
**SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY
CENTRAL UTILITY FACILITY
LEASE REVENUE BONDS, SERIES 2016**

**ANNUAL REPORT
FOR
FISCAL YEAR ENDED JUNE 30, 2021**

Dated February 25, 2022

Series 2016 CUSIP Numbers

839097AH5	839097AM4	839097AR3	839097AV4	839097AZ5
839097AJ1	839097AN2	839097AS1	839097AW2	839097BA9
839097AK8	839097AP7	839097AT9	839097AX0	839097BB7
839097AL6	839097AQ5	839097AU6	839097AY8	839097BC5

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**South Orange County Public Financing Authority
Central Utility Facility
Lease Revenue Bonds, Series 2016
Annual Report
For Fiscal Year Ended June 30, 2021**

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EXHIBIT

Exhibit A – County of Orange Comprehensive Annual Financial Report

Exhibit B – County of Orange Investment Policy Statement

INTRODUCTION

The County of Orange, California (the "County"), hereby provides its annual report (the "Annual Report") for the Fiscal Year ended June 30, 2021 in connection with the following Bonds:

Bond Issue:

South Orange County Public Financing Authority, Central Utility Facility Lease Revenue Bonds, Series 2016, dated June 2, 2016 (the "Bonds").

Annual Report:

The County's Annual Report required by the Continuing Disclosure Certificate (the "Disclosure Certificate") dated June 2, 2016 with respect to the Bonds for the Fiscal Year ended June 30, 2021 is attached hereto and includes the County's audited financial statements for Fiscal Year ended June 30, 2021 in Exhibit A.

Other Matters:

This Annual Report is provided solely for purposes of the Disclosure Certificate. The filing of this Annual Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the County or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the Fiscal Year to which this Annual Report relates (other than as contained in this Annual Report), or that no other information exists, which may have a bearing on the County's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Annual Report should be construed as a prediction or representation about future financial performance of the County.

SECTION 4 – CONTENT OF ANNUAL REPORT

A. Audited Financial Statements for Fiscal Year Ended June 30, 2021

The County's Audited Financial Statements for Fiscal Year 2020-2021 are included herein as Exhibit A.

B. Financial and Operating Data

1. The Final Budget of the County for the current Fiscal Year in the form of Table A-6 in Appendix A to the Official Statement.

TABLE A-6
COUNTY OF ORANGE
COMPARISON OF GENERAL FUND
FINAL OR MODIFIED BUDGETS FOR FISCAL YEARS 2018-19 TO 2021-22

	FY 2018-19⁽¹⁾	FY 2019-20⁽¹⁾	FY 2020-21⁽¹⁾	FY 2021-22⁽¹⁾
	Final Budget	Final Budget	Final Budget	Modified Budget
REQUIREMENTS:				
Public Protection	\$1,303,371,381	\$1,345,230,609	\$1,429,917,060	\$1,454,732,861
Health & Community & Social Services ⁽²⁾	1,796,401,201	1,936,921,909	2,520,146,479	2,199,986,637
Infrastructure & Environmental Resources ⁽³⁾	113,457,809	114,452,598	127,454,408	124,421,908
General Government & Services ⁽⁴⁾	172,387,410	216,899,906	227,348,617	223,303,416
Capital Improvements ⁽⁵⁾	88,681,673	139,642,543	34,311,573	21,990,893
Debt Service ⁽⁶⁾	1,672,115	152,077	7,090,310	1,674,400
Insurance, Reserves & Miscellaneous ⁽⁷⁾	77,217,661	598,981,121	154,598,607	257,698,822
Increases to Reserves ⁽¹⁵⁾	9,885,637	-	-	1,459,579
Total Requirements	\$3,563,074,887	\$4,352,280,763	\$4,500,867,054	\$4,285,268,516
AVAILABLE FUNDS:				
Property Taxes ⁽⁸⁾	\$739,230,000	\$780,925,000	\$818,781,000	\$854,968,000
Sales & Use Tax ⁽⁹⁾	8,165,000	8,389,000	7,727,000	8,290,000
Licenses, Permits & Franchises	26,297,738	24,977,844	26,979,286	27,517,826
Fines, Forfeitures & Penalties ⁽¹⁶⁾	36,248,809	34,939,412	32,321,958	28,728,524
Use of Money & Property ⁽¹⁰⁾	20,464,355	16,081,868	19,404,943	10,131,125
Intergovernmental Revenues ⁽¹¹⁾	1,780,271,650	2,389,102,160	2,561,843,996	2,336,867,106
Charges for Services ⁽¹²⁾	512,104,454	506,688,280	527,779,899	546,627,646
Miscellaneous Revenues ⁽¹³⁾	18,425,921	17,467,553	28,312,992	36,000,802
Other Financing Sources ⁽¹⁴⁾	421,866,960	538,784,637	460,251,763	436,137,487
Decreases to Reserves ⁽¹⁵⁾	-	34,925,009	17,464,217	-
Total Available Funds	\$3,563,074,887	\$4,352,280,763	\$4,500,867,054	\$4,285,268,516

- (1) Final Budgets include all budget adjustments throughout the year after budget adoption. Modified Budget was approved by the Board of Supervisors on January 25, 2022.
- (2) Fiscal Years 2019-20 and 2020-21 increase in appropriations and revenue is due to additional State and Federal funding for the COVID-19 pandemic. In Fiscal Year 2021-22, no further COVID-19 related funding was anticipated.
- (3) Fiscal Year 2021-22 budget decrease is due to removal of one-time COVID-19 related expenditures included in Fiscal Year 2020-21 budget.
- (4) Fiscal Year 2020-21 budget included additional one-time costs for presidential election (\$10M) and facilities costs for the new County Administration South (CAS) facility. Election costs were not carried forward for Fiscal Year 2021-22.
- (5) Fiscal Years 2018-19 and 2019-20 budget included one-time additional funding for planned capital projects. Effective Fiscal Year 2020-21, all carryover capital projects are budgeted in non-general funds 15D (Countywide Capital Projects) and 15I (Countywide IT Projects). Fiscal Year 2020-21 budget included additional \$3.8M net county cost for CAS/County Administration North (CAN) in Program V (Capital Improvements), of which \$2.4M was moved to Program III (Infrastructure & Environmental) and IV (General Government Services) effective Fiscal Year 2021-22.
- (6) Fiscal Year 2019-20 budget decrease is due to decrease in debt service for 2012 Juvenile Justice Center Bonds. Effective Fiscal Year 2020-21, debt service payments for the new CAS facility and revenue from CAS user departments are budgeted in Budget Control 019 (Capital Acquisition Financing). Effective Fiscal Year 2021-22, CAS related rent revenue reclassified to cost applies.
- (7) Fiscal Year 2018-19 budget included AB 701 Vehicle License Fee Revenue Allocation (VLFAA) settlement payment to the State of \$55M and funding for one-time capital projects. Fiscal Year 2019-20 budget included Coronavirus Aid, Relief, and Economic Security (CARES) Act appropriations and revenue of \$554 million in Budget Control 004 (Miscellaneous). Fiscal Year 2020-21 budget includes \$6M for CARES Act and one-time \$138M transfers for the James A. Musick Facility and other capital and information technology projects. Fiscal Year 2021-22 budget excludes one-time transfers from Miscellaneous Budget to Capital Projects; however, it includes \$200M new American Rescue Plan Act (ARPA) budget in Budget Control 087 (American Rescue Plan Act).
- (8) Property tax revenue reflects the market trend and increased assessed values.
- (9) Sales and Use Taxes were budgeted as a decrease in Fiscal Year 2020-21 due to COVID-19 pandemic. Fiscal Year 2021-22 reflects no reduction due to COVID-19 pandemic.
- (10) Changes in Use of Money & Property are the result of changes in interest earnings from increases or decreases of cash balances. In FY 2020-21, debt service payments for the new CAS facility and revenue from CAS user departments were budgeted in Budget Control 019 (Capital Acquisition Financing). Effective Fiscal Year 2021-22, CAS related rent revenue is reclassified to cost applies. In Fiscal Year 2021-22, budgeted general fund interest earnings decreased due to decreases in treasury interest earnings.
- (11) Fiscal Years 2019-20, 2020-21, and 2021-22 increase in appropriations and revenue are due to additional State and Federal funding for the COVID-19 pandemic.
- (12) Charges for services align with cost of services to cities which contract for Sheriff security services, correctional medical services, and charges from Health Care Agency for mental health services.
- (13) Fiscal Year 2020-21 budget includes \$10M from Orange County Employees Retirement System (OCERS) investment account. Fiscal Year 2021-22 budget includes \$20M draw from OCERS investment account plus \$1.1M discount from OCERS.
- (14) Other Financing Sources is comprised of operating transfers from other funds within the County including transfers from the Teeter Program and departmental transfers from non-general funds for the reimbursement of program expenditures. Fiscal Year 2019-20 budget increased due to \$57M increase in transfer from Mental Health Services Act and \$17M increase in carryover in Fund 15D's budget. Effective Fiscal Year 2020-21, all carryover capital projects are budgeted in non-general funds 15D and 15I.
- (15) While budgeted as a reserve decrease in Fiscal Years 2019-20 and FY 2020-21, by \$34.9M and \$17.5M respectively, there was an actual decrease in Fund Balance, of \$3.2M and \$7M respectively, for these two fiscal years.
- (16) Fiscal Year 2021-22 decrease in Fines, Forfeitures & Penalties is due to loss of revenue in Probation and Trial Courts for court related fines and penalties offset by slight increase in property tax penalties.

Source: County of Orange, County Budget Office.

2. Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in Appendix A to the Official Statement relating to the Bonds, in the following charts and tables or under the following captions:

- a. County Financial Information – Tables A-3 through A-5, Tables A-8 through A-10 and Tables A-12 through A-20

TABLE A-3
COUNTY OF ORANGE
GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Fiscal Years Ending June 30, 2018 through June 30, 2021
(In Thousands)

	2018	2019	2020	2021
<u>REVENUES AND OTHER FINANCING SOURCES</u>				
General Fund	\$3,345,890	\$3,382,454	\$3,767,361	\$4,133,547
Flood Control District	149,683	194,368	174,694	165,785
Other Public Protection	94,382	62,121	65,384	84,024
Mental Health Services Act	169,546	168,334	147,928	239,941
Other Governmental Funds	849,433	1,204,481	906,417	1,094,062
Total	\$4,608,934	\$5,011,758	\$5,061,784	\$5,717,359
<u>EXPENDITURES AND OTHER FINANCING USES</u>				
General Fund	\$3,288,004	\$3,400,499	\$3,694,792	\$4,261,122
Flood Control District	179,023	146,280	144,155	185,516
Other Public Protection	81,515	52,662	48,816	47,051
Mental Health Services Act	178,523	200,386	231,783	189,857
Other Governmental Funds	960,833	1,059,415	902,182	971,417
Total	\$4,687,898	\$4,859,242	\$5,021,728	\$5,654,963
<u>NET CHANGES IN FUND BALANCES</u>				
General Fund	\$57,886	(\$18,045)	\$72,569	(\$127,575)
Flood Control District	(29,340)	48,088	30,539	(19,731)
Other Public Protection	12,867	9,459	16,568	36,973
Mental Health Services Act	(8,977)	(32,052)	(83,855)	50,084
Other Governmental Funds	(111,400)	145,066	4,235	122,645
Total	(\$78,964)	\$152,516	\$40,056	\$62,396

Sources: County of Orange Comprehensive Annual Financial Reports.

