants	(2,023)	(5,865)	(7,888)
Payments for interfund services used	(155)	(68)	(223)
Miscellaneous revenue received	210	681	891
<b>Net cash provided by operating activities</b>	<b>5</b>	<b>214</b>	<b>219</b>
<b>Cash flows from investing activities:</b>			
Investment earnings	688	1,121	1,809
<b>Net cash provided by investing activities</b>	<b>688</b>	<b>1,121</b>	<b>1,809</b>
<b>Net increase in cash and cash equivalents</b>	<b>693</b>	<b>1,335</b>	<b>2,028</b>
Cash and cash equivalents at beginning of year	15,727	26,945	42,672
<b>Cash and cash equivalents at end of year</b>	<b>\$ 16,420</b>	<b>\$ 28,280</b>	<b>\$ 44,700</b>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
Operating loss	\$ (13)	\$ (1,712)	\$ (1,725)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Insurance recoveries	210	681	891
Change in assets and liabilities:			
Other receivables	26	6	32
Other assets	(119)	(11)	(130)
Accounts payable	(240)	115	(125)
Claims payable	141	1,135	1,276
<b>Total adjustments</b>	<b>18</b>	<b>1,926</b>	<b>1,944</b>
<b>Net cash provided by operating activities</b>	<b>\$ 5</b>	<b>\$ 214</b>	<b>\$ 219</b>
<b>Noncash capital, financing and investing activities:</b>			
Investment earnings - accrued interest	\$ 21	\$ 11	\$ 32

# 91 EXPRESS LANES



# VANPOOL



ORANGE COUNTY TRANSPORTATION AUTHORITY  
STATISTICAL SECTION  
June 30, 2020

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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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> .....	110
These schedules contain trend information to help the reader understand how OCTA’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b> .....	116
These schedules contain information to help the reader assess OCTA’s most significant local revenue source, the sales tax.	
<b>Debt Capacity</b> .....	120
These schedules present information to help the reader assess the affordability of OCTA’s current levels of outstanding debt and OCTA’s ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b> .....	123
These schedules offer demographic and economic indicators to help the reader understand the environment within which OCTA’s financial activities take place.	
<b>Operating Information</b> .....	126
These schedules contain service and infrastructure data to help the reader understand how the information in OCTA’s financial report relates to the services OCTA provides and the activities it performs.	

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 1**

**Net Position by Component, Last Ten Fiscal Years**

<i>(accrual basis of accounting - thousands)</i>	<b>As of June 30,</b>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 193,968	\$ 191,149	\$ 159,539	\$ 159,427	\$ 177,195	\$ 185,209	\$ 202,587	\$ 211,433	\$ 262,985	\$ 340,129
Restricted	199,540	251,820	314,832	352,878	421,285	545,220	621,580	565,653	677,934	626,302
Unrestricted	234,876	200,226	207,674	181,216	94,641	67,517	29,578	37,947	(14,857)	(49,044)
<b>Total governmental activities net position</b>	<b>\$ 628,384</b>	<b>\$ 643,195</b>	<b>\$ 682,045</b>	<b>\$ 693,521</b>	<b>\$ 693,121</b>	<b>\$ 797,946</b>	<b>\$ 853,745</b>	<b>\$ 815,033</b>	<b>\$ 926,062</b>	<b>\$ 917,387</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 303,063	\$ 278,292	\$ 257,439	\$ 265,584	\$ 279,153	\$ 300,737	\$ 389,791	\$ 339,677	\$ 320,212	\$ 303,484
Restricted	20,298	20,340	20,383	13,015	13,032	13,075	13,199	16,776	18,229	25,156
Unrestricted	162,903	246,797	317,002	376,340	275,052	305,689	323,682	439,737	487,407	547,164
<b>Total business-type activities net position</b>	<b>\$ 486,264</b>	<b>\$ 545,429</b>	<b>\$ 594,824</b>	<b>\$ 654,939</b>	<b>\$ 567,237</b>	<b>\$ 619,501</b>	<b>\$ 726,672</b>	<b>\$ 796,190</b>	<b>\$ 825,848</b>	<b>\$ 875,804</b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 497,031	\$ 469,441	\$ 416,978	\$ 425,011	\$ 456,348	\$ 485,946	\$ 592,378	\$ 551,110	\$ 583,197	\$ 643,613
Restricted	219,838	272,160	335,215	365,893	434,317	558,295	634,779	582,429	696,163	651,458
Unrestricted	397,779	447,023	524,676	557,556	369,693	373,206	353,260	477,684	472,550	498,120
<b>Total primary government net position</b>	<b>\$ 1,114,648</b>	<b>\$ 1,188,624</b>	<b>\$ 1,276,869</b>	<b>\$ 1,348,460</b>	<b>\$ 1,260,358</b>	<b>\$ 1,417,447</b>	<b>\$ 1,580,417</b>	<b>\$ 1,611,223</b>	<b>\$ 1,751,910</b>	<b>\$ 1,793,191</b>

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2014-15, OCTA implemented GASB 68.

In fiscal year 2016-17, the increase in the business-type activities net position is mainly due to a major revenue vehicle purchase.

In fiscal year 2018-19, the increase in the government-type activities net position is mainly due to the Measure M program and the construction of the OC Streetcar project.

In fiscal year 2019-20, the increase in the business-type activities net position is mainly due to a reduction in net pension liabilities.