TABLE A-4
COUNTY OF ORANGE
GENERAL FUND BALANCE SHEET⁽¹⁾
June 30, 2018 through June 30, 2021
(In Thousands)

	2018	2019	2020	2021
<u>ASSETS</u>				
Pooled Cash/Investments	\$590,115	\$674,798	\$1,137,361	\$1,247,941
Imprest Cash Funds	1,835	1,838	1,838	1,838
Restricted Cash and Investments with Trustee	2	37	5	8
Deposits In-Lieu of Cash	--	--	--	9,803
Receivables				
Accounts	9,139	9,781	12,054	17,709
Taxes	6,251	5,986	6,089	6,109
Interest/Dividends	2,727	3,527	2,688	1,598
Deposits	537	537	508	412
Advances	30	30	453	7,835
Allowance for Uncollectible Receivables	(4,421)	(3,362)	(3,415)	(896)
Due from Other Funds	136,308	105,248	138,553	110,138
Due from Component Unit	494	620	378	142
Due from Other Governmental Agencies, Net	349,949	348,176	334,646	415,167
Inventory of Materials and Supplies	1,417	1,995	1,488	1,428
Prepaid Costs	373,201	394,546	458,586	514,451
Advances to Other Funds	3,800	--	--	--
Total Assets	<u>\$1,471,384</u>	<u>\$1,543,757</u>	<u>\$2,091,232</u>	<u>\$2,333,683</u>
<u>LIABILITIES</u>				
Accounts Payable	\$55,263	\$53,439	\$74,192	\$93,961
Retainage Payable	1,892	1,068	2,724	1,536
Salaries and Employee Benefits Payable	44,875	46,603	61,471	75,953
Interest Payable	3,801	5,300	3,852	882
Deposits from Others	1,397	1,570	1,788	24,169
Due to Other Funds	25,465	47,619	55,937	234,778
Due to Other Governmental Agencies	11,376	21,645	32,136	43,459
Unearned Revenue	61,182	45,037	431,777	402,513
Bonds Payable	375,345	402,182	463,895	484,800
Advances from Other Funds	556	370	185	--
Total Liabilities	<u>\$581,152</u>	<u>\$624,833</u>	<u>\$1,127,957</u>	<u>\$1,362,051</u>
<u>DEFERRED INFLOWS OF RESOURCES ⁽²⁾</u>				
Unavailable Revenue- Intergovernmental Revenues	\$62,884	\$100,960	\$78,650	\$195,873
Unavailable Revenue- Senate Bill 90 Mandated Claims, Net	6,711	5,556	5,406	17,380
Unavailable Revenue- Property Taxes	7,574	7,403	7,109	5,995
Unavailable Revenue- Others	4,285	14,272	8,808	16,657
Total Deferred Inflows of Resources	<u>\$81,454</u>	<u>\$128,191</u>	<u>\$99,973</u>	<u>\$235,905</u>
<u>FUND BALANCES</u>				
Nonspendable ⁽³⁾	\$378,418	\$396,541	\$460,074	\$515,879
Restricted	31,815	49,989	78,982	97,998
Assigned	179,119	147,686	106,929	108,268
Unassigned	219,426	196,517	217,317	13,582
Total Fund Balances	<u>\$808,778</u>	<u>\$790,733</u>	<u>\$863,302</u>	<u>\$735,727</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,471,384</u>	<u>\$1,543,757</u>	<u>\$2,091,232</u>	<u>\$2,333,683</u>

(1) The Notes to the County's Basic Financial Statements are an integral part of this table and can be found in the County's Comprehensive Annual Financial Report for Fiscal Year Ending June 30, 2021 in Exhibit A of this Annual Report.

(2) See Note 1 in the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2021" in Exhibit A of this Annual Report.

(3) Includes an amount equal to pension obligation bonds sold to prepay the subsequent year's pension obligations, which are reserved as nonspendable as a "prepaid cost". Pension prepayments represent \$373 million for Fiscal Year 2018, \$395 million for Fiscal Year 2019, \$459 million for Fiscal Year 2020, and \$479 million for Fiscal Year 2021. As a result, GASB 54 presentation does not represent the County's budgetary and financial planning allocation of fund balance.

Sources: County of Orange Comprehensive Annual Financial Reports.

TABLE A-5
COUNTY OF ORANGE
COMPARISON OF STATEMENT OF GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years Ending June 30
(In Thousands)

	2018	2019	2020	2021
REVENUES				
Taxes ⁽¹⁾	\$723,675	\$760,723	\$799,690	\$848,296
Licenses, Permits & Franchises	25,775	23,914	24,052	26,682
Fines, Forfeitures & Penalties	40,169	38,927	35,510	38,697
Use of Money and Property	10,412	29,555	22,910	3,734
Intergovernmental Revenues	1,680,669	1,686,306	1,969,292	2,401,642
Charges for Services	465,328	471,249	481,210	499,381
Other Revenues	18,808	19,458	19,653	22,175
TOTAL REVENUES	\$2,964,836	\$3,030,132	\$3,352,317	\$3,840,607
EXPENDITURES				
General Government	\$218,955	\$229,582	\$299,639	\$197,531
Public Protection	1,315,803	1,353,355	1,375,934	1,430,830
Public Ways and Facilities	33,522	35,057	34,901	40,431
Health and Sanitation	647,960	678,587	746,409	1,130,237
Public Assistance	903,294	942,759	987,669	1,129,822
Capital Outlay	45,752	38,546	54,477	28,963
Principal Retirement	5,736	6,386	7,071	5,682
Interest	10,741	12,896	11,629	6,983
TOTAL EXPENDITURES	\$3,181,763	\$3,297,168	\$3,517,729	\$3,970,479
Excess (Deficit) of Revenues over Expenditures	(216,927)	(267,036)	(165,412)	(129,872)
Other Financing Sources (Uses)				
Transfers In ⁽²⁾	\$381,054	\$352,322	\$415,044	\$292,940
Transfers Out ⁽²⁾	(\$106,241)	(\$103,331)	(\$177,063)	(\$290,643)
Total Other Financing Sources (Uses)	\$274,813	\$248,991	\$237,981	\$2,297
Net Change in Fund Balances	57,886	(18,045)	72,569	(127,575)
Fund Balances - Beginning of Year	750,892	808,778	790,733	863,302
Fund Balances - End of Year	\$808,778	\$790,733	\$863,302	\$735,727

⁽¹⁾ Primarily property taxes, as well as local sales and other taxes.

⁽²⁾ Interfund transfers reflect the flow of assets between funds and component units of the County. See Note 10 in the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2021" in Exhibit A of this Annual Report.

Sources: County of Orange Comprehensive Annual Financial Reports.

TABLE A-8
COUNTY OF ORANGE
DETAIL OF ASSESSED VALUATION ⁽¹⁾

Fiscal Year	Secured	Unsecured	Total	% Change
2012-13	\$414,121,659,108	\$18,780,614,687	\$432,902,273,795	1.91%
2013-14	429,070,697,346	18,678,458,709	447,749,156,055	3.43
2014-15	455,733,167,806	20,570,122,070	476,303,289,876	6.38
2015-16	485,007,445,623	19,642,914,061	504,650,359,684	5.95
2016-17	511,774,616,621	19,277,541,199	531,052,157,820	5.23
2017-18	543,455,064,150	20,206,980,147	563,662,044,297	6.14
2018-19	578,490,557,698	20,410,457,844	598,901,015,542	6.25
2019-20	611,273,691,516	21,484,564,302	632,758,255,818	5.65
2020-21	641,723,745,805	21,517,432,885	663,241,178,690	4.82
2021-22	666,026,539,837	23,062,391,494	689,088,931,331	3.90

⁽¹⁾ Figures in table include incremental value for redevelopment agencies. Property is assessed at taxable full cash value, pursuant to California Revenue and Taxation Code Section 135(a).

Sources: County of Orange Office of Auditor-Controller, Assessed Valuation Reports.

TABLE A-9
COUNTY OF ORANGE
LARGEST 2021-22 LOCAL SECURED TAXPAYERS

Taxpayers ⁽¹⁾	Secured Tax Charge	% of Taxes ⁽²⁾
1. Walt Disney Parks & Resorts US	\$75,913,923	0.97%
2. Irvine Company	74,095,303	0.95
3. Southern California Edison Company (Edison International)	58,006,867	0.74
4. Sempra Energy (SDG&E, So. Cal Gas)	17,883,950	0.23
5. United Laguna Hills Mutual (Laguna Woods)	12,231,155	0.16
6. BEX Portfolio, Inc.	8,845,848	0.11
7. Ohana Real Estate Investors (Ritz Carlton, Montage, Waldorf Astoria)	8,461,708	0.11
8. AES Corporation	7,929,528	0.10
9. Five Point Holdings, LLC	7,548,735	0.10
10. Bella Terra Associates, LLC	6,480,187	0.08
11. LBA IV-PPI LLC (LBA Realty)	6,312,238	0.08
12. B. Braun Medical, Inc.	5,911,982	0.08
13. AT&T (Pacific Bell Telephone Company)	5,544,593	0.07
14. South Coast Plaza	5,399,394	0.07
15. Edwards Lifesciences	5,329,039	0.07
16. Lennar Homes of California Inc	4,610,278	0.06
17. Knott's Berry Farm	4,465,814	0.06
18. Centennial Real Estate, Inc. (MainPlace Mall)	4,107,782	0.05
19. PRP Real Estate Investment Management	3,883,969	0.05
20. PCH Beach Resort (Hyatt Regency Huntington Beach)	3,720,698	0.05
TOTAL	\$326,682,991	4.19%

⁽¹⁾ Taxpayers are grouped under a parent, if identifiable.

⁽²⁾ Total Secured Taxes as of October 30, 2021 were \$7,787,495,161.

Source: County of Orange Treasurer-Tax Collector.

TABLE A-10
COUNTY OF ORANGE
TOP TEN UNSECURED TAXPAYERS
FISCAL YEAR 2021-22

Taxpayers ⁽¹⁾	Unsecured Tax Charge	% of Taxes ⁽²⁾
1. Charter Communications, Inc. (Time Warner)	\$4,257,904	1.55%
2. Cox Communications, Inc.	3,520,498	1.28
3. Allergan, Inc.	1,975,741	0.72
4. Applied Medical Resources Corporation	1,420,795	0.52
5. Luxottica of America, Inc. (Oakley Inc.)	1,378,967	0.50
6. Tower Semiconductor, Ltd.	1,264,020	0.46
7. Berkshire Hathaway Inc. (PCC Rollmet Inc.)	1,155,392	0.42
8. Boeing Company	1,113,490	0.40
9. Wells Fargo Bank	1,035,077	0.38
10. Panasonic Avionics Corporation	984,585	0.36
TOTAL	\$18,106,469	6.59%

⁽¹⁾ Taxpayers are grouped under a parent, if identifiable.

⁽²⁾ Total Unsecured Taxes as of October 30, 2021 were \$275,001,194.

Source: County of Orange Treasurer-Tax Collector.

TABLE A-12
COUNTY OF ORANGE
OUTSTANDING LONG-TERM DEBT AND LEASE OBLIGATIONS

Description	Source of Repayment	Outstanding Principal Balance (June 30, 2021)	Final Maturity Date
County of Orange Taxable Pension Refunding, Obligation Bonds, Series 1997 A ⁽¹⁾	General Fund	\$ 518,204	2021
County of Orange Teeter Plan Obligation Notes, Series B	Series A Taxes	\$ 37,406,000	2021
South Orange County Public Financing Authority Central Utility Facility Lease Revenue Bonds, Series 2016	General Fund	\$ 46,585,000	2036
California Municipal Finance Authority Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program - Phase I) ⁽²⁾	General Fund	\$ 149,595,000	2047
SUBTOTAL- GENERAL FUND OBLIGATIONS		\$ 234,104,204	
Airport Revenue Refunding Bonds, Series 2019A	Airport Revenues	\$ 31,010,000	2029
Airport Revenue Refunding Bonds, Series 2019B	Airport Revenues	\$ 40,815,000	2030
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014 (Neighborhood Development and Preservation Project)	Redevelopment Property Tax Trust Fund	\$ 2,550,000	2022
Successor Agency to the Orange County Development Agency Santa Ana Heights Project Area Tax Allocation Refunding Bonds of 2014	Redevelopment Property Tax Trust Fund	\$ 6,300,000	2023
TOTAL		\$ 314,779,204	
California Municipal Finance Authority Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program - Phase II) ⁽³⁾	General Fund	\$ 185,705,000	2048

⁽¹⁾ The outstanding Taxable Refunding Pension Obligation Bonds, Series 1997A were economically defeased on June 22, 2000, through the deposit with the trustee of \$175,492 million principal amount of AAA rated debt securities issued by Fannie Mae, together with

irrevocable instructions that these securities and other cash amounts and investments held by the trustee, will be used solely to retire the remaining Pension Obligation Bonds as they mature.