**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,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government	\$ 104,305	\$ 95,679	\$ 96,925	\$ 68,262	\$ 74,852	\$ 95,155	\$ 94,929	\$ 80,877	\$ 88,394	\$ 89,868
Measure M program	291,703	337,034	314,669	372,137	301,329	272,627	280,154	439,279	390,253	453,965
Motorist services	7,545	7,347	6,004	5,187	5,281	6,355	5,826	5,725	6,359	7,724
Commuter rail	14,393	26,806	34,586	23,556	29,347	34,004	39,736	414	117	454
Total governmental activities expenses	417,946	466,866	452,184	469,142	410,809	408,141	420,645	526,295	485,123	552,011
Business-type activities:										
Fixed route	200,999	201,629	207,363	212,170	201,630	208,851	204,969	208,167	230,256	201,819
Paratransit	46,151	51,225	53,803	51,735	51,392	63,071	64,594	67,883	71,104	88,086
Tollroad	31,371	23,231	20,573	22,996	22,980	25,120	38,455	25,672	26,491	29,239
Taxicab administration	393	490	456	506	584	567	524	385	348	160
Fixed guideway	—	—	—	—	—	—	—	—	6	7
Total business-type activities expenses	278,914	276,575	282,195	287,407	276,586	297,609	308,542	302,107	328,205	319,311
Total primary government expenses	\$ 696,860	\$ 743,441	\$ 734,379	\$ 756,549	\$ 687,395	\$ 705,750	\$ 729,187	\$ 828,402	\$ 813,328	\$ 871,322
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 140	\$ 149	\$ 137	\$ 155	\$ 181	\$ 1,180	\$ 730	\$ 842	\$ 855	\$ 872
Other activities	1,093	1,297	1,136	1,350	1,644	1,087	1,104	1,544	968	1,197
Operating grants and contributions	115,154	172,733	159,069	146,863	122,282	125,220	92,486	98,233	83,458	78,703
Capital grants and contributions	1,204	4,335	10,923	2,222	586	3,897	17,602	7,679	19,994	37,921
Total governmental activities program revenues	117,591	178,514	171,265	150,590	124,693	131,384	111,922	108,298	105,275	118,693
Business-type activities:										
Charges for services:										
Fixed route	49,412	50,553	53,361	56,784	51,265	50,197	42,753	40,821	41,067	39,747
Tollroad	41,837	37,742	39,289	42,610	46,132	52,240	56,005	57,615	57,417	43,944
Other activities	7,206	7,154	7,893	8,579	8,695	8,650	8,656	8,280	8,727	7,654
Operating grants and contributions	72,441	90,099	83,305	63,099	67,356	65,226	74,966	74,236	87,667	64,917
Capital grants and contributions	8,648	10,023	8,821	23,717	14,139	35,848	89,740	17,849	11,172	4,747
Total business-type activities program revenues	179,544	195,571	192,669	194,789	187,587	212,161	272,120	198,801	206,050	161,009
Total primary government program revenues	\$ 297,135	\$ 374,085	\$ 363,934	\$ 345,379	\$ 312,280	\$ 343,545	\$ 384,042	\$ 307,099	\$ 311,325	\$ 279,702

Source: Accounting and Financial Reporting Department

Notes:

(Continued)

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 2017-18, the increase in expense of Measure M program under the governmental activities results mainly from costs related to freeway projects including I-405 Improvement Project.

In fiscal year 2019-20, the increase in the government-type activities expenses is mainly due to the construction of the OC Streetcar project under the Measure M program.

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

*(accrual basis of accounting - thousands)*

**For the Year Ended June 30,**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Indirect expenses allocation:										
Governmental activities	\$ (27,248)	\$ (29,340)	\$ (33,654)	\$ (34,089)	\$ (35,996)	\$ (37,748)	\$ (41,045)	\$ (43,163)	\$ (44,411)	\$ (46,890)
Business-type activities	27,248	29,340	33,654	34,089	35,996	37,748	41,045	43,163	44,411	46,890
Net (expense) revenue										
Governmental activities	\$ (273,107)	\$ (259,012)	\$ (247,265)	\$ (284,463)	\$ (250,120)	\$ (239,009)	\$ (267,678)	\$ (374,834)	\$ (335,437)	\$ (386,428)
Business-type activities	(126,618)	(110,344)	(123,180)	(126,707)	(124,995)	(123,196)	(77,467)	(146,469)	(166,566)	(205,192)
Total primary government net expense	\$ (399,725)	\$ (369,356)	\$ (370,445)	\$ (411,170)	\$ (375,115)	\$ (362,205)	\$ (345,145)	\$ (521,303)	\$ (502,003)	\$ (591,620)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Sales taxes	\$ 329,971	\$ 409,556	\$ 428,262	\$ 451,153	\$ 466,127	\$ 476,368	\$ 475,863	\$ 515,475	\$ 546,912	\$ 518,933
Unrestricted investment earnings	14,487	15,192	11,295	13,776	13,301	19,447	9,807	12,609	48,527	55,593
Other miscellaneous revenue	229	355	125	288	168	918	99	133	233	157
Transfers	(66,230)	(151,280)	(155,999)	(169,278)	(169,199)	(152,899)	(162,292)	(191,734)	(149,206)	(196,930)
Total governmental activities	278,457	273,823	283,683	295,939	310,397	343,834	323,477	336,483	446,466	377,753
Business-type activities:										
Taxes:										
Property taxes	10,736	11,193	13,560	12,366	13,293	14,098	14,943	15,995	16,971	17,829
Unrestricted investment earnings	15,552	926	2,805	4,765	4,531	7,672	2,332	2,892	24,654	29,285
Other miscellaneous revenue	2,769	228	2,832	413	1,218	791	5,071	5,604	5,393	11,104
Transfers	66,230	151,280	155,999	169,278	169,199	152,899	162,292	191,734	149,206	196,930
Total business-type activities	95,287	163,627	175,196	186,822	188,241	175,460	184,638	216,225	196,224	255,148
Total primary government	\$ 373,744	\$ 437,450	\$ 458,879	\$ 482,761	\$ 498,638	\$ 519,294	\$ 508,115	\$ 552,708	\$ 642,690	\$ 632,901
<b>Change in Net Position</b>										
Governmental activities	\$ 5,350	\$ 14,811	\$ 36,418	\$ 11,476	\$ 60,277	\$ 104,825	\$ 55,799	\$ (38,351)	\$ 111,029	\$ (8,675)
Business-type activities	(31,331)	53,283	52,016	60,115	63,246	52,264	107,171	69,756	29,658	49,956
Total primary government	\$ (25,981)	\$ 68,094	\$ 88,434	\$ 71,591	\$ 123,523	\$ 157,089	\$ 162,970	\$ 31,405	\$ 140,687	\$ 41,281

Source: Accounting and Financial Reporting Department

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 3**

**Fund Balances, Governmental Funds, Last Ten Fiscal Years**

*(modified accrual basis of accounting - thousands)*

	<b>As of June 30,</b>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	4,711	5,459	5,637	7,473	11,038	11,862	20,672	11,699	13,717	12,746
Restricted	-	-	-	-	24,732	23,548	22,992	23,189	23,101	23,517
Assigned	-	-	-	-	25,173	14,453	-	2,413	8,740	11,562
Unassigned	(4,061)	(4,203)	(168)	(210)	22,115	-	(17,135)	-	(2,217)	-
<b>Total general fund</b>	<b>\$ 650</b>	<b>\$ 1,256</b>	<b>\$ 5,469</b>	<b>\$ 7,263</b>	<b>\$ 83,058</b>	<b>\$ 49,863</b>	<b>\$ 26,529</b>	<b>\$ 37,301</b>	<b>\$ 43,341</b>	<b>\$ 47,825</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	10,513	18,826	77,547	56,991	20,575	12,519	7,177	12,144	15,772	12,230
Restricted	663,669	680,191	638,718	707,365	753,071	862,565	953,569	892,703	1,337,025	1,252,083
Committed	70,304	68,084	-	-	-	-	-	-	-	-
Assigned, reported in:										
Special revenue funds	-	-	69,531	41,273	-	-	-	-	-	-
Transportation capital projects	9,557	9,514	9,504	9,495	9,469	8,682	1,158	-	2,521	-
Unassigned	-	-	-	-	-	-	-	(6,917)	(883)	(2,024)
<b>Total all other governmental funds</b>	<b>\$ 754,043</b>	<b>\$ 776,615</b>	<b>\$ 795,300</b>	<b>\$ 815,124</b>	<b>\$ 783,115</b>	<b>\$ 883,766</b>	<b>\$ 961,904</b>	<b>\$ 897,930</b>	<b>\$ 1,354,435</b>	<b>\$ 1,262,289</b>

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 transfers 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.

In fiscal year 2018-19, the increase in restricted fund balance of All Other Governmental Funds is due to the issuance of sales tax revenue bonds for the Measure M2 program.

In fiscal year 2019-20, the decrease in restricted fund balance of All Other Governmental funds is due to the decrease of sales tax revenue for Measure M2.