- (2) The lease payments for the Series 2017A Bonds became an obligation to the County on November 12, 2019 when the building's Certificate of Substantial Completion was delivered to the trustee. The County's base rental payments began in FY 2020-21.
- (3) The lease payments for the Series 2018A Bonds will become an obligation of the County upon substantial completion and the County has taken occupancy.

Source: County of Orange, CEO Public Finance Unit.

TABLE A-13
COUNTY OF ORANGE
GENERAL FUND DEBT SERVICE

Description	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26
County of Orange Teeter Plan Obligation Notes, Series B ⁽¹⁾	0	79,978,000	0	0	0
South Orange County Public Financing Authority, Central Utility Facility Lease Revenue Bonds, Series 2016	4,489,250	4,486,250	4,488,000	4,489,000	4,489,000
California Municipal Finance Authority Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program - Phase I) ⁽²⁾	3,393,370	3,392,605	3,392,775	3,393,710	3,393,540
TOTAL GENERAL FUND DEBT SERVICE	\$7,882,620	\$87,856,855	\$7,880,775	\$7,882,710	\$7,882,540
California Municipal Finance Authority Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program - Phase II) ⁽³⁾	\$0	\$3,676,889	\$6,330,065	\$6,329,698	\$6,329,575

(1) Historically, the County has retired portions of the Teeter Notes throughout the year using delinquent tax revenues associated with the Teeter Plan. In July of each year, the County has issued additional Teeter Notes to fund the distribution to Participating Agencies under the Teeter Plan. The Teeter Notes mature on July 18, 2022.

(2) The lease payments for the Series 2017A Bonds became an obligation to the County on November 12, 2019 when the building's Certificate of Substantial Completion was delivered to the trustee. The County's base rental payments began in FY 2020-21.

(3) The lease payments for the Series 2018A Bonds will become an obligation of the County upon substantial completion and the County has taken occupancy.

Source: County of Orange, CEO Public Finance Unit.

TABLE A-14
COUNTY OF ORANGE
DIRECT AND OVERLAPPING DEBT
As of June 30, 2021

2020-21 Assessed Valuation: \$663,235,230,208 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Metropolitan Water District	20.071%	\$ 5,385,049
Coast Community College District	99.999	936,914,650
North Orange County Joint Community College District	97.716	239,994,406
Rancho Santiago Community College District & School Facilities Improvement District No. 1	100.000	375,846,119
Unified School Districts	0.167-100	2,138,587,714
Anaheim Union High School District	100.000	266,058,955
Fullerton Joint Union High School District	91.833	177,297,381
Huntington Beach Union High School District	100.000	174,584,998
School Districts	37.091-100	933,351,420
Irvine Ranch Water District Improvement Districts	100.000	527,700,000
Santa Margarita Water District Improvement Districts	100.000	34,410,000
Cities	100.000	25,365,000
Orange County Community Facilities Districts	100.000	463,480,000
Other Community Facilities Districts	100.000	1,838,684,491
City and Special District Special Assessment Bonds	100.000	812,007,097
County 1915 Act Bonds	100.000	27,410,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$8,977,077,280
<u>OTHER DIRECT AND OVERLAPPING DEBT:</u>		
Orange County General Fund Obligations	100.000%	\$ 381,885,000
Orange County Pension Obligation Bonds	100.000	485,318,204
Orange County Board of Education General Fund Obligations	100.000	12,310,000
Coast Community College District General Fund and Pension Obligation Bonds	99.999	4,519,955
Unified School District General Fund Obligations	99.989-100	318,606,910
High School District General Fund Obligations	91.833-100	108,880,241
School District General Fund Obligations	100.000	88,091,829
City of Anaheim General Fund Obligations	100.000	638,409,224
Other City General Fund Obligations	100.000	1,087,594,913
Moulton-Niguel Water District General Fund Obligations	100.000	55,180,000
TOTAL GROSS OTHER DIRECT AND OVERLAPPING DEBT		\$3,180,796,276
Less: City of Anaheim supported obligations		478,224,816
TOTAL NET OTHER DIRECT AND OVERLAPPING DEBT		\$2,702,571,460
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		
Anaheim Redevelopment Agency	100.000%	\$133,620,000
Brea Redevelopment Agency	100.000	104,251,668
Westminster Redevelopment Agency	100.000	97,930,000
Fullerton Redevelopment Agency	100.000	50,110,000
Buena Park Redevelopment Agency	100.000	45,865,000
Other Redevelopment Agencies	100.000	351,252,197
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$783,028,865
GROSS COMBINED TOTAL DEBT		\$12,940,902,421 ⁽¹⁾
NET COMBINED TOTAL DEBT		\$12,462,677,605
<u>Ratios to 2020-21 Assessed Valuation:</u>		
Total Direct and Overlapping Tax and Assessment Debt	1.35%	
Combined Direct Debt (\$867,203,204)	0.13%	
Gross Combined Total Debt	1.95%	
Net Combined Total Debt	1.88%	
<u>Ratios to Redevelopment Successor Agencies Incremental Valuation (\$78,373,391,892):</u>		
Total Overlapping Tax Increment Debt	1.00%	

⁽¹⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.
Source: California Municipal Statistics, Inc.

TABLE A-15
COUNTY OF ORANGE EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT RETURNS

Year Ended December 31	Actuarial Value Investment Return	Market Value Investment Return
2011	3.28%	0.04%
2012	3.49	11.92
2013	9.11	10.73
2014	7.34	4.52
2015	5.26	(0.45)
2016	6.33	8.72
2017	7.44	14.79
2018	5.20	(2.46)
2019	6.66	14.79
2020	9.31	12.01
5-Year Average Return	6.98%	9.37%
10-Year Average Return	6.32%	7.28%

Source: County of Orange Employees Retirement System Actuarial Valuation and Review as of December 31, 2020.

TABLE A-16
COUNTY OF ORANGE EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
(In Thousands)

Actuarial Valuation December 31	Actuarial Value of Assets ⁽¹⁾	Market Value of Assets	Actuarial Accrued Liability (AAL)	Total Unfunded Actuarial Accrued Liability (UAAL) ⁽²⁾	Actuarial Funded Ratio ⁽³⁾	Market Funded Ratio ⁽⁴⁾	Covered Payroll ⁽⁵⁾	UAAL as a Percentage of Covered Payroll ⁽⁶⁾
2011	\$9,064,355	\$8,693,000	\$13,522,978	\$4,458,623	67.03%	64.28%	\$1,619,474	275.31%
2012	9,469,208	9,750,989	15,144,888	5,675,680	62.52	64.38	1,609,600	352.61
2013	10,417,125	11,011,261	15,785,042	5,367,917	65.99	69.76	1,604,496	334.55
2014	11,449,911	11,428,133	16,413,124	4,963,213	69.76	69.63	1,648,160	301.14
2015	12,228,009	11,548,529	17,050,357	4,822,348	71.72	67.73	1,633,112	295.29
2016	13,102,978	12,657,418	17,933,461	4,830,483	73.06	70.58	1,759,831	274.49
2017	14,197,125	14,652,607	19,635,427	5,438,302	72.30	74.62	1,811,877	300.15
2018	14,994,420	14,349,705	20,703,349	5,708,929	72.43	69.31	1,875,370	304.42
2019	16,036,869	16,516,024	21,916,730	5,879,861	73.17	75.36	1,952,534	301.14
2020	17,525,117	18,494,378	22,904,975	5,379,858	76.51	80.74	1,962,869	274.08

⁽¹⁾ The Actuarial Value of Assets exclude assets held in the Investment Account and prepaid employer contributions.

⁽²⁾ Actuarial Accrued Liability minus Actuarial Value of Assets.

⁽³⁾ Actuarial Value of Assets divided by Actuarial Accrued Liability.

⁽⁴⁾ Market Value of Assets divided by Actuarial Accrued Liability.

⁽⁵⁾ Annual payroll against which UAAL is amortized.

⁽⁶⁾ UAAL divided by Covered Payroll.

Sources: County of Orange Employees Retirement System Comprehensive Annual Financial Reports and County of Orange Employees Retirement System Actuarial Valuation and Review as of December 31, 2020.

TABLE A-17
COUNTY OF ORANGE EMPLOYEES' RETIREMENT SYSTEM
CHANGES IN FIDUCIARY NET POSITION
(In Thousands)

	Year Ended December 31		
	2018	2019	2020
Contributions Received ⁽¹⁾	\$850,975	\$933,166	\$939,191
Net Investment Income (Loss)	(326,145)	2,182,666	2,172,339
Net Securities Lending Income	1,517	1,142	845
Participant's Benefits ⁽²⁾	(814,345)	(887,653)	(961,778)
Withdrawals and Refunds	(13,933)	(13,249)	(11,547)
Administrative Expenses	(18,284)	(19,171)	(20,428)
Increases in Net Position Restricted for Pension and OPEB	(\$320,215)	\$2,196,901	\$2,118,622

⁽¹⁾ Includes employer and employee pension and retiree health care contributions to OCERS.

⁽²⁾ Participant benefits include death benefits.

Sources: County of Orange Employees Retirement System Comprehensive Annual Financial Reports.

TABLE A-18
COUNTY OF ORANGE EMPLOYEES' RETIREMENT SYSTEM
COUNTY CONTRIBUTIONS
(In Thousands)

Year Ended June 30	County Cash Contribution	Investment Account Contribution	Total Annual Required Contribution	Percentage Contributed
2012	\$310,736	\$11,000	\$321,736	100.00%
2013	328,953	0	328,953	100.00
2014	348,597	10,000	358,597	100.00
2015	371,810	0	371,810	100.00
2016	384,133	0	384,133	100.00
2017	405,494	0	405,494	100.00
2018	433,098	0	433,098	100.00
2019	440,634	0	440,634	100.00
2020	475,676	0	475,676	100.00
2021	513,799	0	513,799	100.00

Source: County of Orange Comprehensive Annual Financial Reports.

TABLE A-19
COUNTY OF ORANGE RETIREE MEDICAL PLAN
SCHEDULE OF FUNDING PROGRESS
(In Thousands)

Actuarial Valuation as of June 30 ⁽¹⁾	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a = c)	Funded Ratio (a / b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c / d)
2015	\$217,556	\$614,500	\$396,944	35.4%	\$1,188,727	33.4%
2017	273,936	680,652	406,716	40.2	1,277,714	31.8
2019	349,247	714,234	364,987	48.9	1,303,928	28.0
2021	419,446	729,770	310,324	57.5	1,317,622	23.6

⁽¹⁾ Valuation reports are received every other year.

Sources: County of Orange Comprehensive Annual Financial Report June 30, 2021 and June 30, 2021 Actuarial Valuation.