**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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Sales taxes	\$ 326,804	\$ 412,722	\$ 428,262	\$ 451,153	\$ 466,127	\$ 465,830	\$ 486,401	\$ 507,584	\$ 554,804	\$ 518,933
Gasoline taxes	23,000	23,447	22,553	—	—	—	—	—	—	—
Transportation improvement fee	—	—	—	—	—	—	—	5,673	5,603	5,823
Vehicle registration fees	5,109	2,610	2,588	2,669	2,351	3,401	2,960	2,941	2,978	2,773
Fines	156	159	140	176	197	220	205	201	200	245
Contributions from other agencies	68,130	152,836	135,762	146,216	121,341	103,532	87,870	92,239	67,550	96,817
Interest and investment income	11,638	15,325	10,702	13,144	12,732	18,917	11,894	12,253	48,528	53,209
Capital assistance grants	1,877	695	1,118	11,075	768	3,220	14,552	7,541	14,171	29,102
Miscellaneous	1,354	1,642	1,351	3,899	4,221	5,090	8,060	6,361	3,649	1,425
<b>Total revenues</b>	<b>438,068</b>	<b>609,436</b>	<b>602,476</b>	<b>628,332</b>	<b>607,737</b>	<b>600,210</b>	<b>611,942</b>	<b>634,793</b>	<b>697,483</b>	<b>708,327</b>
<b>Expenditures</b>										
Current:										
General government	94,155	101,457	94,455	83,294	105,995	126,370	116,183	110,973	110,537	106,911
Transportation:										
Contributions to other local agencies	208,882	222,485	166,899	191,698	133,286	124,230	146,199	109,767	114,543	97,116
Capital outlay	86,106	88,529	135,968	135,747	129,312	103,441	106,921	250,292	235,559	354,492
Debt service:										
Principal payments on long-term debt	82,795	—	6,410	6,600	6,865	7,210	7,475	7,775	8,165	8,530
Interest	8,582	22,508	22,509	22,264	21,961	21,614	21,343	21,059	20,677	35,615
Bond issuance costs	2,181	—	—	—	—	—	—	—	826	—
<b>Total expenditures</b>	<b>482,701</b>	<b>434,979</b>	<b>426,241</b>	<b>439,603</b>	<b>397,419</b>	<b>382,865</b>	<b>398,121</b>	<b>499,866</b>	<b>490,307</b>	<b>602,664</b>
Excess of revenues over expenditures	(44,633)	174,457	176,235	188,729	210,318	217,345	213,821	134,927	207,176	105,663
<b>Other financing sources (uses):</b>										
Transfers in	289,776	29,295	37,909	48,196	65,411	56,722	74,074	46,148	155,033	137,216
Transfers out	(356,006)	(180,574)	(193,908)	(217,474)	(234,610)	(209,621)	(236,366)	(237,882)	(304,239)	(334,146)
Proceeds from sale of capital assets	4	—	2,662	2,167	2,667	3,010	3,275	3,605	3,605	3,605
Bond issuance	352,570	—	—	—	—	—	—	—	376,690	—
Bond premium	6,023	—	—	—	—	—	—	—	69,342	—
Payment to refunded bond escrow agent	—	—	—	—	—	—	—	—	(45,062)	—
<b>Total other financing sources (uses)</b>	<b>292,367</b>	<b>(151,279)</b>	<b>(153,337)</b>	<b>(167,111)</b>	<b>(166,532)</b>	<b>(149,889)</b>	<b>(159,017)</b>	<b>(188,129)</b>	<b>255,369</b>	<b>(193,325)</b>
<b>Net changes in fund balances</b>	<b>\$ 247,734</b>	<b>\$ 23,178</b>	<b>\$ 22,898</b>	<b>\$ 21,618</b>	<b>\$ 43,786</b>	<b>\$ 67,456</b>	<b>\$ 54,804</b>	<b>\$ (53,202)</b>	<b>\$ 462,545</b>	<b>\$ (87,662)</b>
Debt service as a percentage of noncapital expenditures	19.2 %	5.4 %	6.8 %	6.6 %	7.6 %	7.7 %	7.6 %	5.9 %	6.6 %	8.4 %

Source: Accounting and Financial Reporting Department

Notes:

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 MI projects.

In fiscal year 2017-18, the transportation improvement fee under revenues was added as new revenue source under the Road Repair and Accountability Act of 2017.

Also, the increase in capital outlay is due to I-405 Improvement project under the Measure M Program.

In fiscal year 2018-19, the increase in other financing sources is due to the issuance of sales tax revenue bonds for the Measure M program. The increase in total revenues is mainly due to an increase in sales taxes.

In fiscal year 2019-20, the increase in capital outlay is due to the I-405 Improvement project under Measure M program.

**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,**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 30,225	\$ 33,981	\$ 32,585	\$ 5,280	\$ 4,101	\$ 8,963	\$ 22,323	\$ 18,830	\$ 27,932	\$ 46,179
Measure M program	78,206	137,209	120,265	136,929	112,056	111,050	76,881	81,902	67,979	63,996
Motorist services	8,172	5,325	5,259	5,274	5,521	5,648	5,575	5,492	8,755	8,516
Commuter rail	988	1,999	13,156	3,107	3,015	5,723	7,143	2,074	609	2
<b>Total governmental activities</b>	<b>117,591</b>	<b>178,514</b>	<b>171,265</b>	<b>150,590</b>	<b>124,693</b>	<b>131,384</b>	<b>111,922</b>	<b>108,298</b>	<b>105,275</b>	<b>118,693</b>
Business-type activities:										
Fixed route	120,534	133,785	123,467	123,244	112,721	123,504	173,107	105,539	108,244	107,503
Paratransit	16,350	23,307	29,080	28,130	28,059	28,080	40,777	33,882	38,859	7,496
Tollroad	42,010	37,742	39,289	42,610	46,132	60,059	57,816	59,069	58,576	45,835
Taxicab administration	650	737	833	805	675	518	420	311	371	175
<b>Total business-type activities</b>	<b>179,544</b>	<b>195,571</b>	<b>192,669</b>	<b>194,789</b>	<b>187,587</b>	<b>212,161</b>	<b>272,120</b>	<b>198,801</b>	<b>206,050</b>	<b>161,009</b>
<b>Total primary government</b>	<b>\$ 297,135</b>	<b>\$ 374,085</b>	<b>\$ 363,934</b>	<b>\$ 345,379</b>	<b>\$ 312,280</b>	<b>\$ 343,545</b>	<b>\$ 384,042</b>	<b>\$ 307,099</b>	<b>\$ 311,325</b>	<b>\$ 279,702</b>

Source: Accounting and Financial Reporting Department

Notes:

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 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.

In fiscal year 2016-17, the decrease in Measure M program is primarily due to decreased funding of RSTP and Proposition 1B as well as closing phase of the grade separation projects.

In fiscal year 2017-18, the decrease in Fixed route is primarily due to capital grants received in the prior year related to the CNG bus purchase project.

In fiscal year 2019-20, the decrease in General government, fixed route, paratransit, and tollroad revenues is primarily due to the COVID-19 pandemic.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 6**

**Tax Revenues by Source, Governmental Activities, Last Ten Fiscal Years**

*(accrual basis of accounting - thousands)*

<b>For the Year Ended June 30,</b>	<b>Sales &amp; Use</b>	<b>Gasoline (a)</b>	<b>Total</b>
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
2016	476,368	—	476,368
2017	475,863	—	475,863
2018	515,475	—	515,475
2019	546,912	—	546,912
2020	518,933	—	518,933

Change

2011 - 2020	58.8 %	(100.0)%	48.3 %
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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**

	Calendar Year										(a)	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
<i>(amounts expressed in thousands)</i>												
Clothing and Clothing Accessories Stores	\$ 3,164,857	\$ 3,510,757	\$ 3,764,088	\$ 3,942,629	\$ 4,062,185	\$ 4,173,147	\$ 4,179,348	\$ 4,420,905	\$ 4,501,642	\$ 725,217		
General Merchandise Stores	4,771,143	5,026,911	5,169,057	5,206,936	5,331,919	5,266,498	5,314,636	5,424,321	5,561,761	1,155,124		
Specialty Stores	1,669,585	1,691,589	1,732,562	1,625,444	—	—	—	—	—	—		
Food and Beverage Stores	1,990,893	2,056,803	2,111,209	2,177,054	2,249,980	2,315,300	2,399,937	2,460,590	2,483,191	603,282		
Food Services and Drink Places	5,449,117	5,853,267	6,186,883	6,637,321	7,174,652	7,561,709	7,953,351	8,195,164	8,559,216	1,394,094		
Home Furnishings and Appliance Stores	3,229,447	3,501,432	3,539,271	3,340,006	2,995,975	3,082,463	3,074,257	3,037,974	2,907,710	552,287		
Building Material & Garden Equipment & Supplies Dealers	2,267,363	2,351,574	2,581,968	2,662,657	2,870,940	2,961,129	3,106,396	3,184,381	3,174,208	721,092		
Motor Vehicle and Parts Dealers	10,603,810	11,615,228	11,854,186	12,440,522	8,352,815	8,648,763	8,927,827	9,408,045	9,646,527	1,861,924		
Gasoline Stations	—	—	—	—	3,979,166	3,489,276	3,745,819	4,203,824	4,142,023	736,356		
Other Retail Group	1,087,735	1,180,969	1,210,383	1,219,968	5,130,425	5,318,826	5,562,771	5,742,982	6,158,835	1,623,399		
Business and Personal Services	1,353,844	1,583,927	1,876,321	2,035,999	—	—	—	—	—	—		
All other outlets	16,143,344	16,858,156	17,565,288	18,808,591	19,768,161	20,241,650	20,883,715	21,390,429	22,553,862	4,595,916		
<b>Total</b>	<b>\$51,731,138</b>	<b>\$55,230,613</b>	<b>\$57,591,216</b>	<b>\$60,097,127</b>	<b>\$61,916,218</b>	<b>\$63,058,761</b>	<b>\$65,148,057</b>	<b>\$67,468,615</b>	<b>\$69,688,975</b>	<b>\$13,968,691</b>		
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 %	0.50 %	

Sources: California State Board of Equalization for data prior to 2015; California Department of Tax and Fee Administration for data starting 2015

Note:

Starting 2015, the category was modified by BOE. Data for Gasoline Stations was reported within Automotive category in prior years.

Also, Specialty Stores and Business and Personal Services are recategorized in the Other Retail Group category.

(a) Data available for first quarter for 2020

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

<u>Calendar Year</u>	<u>Measure M Direct rate</u>	<u>County of Orange</u>
2011	0.50%	8.25%
2012	0.50%	7.25%
2013	0.50%	7.50% (a)
2014	0.50%	7.50%
2015	0.50%	7.50%
2016	0.50%	7.50%
2017	0.50%	7.25% (b)
2018	0.50%	7.25%
2019	0.50%	7.25%
2020	0.50%	7.25%

Sources: County of Orange information provided by the California Department of Tax and Fee Administration

Notes:

Measure M information provided by the Measure M Ordinance

- (a) Effective April 1, 2013 the state sales and use tax rate increased by .25%
- (b) Effective January 1, 2017 the state sales and use tax rate decreased by .25%.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 9**