TABLE A-20
COUNTY OF ORANGE RETIREE MEDICAL PLAN
CALCULATION OF OPEB ASSET
(In Thousands)

	2017-18	2018-19	2019-20	2020-21
Annual Required Contribution	(1)	(1)	(1)	(1)
Interest on Net OPEB Obligation	(1)	(1)	(1)	(1)
Amortization of Net OPEB Obligation	(1)	(1)	(1)	(1)
Annual OPEB Cost	(1)	(1)	(1)	(1)
Contributions Made	(1)	(1)	(1)	(1)
Decrease/(Increase) in Net OPEB Asset	(1)	(1)	(1)	(1)
Net OPEB Obligation/(Asset), Beginning of year	(1)	(1)	(1)	(1)
Net OPEB Obligation/(Asset), End of year	(1)	(1)	(1)	(1)

⁽¹⁾ Due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", contributions made to the County's Retiree Medical Plan in excess of the annual cost are no longer classified as an asset as shown in prior reports. The tables on the following pages show the Retiree Medical Plan liability for both the County and the collective plan under GASB Statement No. 75. For additional information, see Notes 1, 19 and the Required Supplemental Information section of the County's Comprehensive Annual Financial Report dated June 30, 2021 included herein as Exhibit A.

Sources: County of Orange Comprehensive Annual Financial Reports.

COUNTY OF ORANGE RETIREE MEDICAL PLAN (CONTINUED)

Schedule of Changes in the Collective Plan Net OPEB Liability And Related Ratios

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$14,912	\$16,501	\$15,982	\$15,479
Interest	50,385	50,298	48,442	46,589
Changes of benefit terms	--	5,508	--	--
Difference between expected and actual experience	--	(10,635)	--	--
Changes of assumptions	--	(17,535)	--	--
Benefit payments, including refunds of member contributions	(42,911)	(39,719)	(37,118)	(35,111)
Net change in Total OPEB Liability	22,386	4,418	27,306	26,957
Total OPEB Liability-beginning	726,322	721,904	694,598	667,641
Total OPEB Liability-ending (a)	\$748,708	\$726,322	\$721,904	\$694,598
Plan Fiduciary Net Position				
Contributions-employer	\$45,989	\$58,807	\$54,229	\$60,721
Contributions-employee	208	505	2,103	2,193
Net investment income	40,847	43,720	(5,746)	34,217
Benefit payments, including refunds of member contributions	(42,911)	(39,719)	(37,118)	(35,111)
Administrative expense	(22)	(20)	(21)	(22)
Net change in Plan Fiduciary Net Position	44,111	63,293	13,447	61,998
Plan Fiduciary Net Position-beginning	370,545	307,252	293,805	231,807
Plan Fiduciary Net Position-ending (b)	\$414,656	\$370,545	\$307,252	\$293,805
Plan Net OPEB Liability-ending (a)-(b)	\$334,052	\$355,777	\$414,652	\$400,793
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	55.38%	51.02%	42.56%	42.30%
Covered payroll ⁽¹⁾	\$1,426,003	\$1,368,521	\$1,346,440	\$1,313,217
Plan Net OPEB Liability as a percentage of covered payroll	23.43%	26.00%	30.80%	30.52%

Schedule of Investment Returns

	2020	2019	2018	2017
Actual money-weighted rate of return, net of investment expense	11.22%	14.81%	-1.31%	14.74%

⁽¹⁾ For the 12 month period ending on December 31 (measurement date and plan year).

The schedule is presented to show information for 10 years. However, a full 10-year trend is currently not available; the County will be adding years in the future.

Source: County of Orange Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

COUNTY OF ORANGE RETIREE MEDICAL PLAN (CONTINUED)

Schedule of County's Proportionate Share of the Net OPEB Liability

	2020	2019	2018	2017
County's proportion of the net OPEB Liability	91.43%	92.31%	91.78%	90.84%
County's proportionate share of the net OPEB liability	\$305,411	\$328,412	\$380,581	\$364,071
Covered payroll ⁽¹⁾	\$1,306,964	\$1,254,780	\$1,234,558	\$1,203,106
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	23.37%	26.17%	30.83%	30.26%
Plan fiduciary net position as a percentage of the total OPEB liability	55.38%	51.02%	42.56%	42.30%

Schedule of Collective Plan Contributions

	2020	2019	2018	2017
Actuarially determined contribution	\$48,525	\$50,037	\$52,554	\$47,006
Contributions in relation to the actuarially determined contribution	45,989	58,807	54,229	60,721
Contribution deficiency (excess)	\$2,536	(\$8,770)	(\$1,675)	(\$13,715)
Covered payroll ⁽¹⁾	\$1,426,003	\$1,368,521	\$1,346,440	\$1,313,217
Contributions as a percentage of covered payroll	3.23%	4.30%	4.03%	4.62%

Schedule of County Contributions

	2021	2020	2019	2018
Actuarially determined contribution	\$44,577	\$45,698	\$48,101	\$42,716
Contributions in relation to the actuarially determined contribution	39,393	50,466	52,349	46,005
Contribution deficiency (excess)	\$5,184	(\$4,768)	(\$4,248)	(\$3,289)
Covered payroll ⁽²⁾	\$1,310,629	\$1,293,186	\$1,254,706	\$1,220,638
Contributions as a percentage of covered payroll	3.01%	3.90%	4.17%	3.77%

⁽¹⁾ For the 12 month period ending on December 31 (measurement date and plan year).

⁽²⁾ For the 12 month period ending on June 30, fiscal year end.

The schedule is presented to show information for 10 years. However, a full 10-year trend is currently not available; the County will be adding years in the future.

Source: County of Orange Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

b. Investment Policy Statement

The Board of Supervisors of the County approved the 2022 Investment Policy on December 14, 2021. A copy of the County's 2022 Investment Policy is included herein as Exhibit B.

CERTAIN DISCLAIMERS

The information contained in this Annual Report expresses only the views of the applicable party. An explanation of the significance of any such information may be obtained from the applicable party; provided, however, that no information provided by any party is incorporated in this Annual Report. The County and the South Orange County Public Financing Authority (“SOCPFA”) undertakes no responsibility to oppose any revision or withdrawal of such information contained in this Annual Report.

To the extent the County or the SOCPFA provides information in this Annual Report, the County and the SOCPFA are not obligated to present or update information in future Annual Reports. Investors are advised to refer to the Official Statement for the Bonds for information concerning the initial delivery of and security for the Bonds.

By providing the information in this Annual Report, the County and the SOCPFA do not imply or represent (a) that all information provided in this Annual Report is material to investors’ decisions regarding investment in the Bonds, (b) the completeness or accuracy of any financial, operational or other information not included herein or in the Official Statement, (c) that no changes, circumstances or events have occurred since the date of this Annual Report (other than as contained herein), or (d) that no other information exists which may have a bearing on the County’s financial condition, the security for the Bonds or an investor’s decision to buy, sell or hold the Bonds.

The information set forth in this Annual Report or incorporated in this Annual Report has been furnished by the County and the SOCPFA and is believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in or incorporated by this Annual Report which involves estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Annual Report or incorporated in this Annual Report are subject to change without notice and the delivery of this Annual Report will not, under any circumstances, create any implication that there has been no change in the affairs of the County and the SOCPFA.

No statement contained in this Annual Report should be construed as a prediction or representation about future financial performance of the County and the SOCPFA. Historical results presented herein may not be indicative of future operating results.

EXHIBIT A

COUNTY OF ORANGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2021



A collage of three images is positioned in the lower right quadrant. The top image shows a person wearing a black vest with the word "PROBATION" in white capital letters. The bottom-left image shows a German Shepherd dog standing next to a white pickup truck. The bottom-right image shows a police officer in a blue uniform, holding a rifle, standing in front of a building with a stone wall.

FRANK DAVIES, CPA
AUDITOR-CONTROLLER

For the last several years, the OC Auditor Controller's Office has chosen one of the County's agencies to highlight as part of our Comprehensive Annual Financial Report. This year, we have chosen the Orange County Probation Department (OC Probation) as the highlighted department.

This year's cover depicts OC Probation task forces in action. As a public safety agency, Probation serves the community using efficient and research-supported corrections practices to reduce crime, assist the courts in managing offenders, promote lawful and productive lifestyles, and assist victims. The mission of OC Probation is to protect the community by conducting investigations for the court, enforcing court orders, assisting victims, and facilitating the re-socialization of offenders. OC Probation has identified four key service areas, which are used to measure the performance of achieving their mission: Community Safety, Court Support, Victim Services, and Workforce.

To learn more about Probation, visit <https://ocprobation.ocgov.com/>

County of Orange

State of California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2021



Frank Davies, CPA
Auditor-Controller

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Probation K-9



**AUDITOR-CONTROLLER
COUNTY OF ORANGE**

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**COUNTY EXECUTIVE OFFICE
COUNTY OF ORANGE**

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www.ocgov.com

December 22, 2021

The Citizens of Orange County:

The Comprehensive Annual Financial Report of the County of Orange (County), State of California, for the year ended June 30, 2021, is hereby submitted in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California. The report contains financial statements that have been prepared in conformity with United States generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. A comprehensive framework of internal controls has been designed and established to provide reasonable assurance that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of County Funds. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

The Comprehensive Annual Financial Report has been audited by the independent certified public accounting firm of Eide Bailly LLP. The goal of the independent audit was to provide reasonable assurance about whether the basic financial statements of the County for the year ended June 30, 2021, are free of material misstatement. The independent certified public accounting firm has issued an unmodified (clean) opinion on the County's basic financial statements as of and for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

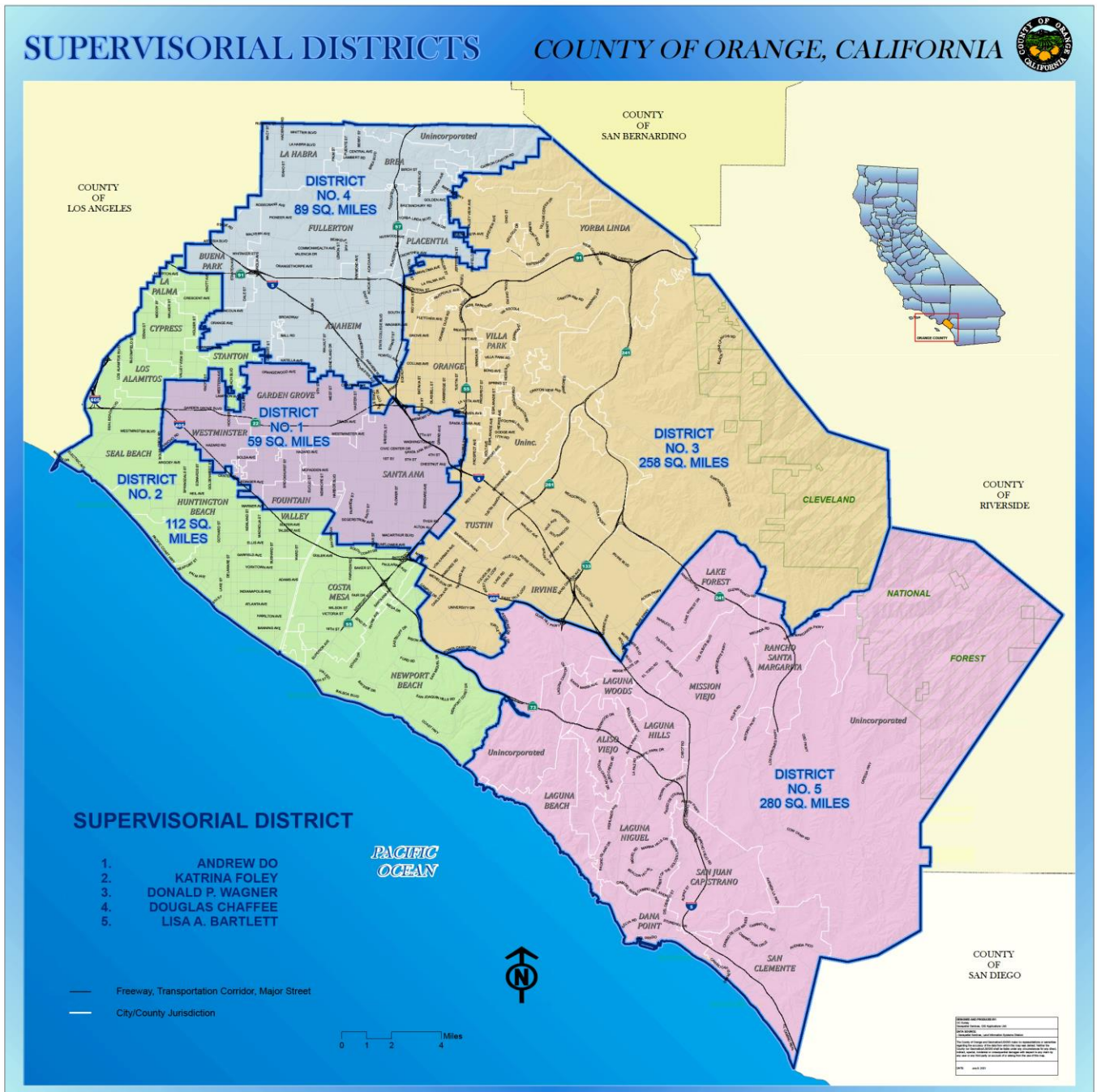
This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. MD&A provides a narrative introduction, overview, and analysis of the basic financial statements.

PROFILE OF THE GOVERNMENT

The County, incorporated in 1889 and located in the southern part of the State of California, is one of the major metropolitan areas in the state and nation. The County occupies a land area of 799 square miles with a coastline of 42 miles serving a population of over 3 million. It represents the third most populous county in the state and ranks sixth in the nation.

The County was incorporated as a general law County and converted to a charter county on March 5, 2002, with voter approval. In November 2008, voters approved Measure J, which added Article III, Section 301 to the Charter of Orange County requiring voter approval for increases in future retirement system benefits of any employee, legislative officer, or elected official of the County in the Orange County Employees Retirement System (OCERS) or any successor retirement system, with the exception of statutorily-established cost of living adjustments, salary increases, and annual leave or compensatory time cash-outs. In June 2012, voters approved Measure B, which requires that any Orange County Supervisors elected on or after June 5, 2012 can enroll only in the minimum pension option, i.e., the least lucrative pension plan, offered to Orange County employees. At present, the minimum pension plan is a 1.62% at 65 pension plan. In June 2016, voters approved Measure B, which requires the County Auditor-Controller to review any Countywide measure placed on the ballot and prepare a fiscal impact statement.

The County is governed by a five-member Board of Supervisors (Board), who each serve four-year terms, and annually elect a Chair and Vice-Chair. The Supervisors represent districts that are each approximately equal in population. The district boundaries were revised effective September 6, 2011, incorporating the results of the 2010 census. A County Executive Officer (CEO) oversees 15 County departments, and elected officials serving as department heads oversee six County departments. The Supervisorial Districts map below shows the boundaries of Orange County and the areas governed by each member of the Board.



The County provides a full range of services Countywide, for the unincorporated areas, and contracted services for cities. These services are outlined in the following table:

Countywide Services		Unincorporated Area Services	
Affordable Housing (Housing Authority)	Veterans Services	Animal Care & Control	Libraries
Agricultural Commissioner	Indigent Medical Services	Flood Control	Parks
Airport	Jails & Juvenile Facilities	Land Use	Waste Disposal Collection
Child Protection & Social Services	Juvenile Justice Commission	Law Enforcement	
Child Support Services	Landfills & Solid Waste Disposal		
Clerk-Recorder	Law Enforcement		
Coroner & Forensic Services	Probationary Supervision		
District Attorney/Public Administrator	Public Assistance		
Elections & Voter Registration	Public Defender/ Alternate Defense		
Environmental/Regulatory Health	Public & Behavioral Health		
Flood Control & Transportation	Senior Services		
OC Parks	Collection & Appeals		
Disaster Preparedness	Weights & Measures		
Grand Jury	Property Tax Assessment, Apportionment & Collection		
Public Guardian			

Contracted Services for Cities	
Animal Care & Control	Libraries
Law Enforcement	Public Works & Engineering
Utility Billing and Check Remittance Processing	

Sources: County departments

In addition to these services, the County is also financially accountable for the reporting of component units, which can be either blended or discretely reported. Blended units, although legally separate entities, are, in substance, part of the County's operations and, therefore, data from these units are combined with data of the County. The County has two discretely presented component units, the Children and Families Commission of Orange County (CFCOC) and CalOptima, which require discrete presentation in the government-wide financial statements. The County has one fiduciary component unit, OCERS. The following entities are presented as blended component units in the basic financial statements for the year ended June 30, 2021: Orange County Flood Control District (OCFCD), Orange County Housing Authority, Orange County Public Financing Authority, South Orange County Public Financing Authority, Capital Facilities Development Corporation, Orange County Public Facilities Corporation, County Service Areas, Special Assessment Districts, Community Facility Districts, and In-Home Supportive Services Public Authority. Additional information on these entities can be found in Note 1, Summary of Significant Accounting Policies, in the Notes to the Basic Financial Statements Section.

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of the General Fund and most of the Special Revenue, Debt Service, Capital Projects and Permanent Funds are included in the annual appropriated budget. The level of budgetary control (that level which cannot be exceeded without action by the Board) is at the legal fund-budget control-unit level, which represents a department or an agency. Budget-to-actual comparisons are provided in this report for each Governmental Fund for which an appropriated annual budget has been adopted. The Budgetary Comparison Statements for the General Fund and major Special Revenue Funds are part of the Basic Financial Statements. The Budgetary Comparison Schedules for the nonmajor Governmental Funds with appropriated annual budgets are presented in the Supplemental Information Section for Governmental Funds. The County also

maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered appropriations do not lapse at year-end; outstanding encumbrances are carried forward. Additional information on the budgetary process can be found in Note 1, Summary of Significant Accounting Policies, in the Notes to the Basic Financial Statements Section.

The County's eGovernment website portal at www.ocgov.com provides online services and extensive information about County government to Orange County residents, businesses, partners, and visitors. The County's website provides information and online services to the public 24/7. It includes information about the Board, County job listings, purchasing bid solicitations, assessment appeals, links to court information and local court rules, voter information, County permits and forms, public safety, health and human services programs and financial information. The site also provides several online services, including live and archived Board meeting videos, the ability to order birth, death and marriage certificates, search fictitious business names, find polling locations and election results, how to license pets, pay property taxes and subscribe to receive emergency alerts. The County continuously strives to improve a constituent's ability to conduct business online with the County.

FACTORS AFFECTING ECONOMIC CONDITION

Local Economy

Two indicators of the County economy are: how well the local economy performs relative to surrounding counties, the State, and the Nation and its own historical trends. This section provides data for various indicators that summarize the current and projected outlook of the County's economy.

Various forecasts indicate that 2021 will be a year of strong economic growth, as measured by real gross domestic product. In terms of historical trends, current and projected activity suggests that economic growth at the local level will generally follow national and state trends.

The County's unemployment rate continues to be lower than surrounding Southern California counties and the State but is higher than that of the Nation (see Table 1).

According to the California Department of Finance, inflation, as measured by the Consumer Price Index (CPI), is expected to be 1.7% for Orange County, lower than both the State and U.S. at 2.0% and 1.9%, respectively, in FY 2020-21 (see Table 2).

Table 1: Unemployment Rate Comparison

Primary Government Entity	July 2021 Unemployment Rate
United States	5.4%
California	7.9%
Los Angeles County	10.2%
San Bernardino County	8.0%
Riverside County	7.9%
San Diego County	6.9%
Orange County	6.3%

Unemployment Rate

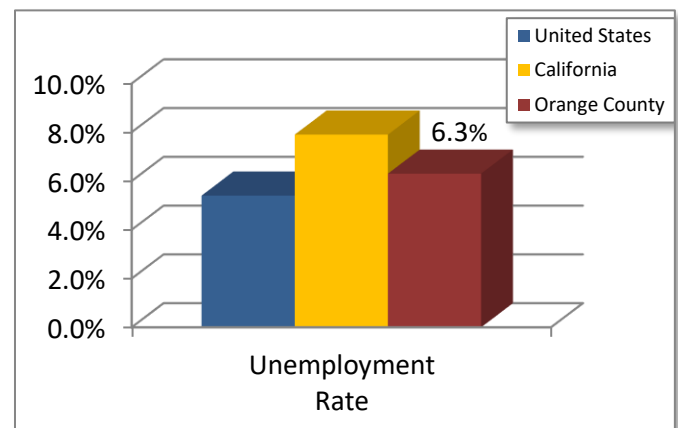


Table 2: 2021 – Projected Increase of the CPI

United States	California	Orange County
1.9%	2.0%	1.7%

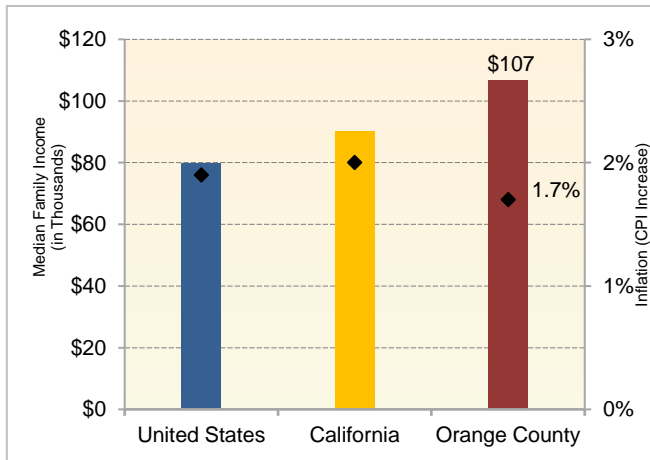
Sources: State of California, Employment Development Department
California Department of Finance, April 2021

According to the Department of Housing and Urban Development, the County's median family income is expected to be \$106,700 (absolute dollars) in 2021, compared to \$103,000 (absolute dollars) in 2020. The median family income in the County continues to exceed all surrounding Southern California counties, the State, and the Nation (see Table 3).

Table 3: Median Family Income Comparison

Primary Government Entity	Median Family Income (absolute dollars)
United States	\$79,900
California	\$90,100
Orange County	\$106,700
San Diego County	\$95,100
Los Angeles County	\$80,000
Riverside County	\$77,500

Comparisons of Inflation and Median Family Income



Sources: U.S. Department of Housing and Urban Development, 2021
California Department of Finance, April 2021

According to the California Association of Realtors, the median home sales price for existing single-family homes in Orange County was \$1,090,000 (absolute dollars) in July 2021, representing a 23.9% increase from July 2020. The median sales price in Orange County continues to exceed all surrounding counties (see Table 4).

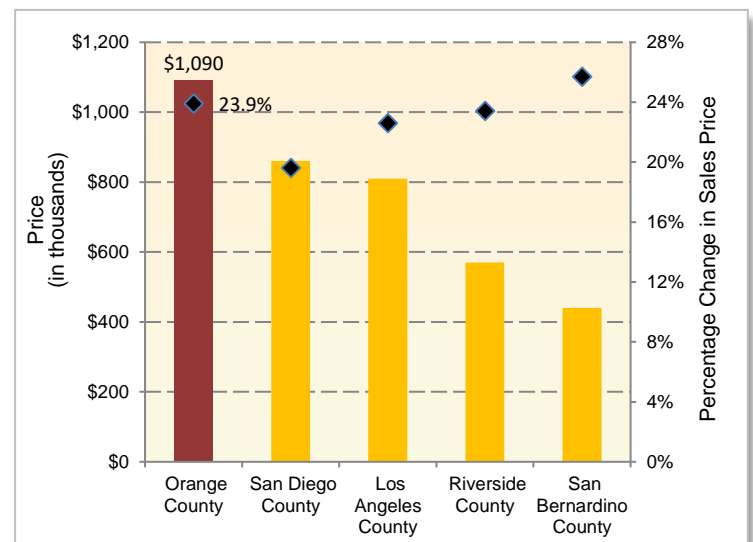
In terms of internal trends, current and projected indicators forecast modest recovery in the Orange County economy, with job growth expected to increase by 2.8% in 2021.