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

*(amounts express in thousands)*

City	Calendar Year 2019			Calendar Year 2010		
	Taxable Sales	Rank	Percentage of Total	Taxable Sales	Rank	Percentage of Total
Aliso Viejo	\$ 557,686	25	0.93 %	\$ 356,221	28	0.84 %
Anaheim	7,271,626	1	12.08 %	4,702,967	1	11.09 %
Brea	1,989,447	12	3.30 %	1,469,795	11	3.47 %
Buena Park	2,161,341	9	3.59 %	1,880,940	8	4.44 %
Costa Mesa	5,403,718	3	8.98 %	3,506,318	3	8.27 %
Cypress	1,120,272	16	1.86 %	984,522	16	2.32 %
Dana Point	503,821	26	0.84 %	357,551	27	0.84 %
Fountain Valley	1,107,340	17	1.84 %	863,521	18	2.04 %
Fullerton	2,002,924	11	3.33 %	1,470,794	10	3.47 %
Garden Grove	2,132,839	10	3.54 %	1,459,914	12	3.44 %
Huntington Beach	3,475,367	6	5.77 %	2,366,485	6	5.58 %
Irvine	5,918,539	2	9.83 %	3,924,599	2	9.25 %
La Habra	985,389	19	1.64 %	714,948	19	1.69 %
La Palma	199,379	32	0.33 %	263,001	31	0.62 %
Laguna Beach	476,533	28	0.79 %	328,989	29	0.78 %
Laguna Hills	491,924	27	0.82 %	462,741	23	1.09 %
Laguna Niguel	1,036,008	18	1.72 %	899,366	17	2.12 %
Laguna Woods	81,484	33	0.14 %	72,815	33	0.17 %
Lake Forest	1,394,123	15	2.32 %	1,041,449	15	2.46 %
Los Alamitos	269,909	31	0.45 %	201,418	32	0.47 %
Mission Viejo	1,626,807	13	2.70 %	1,296,304	13	3.06 %
Newport Beach	3,350,435	7	5.56 %	2,211,287	7	5.21 %
Orange	4,247,881	5	7.06 %	2,595,060	5	6.12 %
Placentia	581,843	24	0.97 %	402,979	25	0.95 %
Rancho Santa Margarita	600,828	23	1.00 %	437,044	24	1.03 %
San Clemente	866,691	20	1.44 %	560,073	20	1.32 %
San Juan Capistrano	773,962	21	1.29 %	506,064	21	1.19 %
Santa Ana	4,405,602	4	7.32 %	3,178,264	4	7.49 %
Seal Beach	358,369	30	0.60 %	373,445	26	0.88 %
Stanton	372,726	29	0.62 %	272,830	30	0.64 %
Tustin	2,279,668	8	3.79 %	1,627,981	9	3.84 %
Villa Park	19,796	34	0.03 %	11,679	34	0.03 %
Westminster	1,463,571	14	2.43 %	1,130,310	14	2.67 %
Yorba Linda	677,980	22	1.13 %	476,118	22	1.12 %
Total	60,205,828		100 %	42,407,792		100 %
Unincorporated Cities	9,483,147			5,259,387		
Total Orange County	<u>\$ 69,688,975</u>			<u>\$ 47,667,179</u>		

Source: California Department of Tax and Fee Administration, www.cdtfa.ca.gov

Note:

The most current data available is for 2019.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**Schedule 10**  
**Ratios of Outstanding Debt by Type, Last Ten Fiscal Years**  
*(amounts expressed in thousands except per capita)*

<b>As of June 30,</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>			<b>Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>Sales Tax Revenue Bonds</b>	<b>Commercial Paper Notes</b>	<b>Toll Road Revenue Bonds</b>	<b>TIFIA Loan</b>	<b>Capital Leases</b>			
2011	357,991	25,000	170,589	—	2,802	556,382	0.35 %	182.49
2012	357,389	25,000	165,356	—	571	548,316	0.32 %	177.80
2013	350,376	25,000	159,858	—	—	535,234	0.32 %	172.06
2014	343,174	25,000	135,013	—	—	503,187	0.29 %	160.35
2015	335,707	—	129,444	—	—	465,151	0.25 %	147.08
2016	327,894	—	123,725	—	—	451,619	0.23 %	142.06
2017	319,817	—	117,796	—	—	437,613	0.21 %	136.72
2018	311,440	—	111,627	165,988	—	589,055	0.27 %	182.87
2019	704,094	—	105,173	294,762	—	1,104,029	n/a	342.60
2020	691,810	—	98,419	303,421	—	1,093,650	n/a	342.37

Source: Accounting and Financial Reporting Department

Notes:

The fiscal years 2011-13 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.

During fiscal year 2017-18, OCTA and DOT Bureau executed the TIFIA loan.

During fiscal year 2018-19, the increase in sales tax revenue bonds of governmental activities is due to issuance of sales tax revenue 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 M Ordinance No. 3 (Measure M2)

Toll Road Revenue Bonds

Measure M1 bonds were paid off during fiscal year 2010-11.

Legal Debt Margin Calculation for Fiscal Year 2020

Legal Debt Margin Calculation for Fiscal Year 2020

Debt service	\$ 44,123
Debt coverage (130 % of debt service)	<u>57,360</u>
Sales tax revenue	322,448
Less: local fair share & other expenses	<u>(69,878)</u>
Net sales tax revenues	<u>252,570</u>
Legal debt margin	<u>\$ 195,210</u>

Debt service	\$ 10,798
Debt coverage (130 % of debt service)	<u>14,037</u>
Toll revenues	52,313
Less: operating expenses	<u>(15,045)</u>
Net toll revenues	<u>37,268</u>
Legal debt margin	<u>\$ 23,231</u>

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
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 %
2016	-	-	-	-	237,151	29,021	208,130	12.2 %	35,576	14,035	21,541	39.5 %
2017	-	-	-	-	239,727	29,244	210,483	12.2 %	25,002	14,039	10,963	56.2 %
2018	-	-	-	-	249,427	29,080	220,347	11.7 %	42,211	14,034	28,177	33.2 %
2019	-	-	-	-	258,085	37,434	220,651	14.5 %	49,624	14,035	35,589	28.3 %
2020	-	-	-	-	252,570	57,360	195,210	22.7 %	37,268	14,037	23,231	37.7 %

Source: Treasury and Accounting and Financial Reporting Departments

Notes:

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)*

For the Year Ended June 30,	Measure M1 Sales Tax Revenue Bonds					Measure M2 Sales Tax Revenue Bonds					Toll Road Revenue Bonds				
	Sales Tax Revenue	Less Turnback	Debt Service		Coverage	Sales Tax Revenue	Less: Fair Share & Other Expenses	Debt Service		Coverage	Toll Road Revenue	Less: Operating Expenses	Debt Service		Coverage
			Principal	Interest				Principal	Interest				Principal	Interest	
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
2016	—	—	—	—	—	300,602	(63,451)	7,210	15,114	10.62	54,267	(18,691)	5,075	5,721	3.30
2017	—	—	—	—	—	305,057	(65,330)	7,475	15,020	10.66	56,835	(31,833)	5,285	5,514	2.32
2018	—	—	—	—	—	316,093	(66,666)	7,775	14,594	11.15	58,613	(16,403)	5,525	5,270	3.91
2019	—	—	—	—	—	328,892	(70,807)	8,165	20,629	8.96	64,932	(15,308)	5,810	4,986	4.60
2020	—	—	—	—	—	322,448	(69,878)	8,530	35,592	5.72	52,313	(15,045)	6,110	4,688	3.45

Source: Accounting and Financial Reporting Department

Notes:

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 year 2010-11, additional Toll Road Revenue Bonds interest costs of \$2,246 was 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.