**Table 4: Median Home Sales Price Comparison-existing single-family homes only)
Southern California Counties – July 2021**

Primary Government Entity	Median Home Sales Price Change increase(decrease)	Median Home Sales Price (absolute dollars)
Orange County	23.9%	\$1,090,000
San Diego County	19.6%	\$860,000
Los Angeles County	22.6%	\$809,750
Riverside County	23.4%	\$570,000
San Bernardino County	25.7%	\$440,000

Source: California Association of Realtors, July 2021

Table 4: Comparison of Median Home Sales Price and Price Changes Among Counties



Source: California Association of Realtors, July 2021

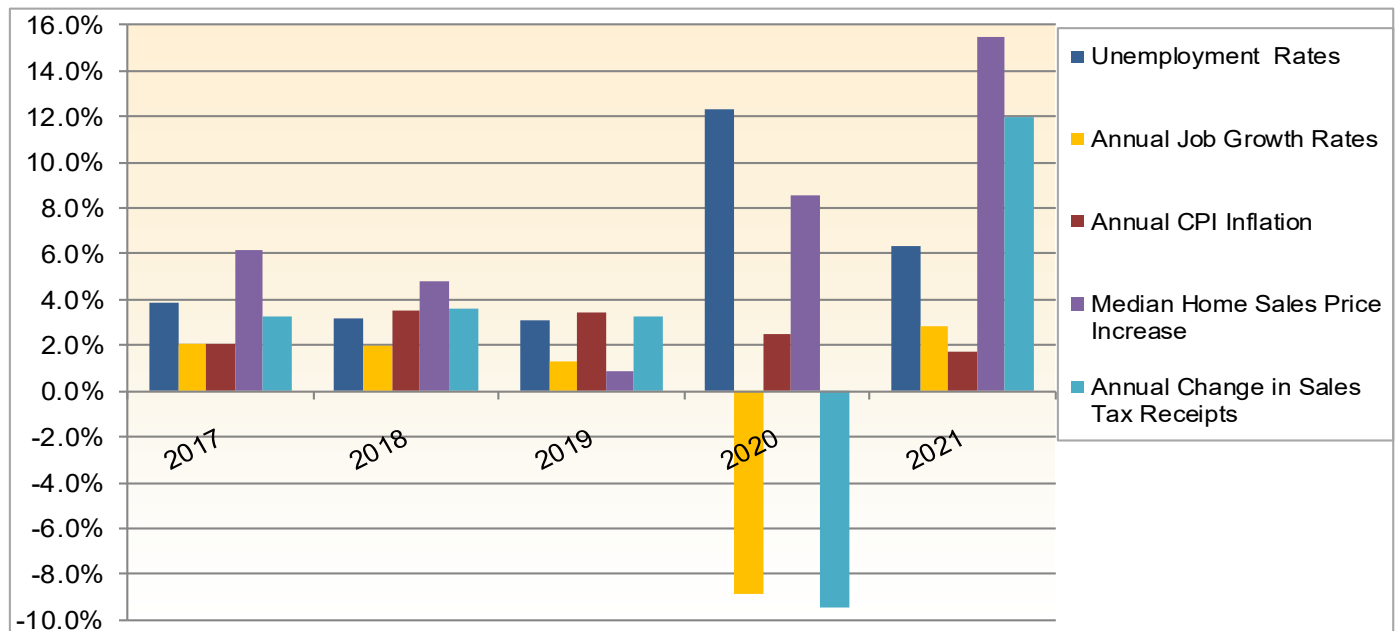
Table 5 shows various internal indicators reflecting modest to strong growth of the County's economy. The unemployment rate decreased from 12.3% in July 2020 to 6.3% in July 2021. According to the June 2021 Chapman University Economic & Business Review, job growth is expected to increase by 2.8% in 2021; median home sales price for existing single-family detached homes are forecasted to increase by 15.5% in 2021, relative to an increase of 8.6% in 2020; and sales tax receipts are forecasted to increase by 12.0% in 2021. In summary, the economy in Orange County is forecasted to show modest growth.

Table 5: Orange County Historical Data

Historical Indicators	2017	2018	2019	2020	2021
Unemployment Rates	3.9%	3.2%	3.1%	12.3%	6.3%
Annual Job Growth Rates	2.1%	2.0%	1.3%	(8.9%)	2.8%
Annual CPI Inflation	2.1%	3.5%	3.4%	2.5%	1.7%
Median Home Sales Price Increase	6.2%	4.8%	0.9%	8.6%	15.5%
Annual Change in Sales Tax Receipts	3.3%	3.6%	3.3%	(9.5%)	12.0%

Orange County Historical Data Comparison
(Shown as a year-to-year percentage increase/decrease)

Data in Table 5 for prior years may be different from previous Comprehensive Annual Financial Reports due to timing. Data for 2021 is based on forecasted data.



Sources: State of California, Employment Development Department
Economic & Business Review, Chapman University, June 2021
California Association of Realtors

Long-Term Financial Planning

Strategic Plan: In March 1997, the Board initiated a financial planning process that is a key component of the County's commitment to fiscal responsibility, accountability, and efficiency. The plan includes projections of County general purpose revenues, departmental projections of operating costs, revenues, capital and information technology needs for current programs and services and anticipated caseload changes. New programs, services and capital projects are identified and prioritized on a Countywide basis with financial impacts identified over the plan period. The plan covers a five-year period and includes a ten-year analysis of operating costs in cases where new programs and facilities are assessed to ensure the ability to pay for long-term operational costs.

The 2021 Strategic Financial Plan (SFP) was presented to the Board on December 14, 2021. The 2021 SFP is the foundation in planning for continued financial stability and is augmented by the monitoring and establishment of budgetary control via the budget reporting process and adoption of the Annual Budget. The five-year SFP projections indicate that General Purpose Revenue will grow, on average, about 3.0% annually. The moderate growth rate for revenue, coupled with the increasing cost of doing business, will require the County to carefully

manage programs and service levels. The County continues to believe that sustained job growth and reduced unemployment are the key indicators for economic growth.

In order to address identified budget issues and prepare for the continued uncertainty of the general and local economy, the following represent some of the actions taken or identified as options for early planning. Early action is critical to ensure baseline services are met and that the County continues to experience financial stability.

- The SFP reflects a 0% increase in Net County Cost allocations to departments for Fiscal Year (FY) 2022-23, and 0% for each of the following fiscal years, with any remaining excess funds distributed and/or set-aside to address the most critical strategic needs of the County
- Continuation of the policy to not backfill State budget reductions
- Internal financing program to support major capital and information technology projects
- Maintaining prudent levels of General Fund and Contingency Reserves

The County continues to move forward on several large projects and initiatives identified below. In addition, the County is in various stages of planning and implementing several other projects. Planning and design has started for the second of three planned Be Well OC Wellness Hubs in the city of Irvine and construction continues for the second phase of the Civic Center Facilities Master Plan. Development of the County property at the former Marine Corps Air Station El Toro in Irvine and other various County-owned properties, such as with the Prado Dam, will require up-front financial planning and investment in order to generate revenue in future years on a long-term basis.

Santa Ana River Mainstem Project: The Santa Ana River Mainstem Project (SARMP) was initiated in 1964, in partial response to a resolution of the United States House Committee on Public Works adopted May 8, 1964. A survey report was completed by the OCFCD in 1975. The report was reviewed and submitted to Congress in September 1978. In September 1980, the United States Corps of Engineers completed the General Design Memorandum for the SARMP. Construction for the SARMP was authorized by the Water Resources Development Act of 1986. Construction for the SARMP was initiated in 1989, and completion is scheduled for December 2023 for the major components of the project.

The SARMP is designed to provide flood protection to the growing urban communities in Orange, Riverside and San Bernardino Counties. The proposed improvements to the system cover 75 miles, from the headwater of the Santa Ana River east of the city of San Bernardino to the mouth of the river at the Pacific Ocean between the cities of Newport Beach and Huntington Beach. The project will increase levels of flood protection to more than 3.35 million people within the three county areas. The project includes seven independent features: Seven Oaks Dam, Mill Creek Levee, San Timoteo Creek, Oak Street Drain, Prado Dam, Santiago Creek and the Lower Santa Ana River. More information on the SARMP is available in Note 16, Construction and Other Significant Commitments in the Notes to the Basic Financial Statements Section. To learn more about the SARMP, visit the Orange County Flood Control Division's website at <https://ocip.ocpublicworks.com/service-areas/oc-infrastructure-programs/santa-ana-river-project>.

OC Dana Point Harbor Revitalization Plan: The OC Dana Point Harbor Revitalization Plan (Plan) includes revitalization of Dana Point Harbor's commercial core, marinas, and hotel. The Plan is a multi-phased and long-term public-private partnership project, where total development costs have been estimated in excess of \$320,000. The Plan is a phased and systematic long-term rehabilitation and/or replacement of the commercial core, hotel, and waterside elements. County Executive Office Real Estate staff managed the process for selection of a private partner for the project and worked with OC Parks staff to finalize the financial strategy for the complete Plan that will meet the long-term needs and expectations of the community and the County. On October 17, 2017, the County selected Dana Point Harbor Partners, LLC (DPHP) as the primary developer and Dana Point Partners, LLC as the alternate developer for the lease, development, and management of certain portions of Dana Point Harbor. On July 17, 2018, the Board approved option and ground lease agreements with DPHP to administer and manage Dana Point Harbor and initiate entitlement approvals for certain portions of Dana Point Harbor for the long-term use and enjoyment by the public.

The County's master lease with DPHP for the Harbor, including the Marina, commercial core and hotel, commenced on October 29, 2018. To date, DPHP has received entitlements for two of the three Harbor components. In September 2020, the California Coastal Commission (CCC) approved the Coastal Development Permit (CDP) for the Marina improvements. The Marina team is currently working on obtaining the necessary permits to commence

construction in the first quarter of 2022. The Commercial Core received its substantial conformance approval for its CDP from the City of Dana Point (City) in early 2020. Construction on the first phase of the Commercial Core was slated to begin in December 2020 with the construction of the parking structure but shutdowns related to the COVID-19 pandemic delayed that start date. It is currently anticipated that Phase 1 will commence in the first quarter of 2022. The third and final component, the hotels, will require an amendment to the existing Local Coastal Plan as well as a CDP to allow for the two hotels proposed by DPHP as part of their overall revitalization program. The proposed hotel development is being processed by the City and CCC. A 45-day Draft Environmental Impact Review (EIR) public review period was completed on June 14, 2021. The City hosted an EIR Planning Commission Public Hearing in late August 2021 and the CCC hosted a Local Coastal Plan Amendment Public Hearing in mid-September 2021. Additional information on these agreements can be found in Note 6, Service Concession Arrangements, in the Notes to the Basic Financial Statements Section.

James A. Musick Facility Expansion: On March 8, 2012, the County received a conditional award from the State for \$100,000 in funds for expansion of the James A. Musick Facility, Assembly Bill 900 (AB900 Phase II). On March 8, 2013, the State approved the funding to complete design and construction for the project, of which establishment allows the County to commit funding to design and construction that is reimbursed from the AB900 Phase II \$100,000 award. The County must front the costs and then seek reimbursement from the State on an ongoing basis until construction completion and occupancy.

On March 13, 2014, the State approved \$80,000 in funds for the County for additional rehabilitation, treatment, and housing for the James A. Musick Facility, (SB 1022). This project will be completed in parallel with the AB900 Phase II project. Because of schedule compaction during design, the State approved executing both project phases into a single construction project. The financial requirements for this second phase are consistent with those described above.

On May 5, 2020, the County awarded a construction contract to Bernards Bros., Inc. for the project in the amount of \$261,118 and also approved a five percent construction contingency amount of \$13,056. The total project construction cost is estimated to be \$308,000 including, owner-carried insurance, construction management, special inspections and utility fees. The cost is funded by \$180,000 from AB900 and SB 1022 State funding and \$128,000 from the County's General Fund. As of August 2021, the County has received a total of \$48,570 in reimbursements from the State.

In July 2020, the State approved the contract award and construction began in August 2020. The project is scheduled to be completed in July 2023.

Westminster Watershed Feasibility Study/East Garden Grove Wintersburg Channel (Project): OC Public Works (OCPW) completed work with the Army Corps of Engineers (USACE) to finalize the Westminster Watershed Feasibility Study to reach the final milestone of the Chief's Report issued on July 9, 2020. OCPW is under a Design-Build contract to construct reaches covered by the study while receiving Work-In-Kind credit towards OCFCD's portion of the expected 65% Federal and 35% Non-Federal cost share.

Improvements to OCFCD facilities will benefit several cities including Huntington Beach, Fountain Valley, Westminster, Garden Grove, Santa Ana and Seal Beach. As part of the Study, USACE conducted public hearings and continues to incorporate refinements to cost analyses. The cost estimates from the study indicate that total construction cost is approximately \$1,224,000 for the Project; however, final analyses will provide a better estimate. Authorization is required by Congress through the Water Resources Development Act of 2020. Appropriations would then be needed to establish funding for the Project.

USACE is requesting federal funding for completing the upcoming Preliminary Engineering & Design phase under the continued partnership with OCFCD who will be contributing 50% of the costs.

Two projects for the East Garden Grove Wintersburg Channel are planned for construction by OCPW ahead of the formal partnership agreement with USACE for the federal project. The first project includes channel improvements from Warner Ave. to Goldenwest St. with construction estimated at \$79,300. Construction costs incurred for this Project through June 30, 2021 are \$25,490 and design costs through June 30, 2021 are \$3,192. Construction for the Warner Ave., Springdale St., and Edwards St. bridge crossings improvements is estimated at \$10,100 and design costs through June 30, 2021 are \$222. The bridge improvements are required so that expected flood control benefits are realized for the Warner to Goldenwest channel reach.

Orange County Civic Center Facilities Master Plan: On April 23, 2013, the Board adopted an ordinance approving a public-private partnership to develop the Civic Center Facilities Strategic Plan. On February 24, 2016, the Board approved a Program Management and Design Agreement for Phase 1A planning and design of the Orange County Civic Center Facilities.

Included in Phase I is a six-story, approximately 254,000 square foot building located at 601 N. Ross Street. On April 25, 2017, the Board approved the Phase 1B, construction of the new County Administration South (CAS), within the Civic Center, the lease and leaseback of CAS property, and establishment of a nonprofit corporation as it related to the financing of CAS and the Civic Center Facilities Strategic Plan. CAS is occupied by several County departments and includes a one-stop shop public counter where the public has access to services from multiple departments. There is also a 6,600-square-foot event/conference center, Building 18, located at 425 W. Santa Ana Boulevard, which is used by the County and the public. In the CAS Building, there are 350 underground parking spaces.

The project's financing was facilitated through a Board adopted ordinance on May 9, 2017, identifying the legal authority for the issuance of bonds, approving a Ground Lease, a Facility Lease, and forming the Capital Facilities Development Corporation (Corporation). On June 22, 2017, the California Municipal Finance Authority (CMFA) issued \$152,400 Lease Revenue Bonds, Series 2017A. Pursuant to a loan agreement, the CMFA loaned a total of \$175,340 to the Corporation for the construction. Upon filing the certificate of substantial completion, the County commenced base rental payments, under the Facility Lease, to repay the loan to the CMFA, which pays debt service to the bondholders. The CAS Project was completed, notice of completion was received and accepted by the Corporation, and the CAS Building was fully occupied by the County in November 2019.

On June 26, 2018, the Board approved a Program Management and Design Agreement for Phase 2A planning and design of a new Building 14, County Administration North (CAN), within the Civic Center, which will be a twin building of the above CAS Building; a six-story, approximately 254,000 square foot, 332 underground parking spaces and an additional 196 surface parking spaces. CAN will be occupied by several County departments and includes a Board Hearing room.

The project's financing was facilitated through a Board adopted ordinance on September 25, 2018, identifying the legal authority for the issuance of bonds, approving a Ground Lease, a Facility Lease, and using the Corporation. In December 2018, the CMFA issued \$185,705 Lease Revenue Bonds, Series 2018A. The CMFA loaned a total of \$212,304 to the Corporation, pursuant to a loan agreement, for the construction. Upon filing the certificate of substantial completion, the County will commence base rental payments, under the Facility Lease, to repay the loan to the CMFA, which pays debt service to the bondholders. The CAN Project started in October 2019 with environmental assessment and demolition efforts for the existing buildings and the new building construction is estimated to be completed in July 2022.

Be Well Wellness Hub, South Campus: On September 15, 2020, the Board approved a 60-year Option Lease Agreement with Mind OC to begin the development of a second Be Well Campus proposed on a 22-acre portion of the County's property located in the southern edge of the former Marine Corps Air Station (MCAS) El Toro. The Be Well South Campus is anticipated to deliver a broad continuum of health care and wellness support services in one location to include a:

- Wellness Discovery Center: A single point of entry navigation service to help residents find and connect with a broad range of services across the Orange County system, including suicide prevention, substance use, depression and related disorders, domestic violence, sexual assault, grief, isolation, child and elder concerns and critical incident debriefings.
- Be Well Center: Behavioral health and substance use services, which include Crisis Restorative Care, Mind and Body Resiliency Training, Outpatient Mental Wellness Care and Transitional Support.
- Community and Family Center: A multi-entity health care collective including local Orange County public and private health systems and will integrate health clinics with youth and community education, enrichment and experimental learning spaces.

When the conditions in the Option Agreement are met, the 60-year Ground Lease Agreement would be executed to allow for Mind OC to begin the designing and construction of the facility. The Be Well South campus is currently in the planning and design phase with construction scheduled to begin Spring 2022. In consideration of the public benefit afforded by the Be Well Campus and Mind OC's operation of the Project, the annual rent would be one dollar.

Relevant Financial Policies

To achieve the goal of providing outstanding and cost-effective regional public services, the County applies sound management practices and policies that enhance the quality of life of its citizens. Such financial management practices have been identified by the Government Finance Officers Association (GFOA) of the United States and Canada and recognized by Fitch Ratings as best practices that promote financial soundness, efficiency in government, and solvency in public finance.

General Fund Reserves Policy

The County General Fund Reserves Policy provides guidance in the creation, maintenance and use of reserves. The policy covers formal and informal reserves, and includes provisions for reserves such as appropriations for contingencies, reserve-like appropriations, and reserve-like funds held by others such as the OCERS Investment Account. The policy also recognizes whether funds are legally required or discretionary or have special restrictions. The reserves policy is maintained and updated, as needed, through the County's annual SFP process. The reserves policy targets and balances are included in the annual SFP document.

The General Fund Reserves policy is designed to provide flexibility to the County as well as the following:

- Resources to address unanticipated or cyclical economic conditions
- Resources for emergencies and/or catastrophic events
- Mitigation of the volatility of revenues and expenditures in managing temporary cash flow shortages
- Capacity to cover unexpected large one-time expenses and opportunities
- Capacity to fund capital investments
- Capacity to minimize borrowing costs
- Capacity to provide some level of protection against statutory changes to County revenues and impacts from federal and state actions

The County has a variety of reserve funds available to both the General Fund and Non-General Funds including:

- Fund Balance Assigned for Contingencies
- Fund Balance Assigned for Operations
- Fund Balance Assigned for Construction and Maintenance
- Fund Balance Assigned for Capital Projects
- Fund Balance Assigned for Teeter Loss Reserve
- Fund Balance Assigned for Reserve Target
- Reserve-Like Funds
- Reserve-Like Appropriations
- Department-Type Reserves

All of the previously mentioned are reserves normally modified at the time of budget adoption (Government Code Section 29085) or at fiscal year-end. Changes to reserve amounts at other times require a 4/5 vote of the Board. A 4/5 vote is also required to make such reserves available for appropriation to expend the funds, if needed, during the fiscal year (Government Code Section 29130).

Reserve Targets and Descriptions

Under GFOA recommended practice, the County establishes an overall reserve target and allocates the calculated target among the classes of obligated fund balances as appropriate. The County may fund more or less to each reserve class for a variety of reasons, such as its current financial condition, the need to set aside for particular goals or directives, the need to bridge one-time gaps, etc. The goal is to ensure a prudent reserve balance that is maintained and replenished on a regular basis. In implementing the GFOA's best practice, the County elected to establish a funding target based upon two months of General Fund operating revenues.

Contingencies

The purpose and use of this reserve is to cover unanticipated and severe economic downturns, major emergencies, or catastrophes that cannot be covered with existing appropriations. In particular, continued drought conditions with

the attendant risk of wildfires, highlights the potential for catastrophic events within the County. A significant event could create the need for a higher funding level of this reserve. The target amount for this reserve is 15% of ongoing annual General Purpose Revenues (excluding fund balance unassigned and one-time amounts and transfers).

The following table summarizes the County's financial management practices:

Relevant Financial Policies	
Multi-Year SFP	The County's SFP is based on a five-year financial forecast and includes a 10-year analysis of operating costs in cases where new programs and facilities are recommended to ensure the ability to pay for long-term operational costs. Performance measures and strategies are key elements of the SFP process.
Five-Year Capital Improvement Plan	The County's five-year Capital Improvement Plan (CIP) is a long-term list of significant projects funded by the General Fund in the Capital Projects budget. It also includes the five-year capital program for Non-General Fund agencies. The CIP aids the County in its assessment of the best use of funds available in order to establish and prioritize its capital asset goals, while maintaining long-term financial stability.
Information Technology Projects	The five-year Information Technology Plan (ITP) is a compilation of significant IT projects including upgrades or replacements of existing systems, greater or equal to \$150 and less than \$1,000 in any one fiscal year of the five years in the plan. Costs for ongoing system support and maintenance are included. The ITP is a tool used by the County to assess IT projects, leverage overlap, and prioritize the use of County General Funds available to IT projects.
Mid-Year Budget Report	The County Executive Office issues mid-year budget reports that provide the Board, County departments, members of the public, and other interested parties with an overview of the current status of budgeted revenues and expenditures, total budgeted positions and various departmental issues requiring adjustments to the County's budget.
Annual Budget Policies and Guidelines	The Annual Budget reflects the County's disciplined approach to fiscal management and is consistent with the County's SFP process. Department budgets are consistent with the priorities and operations plans contained in the SFP. Departments use these planning processes, along with outcome indicators, to evaluate programs and redirect existing resources as needed for greater efficiency to reduce costs and minimize the need for additional resources.
Fund Balance Reserve Policy	The County General Fund currently contains formal and informal reserves, appropriations for contingencies, appropriated reserve-type funds, and reserves held by others. The purpose of these reserves is to protect community programs and services from temporary revenue shortfalls and provide for unpredicted, sudden and unavoidable one-time expenditures.
Contingency Planning Policy	<p>The County's General Fund maintains a reserve for contingencies, which was established through the SFP process. The target amount for this reserve is 15% of ongoing annual General Purpose Revenues (excludes fund balance unassigned and one-time amounts and transfers), or \$137,932. This compares to the GFOA guidelines for funding contingencies at 15% or higher. The August 31, 2021 balance is \$137,932 below the target. The County plans to replenish the contingency reserve to the previous balance of \$65,000 with deferred emergency funding receipts in FY 2021-22.</p> <p>In addition to the reserve for contingencies, the County budgets an annual appropriation for significant unanticipated emergencies, catastrophes, one-time expenditures and opportunities of no less than \$5,000 in the General Fund.</p>