In fiscal year 2018-19, Measure M2 sales tax revenue bonds were issued.

In fiscal year 2019-20, Measure M2 sales tax revenue decreased due to COVID-19 pandemic and state order to refrain from non-essential travel.

In fiscal year 2019-20, decrease in toll road revenue is primarily due to a decrease in trips due to COVID-19 pandemic and state orders to refrain from non-essential travel.

**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)
2011	3,048,756	157,031	51,420	36.20	502,895	9.2 %
2012	3,083,962	169,584	54,972	36.20	502,195	7.9 %
2013	3,110,678	166,370	53,451	36.40	501,801	6.1 %
2014	3,138,057	174,586	55,699	36.70	500,487	5.2 %
2015	3,162,622	188,472	59,708	37.10	497,116	4.3 %
2016	3,179,122	196,921	62,071	37.30	493,030	4.4 %
2017	3,200,748	208,653	65,400	37.50	490,430	3.8 %
2018	3,221,103	220,684	69,268	38.30	485,835	3.2 %
2019	3,222,498	n/a	n/a	n/a	478,823	3.0 %
2020	3,194,332	n/a	n/a	n/a	473,612	13.7 %

Notes:

n/a - data not available

Estimates for population for 2011-2017 were revised; personal income and per capita personal income for 2011-2015 were revised for new estimates.

Sources:

- (a) July 1 estimates for 2011-2017 and January 1 estimate for 2018 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**

Employer	Calendar Year 2020			Calendar Year 2011		
	Employees (a)	Rank	Percentage of Total County Employment (b)	Employees (a)	Rank	Percentage of Total County Employment (b)
Walt Disney Co.	32,000	1	2.32 %	20,000	2	1.40 %
University of California, Irvine	24,714	2	1.79 %	20,650	1	1.45 %
County of Orange	17,365	3	1.26 %	17,655	3	1.24 %
St. Joseph Health System	14,000	4	1.02 %	11,965	4	0.84 %
Kaiser Permanente	8,200	5	0.60 %	5,397	9	0.38 %
Albertsons Southern CA Division	7,535	6	0.55 %			
Boeing Co.	6,600	7	0.48 %	8,060	5	0.57 %
Hoag Memorial Hospital Presbyterian	6,500	8	0.47 %			
Walmart Inc.	6,200	9	0.45 %			
Target Corp.	6,000	10	0.44 %	5,325	10	0.37 %
Bank of America Corp.				6,500	6	0.46 %
Yum Brands Inc.				6,500	7	0.46 %
Supervalu Inc.				5,900	8	0.41 %
Total County Employment	1,377,000			1,423,600		

Sources: (a) Orange County Business Journal Book of Lists - County of Orange

(b) Total County Employment information obtained from California Employment Development Department  
[http:// www.labormarketinfo.edd.ca.gov](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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	215.0	225.0	224.0	226.0	224.0	238.0	239.0	240.5	247.5	243.0
Measure M program	45.0	40.0	40.0	40.0	40.0	39.5	39.0	39.0	40.5	41.5
Motorist services	2.0	3.0	3.0	3.0	3.0	4.0	4.0	5.0	5.0	5.0
Commuter rail	10.0	12.0	10.0	10.0	9.0	10.5	11.0	8.0	7.0	6.0
Fixed route	1,247.0	1,169.0	1,135.0	1,152.0	1,078.0	1,020.0	981.0	906.5	964.0	990.5
Paratransit	10.0	11.0	12.0	12.0	12.0	5.0	7.5	7.5	6.5	8.5
Tollroad	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5
Taxicab	4.0	3.0	4.0	4.0	4.0	4.0	3.0	2.0	2.0	1.0
LOSSAN	—	—	—	—	—	6.0	7.0	8.0	11.0	14.0
<b>Total</b>	<b>1,536.0</b>	<b>1,466.0</b>	<b>1,431.0</b>	<b>1,450.0</b>	<b>1,373.0</b>	<b>1,330.0</b>	<b>1,294.5</b>	<b>1,220.0</b>	<b>1,287.0</b>	<b>1,313.0</b>

Source: Financial Planning & Analysis Department

Note:

From fiscal year 2010-11 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.  
 In fiscal year 2015-16, the LOSSAN Division was created. The number of full-time equivalent positions for General government were increased due to new hires. There were decreases in the full-time equivalent positions in Fixed Route and Paratransit due to service reductions.  
 In fiscal year 2016-17, the decrease of full-time equivalent positions in Fixed Route is due to service reductions.  
 In fiscal year 2017-18, the decrease of full-time equivalent positions in Fixed Route is due to service reductions.  
 In fiscal year 2018-19, the increase of full-time equivalent positions is primarily due to new hires in Fixed Route.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 16**

**Operating Indicators by Function/Program**

Function/Program	For the Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Measure M1 program (thousands)</b>										
Freeways	\$ 25,890	\$ 12,742	\$ 25,107	\$ 11,318	\$ 30,434	\$ -	\$ -	\$ -	\$ -	\$ -
Regional streets and roads	6,946	11,468	15,017	17,697	25,371	-	-	-	-	-
Local streets and roads	62,348	5,273	8,142	14,614	14,796	-	-	-	-	-
Transit	204,916	101,628	13,256	14,392	128,110	-	-	-	-	-
Total program expenses	\$ 300,100	\$ 131,111	\$ 61,522	\$ 58,021	\$ 198,711	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Measure M2 program (thousands)</b>										
Freeways	\$ 43,210	\$ 34,930	\$ 31,986	\$ 32,387	\$ 58,775	\$ 68,486	\$ 100,729	\$ 251,130	\$ 204,726	\$ 295,020
Streets and roads	32,453	109,863	168,895	199,311	161,622	163,699	138,273	106,691	110,412	105,555
Transit	41,617	42,576	38,884	82,721	47,876	22,464	16,516	20,419	173,782	74,815
Environmental cleanup	1,086	401	1,961	2,398	2,220	9,578	10,189	6,409	7,117	2,656
Total program expenses	\$ 118,366	\$ 187,770	\$ 241,726	\$ 316,817	\$ 270,493	\$ 264,227	\$ 265,707	\$ 384,649	\$ 496,037	\$ 478,046
<b>Motorist services</b>										
Calls made from call boxes	3,560	3,074	2,744	4,949	2,011	1,717	1,363	1,246	1,049	845
Vehicles removed	1,390	1,760	1,256	357	-	-	-	-	-	-
Vehicles assisted by FSP	67,267	65,949	64,851	59,014	69,045	68,678	62,527	54,136	52,673	56,374
511 Motorist Assistance Calls	-	-	-	-	2,886	4,023	4,120	3,888	4,298	3,838
<b>Commuter rail</b>										
Weekday trips	42	48	54	54	54	54	54	54	54	54
Annual boardings	3,871,939	4,146,016	4,443,362	4,437,991	4,579,000	4,198,189	4,477,735	5,069,929	5,073,474	3,874,618
<b>Fixed route</b>										
Annual boardings	51,305,266	52,631,935	51,418,393	48,963,660	47,021,445	43,202,265	39,903,682	39,272,747	37,846,066	30,800,075
Vehicle revenue hours	1,707,743	1,543,637	1,556,967	1,603,969	1,613,276	1,618,070	1,629,802	1,602,192	1,626,394	1,443,821
Miles of fixed route	2,038	2,039	2,048	2,045	2,047	2,045	1,820	1,801	1,762	1,792
<b>Paratransit</b>										
Annual boardings	1,554,773	1,570,341	1,631,527	1,654,081	1,714,550	1,779,530	1,864,312	1,647,378	1,667,292	1,268,429
Vehicle revenue hours	678,137	677,645	687,618	718,150	741,291	754,004	780,798	744,746	756,391	603,477
Eligible riders	28,447	29,856	30,992	31,576	31,602	32,173	32,871	32,735	32,744	31,812
<b>Tollroad</b>										
Annual drivers trips	11,998,541	11,944,555	12,085,552	12,326,874	13,106,882	13,772,971	14,384,133	16,719,371	17,546,304	14,990,602
<b>Taxicab</b>										
Permits Issued	2,648	2,773	3,090	3,066	2,513	1,855	1,521	1,214	971	437

Source: Various departments within OCTA

**Notes:**

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.

In fiscal year 2017-18, methodology of data collection for annual boardings of commuter rail was changed in order to increase accuracy of ridership data.

In fiscal year 2018-19, the decrease in Fixed Route annual boardings is primarily due to the decrease in vehicle service hours.

In fiscal year 2018-19, the increase in Measure M program is primarily due to transit related to high frequency Metrolink Service.

In fiscal year 2019-20, the decrease in commuter rail, fixed route, and paratransit annual boarding is due to COVID-19 pandemic.

In fiscal year 2019-20, the decrease in tollroad annual drivers trips is due to COVID-19 pandemic

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Schedule 17**

**Capital Asset Statistics by Function/Program**

**For the Year Ended June 30,**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Fixed route</b>										
Bus bases	5	5	5	5	5	5	5	5	5	5
Large revenue vehicles	522	527	527	537	537	537	517	492	498	505
Small revenue vehicles	19	19	19	19	19	18	11	35	43	24
<b>Paratransit</b>										
Paratransit vehicles	248	248	248	248	248	248	248	248	248	248
<b>Tollroad</b>										
Transponders in use	168,915	167,329	168,507	171,304	176,790	182,522	196,997	213,993	225,621	322,319

Source: Various departments within the Orange County Transportation Authority

Note:

In fiscal year 2017-18, the decreases in Fixed route large vehicles is due to the change in service levels.

In fiscal year 2017-18, the increase in Fixed route small vehicles resulted from operations of Irvine I-Shuttle.

In fiscal year 2018-19, the increase in Fixed route small vehicles was a result of increase in I-Shuttle service.

In fiscal year 2019-20, the decrease in fixed route small revenue vehicles is related to a decrease in service levels due to COVID-19 pandemic.

In fiscal year 2019-20, the increase in tollroad transponders is due to the newly assigned 6C Transponders.

# 2020

## Comprehensive Annual Financial Report

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