Relevant Financial Policies (Continued)	
Debt Disclosure Practices	The County presents a set of debt disclosures in the County's adopted Budget document and the Comprehensive Annual Financial Report, as well as Continuing Disclosure Annual Reports on its website and the Electronic Municipal Market Access (EMMA) repository.
Pay-as-you-go Capital Funding	The County's long-term practice has been to use pay-as-you-go funding for capital projects whenever possible. The use of systematic long range financial planning assists in making fiscal decisions such as debt vs. pay-as-you-go capital project financing. The SFP forecasts sources of the County's revenue and operating expenses and incorporates a list of previously identified and prioritized projects that will benefit the citizens of the County. The financial planning for capital projects considers the County's limited funding sources, the capital and operating costs, useful life of projects, and good business practices.
Credit and Debt Management Policy	The County's long-term practice has been to rapidly repay debt when practicable. The Policy is intended to maintain long-term financial stability by ensuring that its long-term financing commitments are affordable and do not create undue risk or burden, achieve and maintain high credit ratings, minimize debt service interest expense and issuance costs, provide accurate and timely financial disclosure and reporting, and comply with applicable State and Federal laws and financing covenants.
Public Financing Advisory Committee	The Public Financing Advisory Committee (PFAC) is responsible for the review, approval, and modification or denial of debt financing proposals. No County debt financing proposal is considered by the Board unless recommended in writing by the PFAC. The PFAC membership consists of the following: five public voting members, each representing a district, and three Ex-Officio County government members (the County Executive Officer, the elected Treasurer-Tax Collector, and the elected Auditor-Controller) (non-voting).
Audit Oversight Committee	The Audit Oversight Committee (AOC) is an advisory committee to the Board that provides oversight of the activities of the County's Internal Audit Department, performance audit function, and the County's external audit coverage including financial reporting and federal and state audit activities. The AOC membership includes the Chair and Vice-Chair of the Board, the County Executive Officer, the elected Treasurer-Tax Collector (non-voting), the elected Auditor-Controller (non-voting), and five private sector members appointed by the Board. The private sector members are appointed by the Board for a term of four years and may be reappointed or removed by the Board.
Treasury Oversight Committee	<p>The Treasury Oversight Committee (TOC) is responsible for reviewing and monitoring the annual Investment Policy Statement (IPS). In addition, the TOC causes an annual audit of the County's compliance with the IPS. The TOC shall also investigate any and all irregularities in the treasury operations, which become known to the TOC. The TOC has an approved policy to investigate and report such irregularities.</p> <p>Annually, the TOC reviews the IPS, including all proposed changes to IPS. The elected Treasurer-Tax Collector then submits the IPS to the Board for approval, including any changes thereto. The TOC membership consists of the following: the elected Auditor-Controller, the County Executive Officer, the elected County Superintendent of Schools, or their respective designees, and four public members. The public members shall be nominated by the elected Treasurer-Tax Collector and confirmed by the Board.</p>
24/7 Fraud Hotline	The Fraud Hotline is part of an ongoing fraud detection and prevention effort. The Fraud Hotline is intended for use by County employees, the general public, or vendors for reporting suspected waste, fraud, violations of County policy or misuse of County resources by vendors, contractors or County employees.

Major Initiatives

Funding Equity: The County hovers at the bottom of funding for counties statewide, receiving the lowest percentage of property taxes in California to support services, about 5 cents on the dollar; while the state average is 14 cents. The formula for returning local property taxes to the counties where they were collected was set in 1978 and has not been updated since. This systematically disadvantages the County's ability to provide services to its diverse population.

The County's predicament does not have easy fixes. Shifting funding formulas could affect other counties receiving more of their share of taxes, as well as other taxing entities such as cities, special districts, and schools, which have constitutional protections for state funding. Therefore, the answer to assuring funding equity for the County lies in increasing funding, programs, and partnerships that specifically benefit County programs and services. When the state shifts or adds responsibilities at the county level, the County will seek enough funding for those programs to ensure their success. The County's robust legislative agenda seeks creative and substantive ways to assure our residents are provided with their fair share of the taxes they pay to support the programs and services they deserve.

Labor Agreements: Most County employees are represented by one of 21 bargaining units, which are separated into eight labor organizations. The principal organization is the Orange County Employees Association (OCEA), which represents six bargaining units totaling about 10,829 employees in budgeted positions. The next largest unions are the Association of County Deputy Sheriffs (AOCDS), which represents four bargaining units totaling about 2,922 members and the American Federation of State and Municipal Employees (AFSME) at about 1,528 members. All contracts, except for one, have been successfully negotiated and County employees continue to work under their contract terms and conditions of employment.

AWARDS AND ACKNOWLEDGEMENTS

GFOA Awards: The GFOA awarded the Triple Crown Medallion, which recognizes that the County received all three GFOA Awards:

The Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended June 30, 2020; this represents the County's 26th consecutive award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a Comprehensive Annual Financial Report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) title the "OC Citizens' Report" for the year ended June 30, 2020; this represents the County's 18th consecutive award. The award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to be awarded, a government must publish a PAFR that reflects the program standards of creativity, presentation, understandability, and reader appeal. The "OC Citizens' Report" is available for viewing at www.ac.ocgov.com.

The GFOA also awarded a Distinguished Budget Presentation Award to the County for its FY 2020-21 Annual Budget; this is the County's fifth award. The award is the highest form of recognition in governmental budgeting. In order to receive the award, the entity had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to acknowledge how well an entity's budget serves as a policy document, a financial plan, an operations guide, and a communications device.

Counties Financial Transactions Reporting Award: The County received the Financial Transactions Reporting Award from the State Controller's Office for its Year-End Financial Transaction Report for the fiscal year ended June 30, 2020. The award is in recognition of the professionalism demonstrated by Counties in preparing accurate and timely financial reports and for those counties that meet the review criteria of the award program.

Acknowledgments: We would like to express our sincere appreciation to County staff and the staff of the certified public accounting firm of Eide Bailly LLP. We hope this report will be of interest and use to those in county government, other governmental agencies, and the public interested in the financial activities of the County of Orange.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Frank Davies', with a stylized, wavy line.

Frank Davies, CPA
Auditor-Controller

A handwritten signature in blue ink, appearing to read 'Michelle Aguirre', with a stylized, cursive line.

Michelle Aguirre
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Orange
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

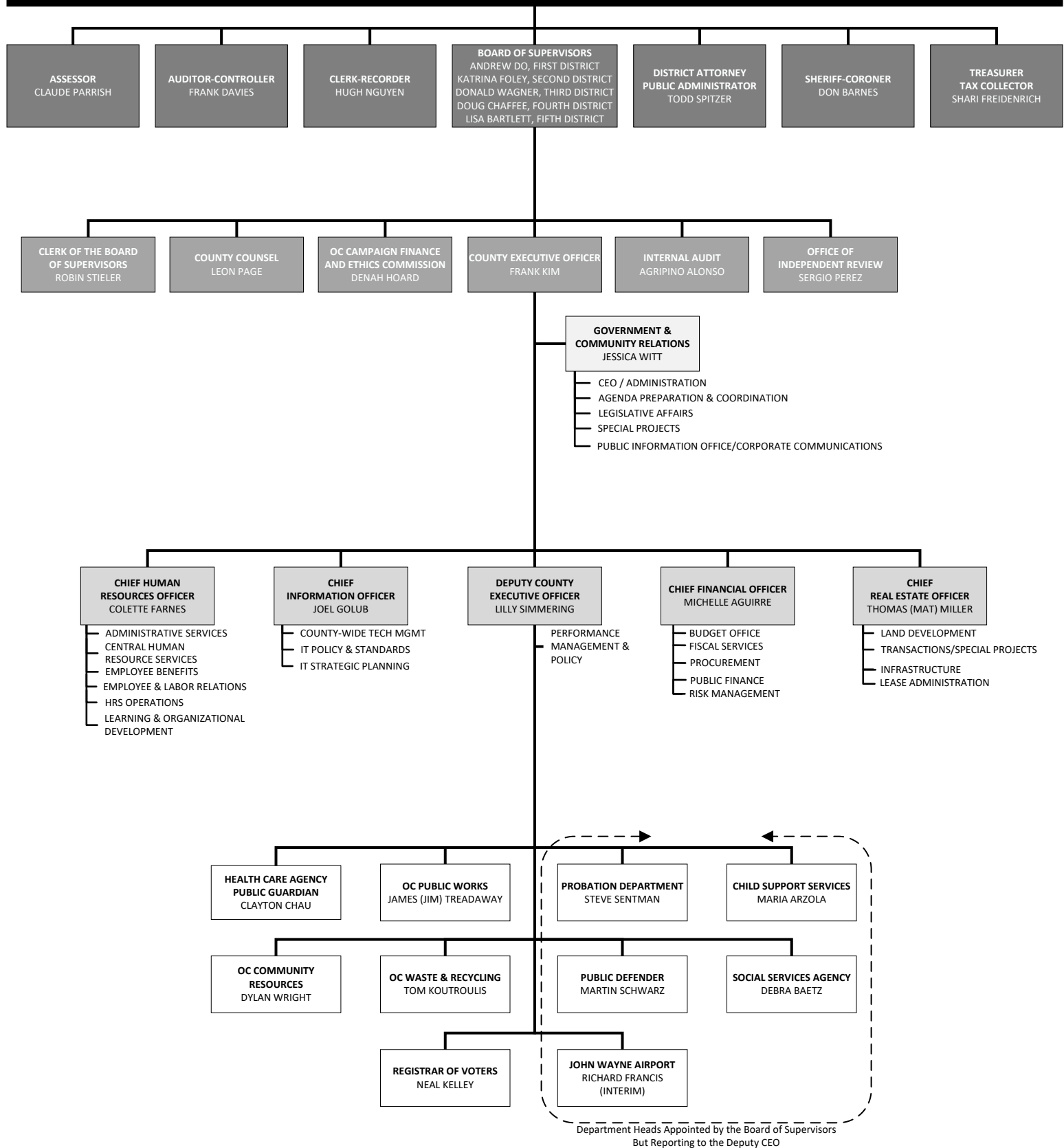
Christopher P. Morill

Executive Director/CEO

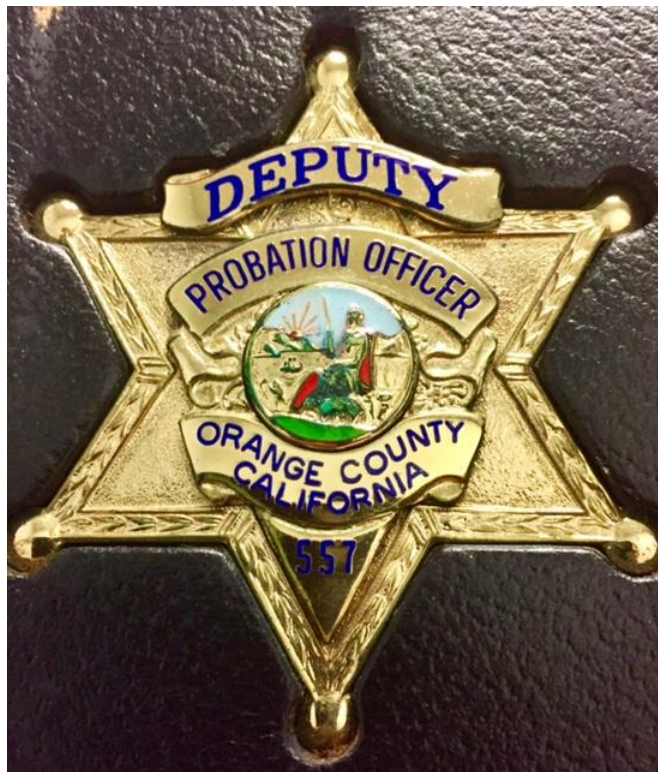


County of Orange Organizational Chart

PEOPLE OF ORANGE COUNTY







Deputy Probation Officer Badge





Independent Auditor's Report

To the Board of Supervisors
County of Orange, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, California (County) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County'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 did not audit the financial statements of the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima), and Orange County Employees Retirement System (OCERS), which represent the following percentages of assets, net position/fund balances and revenues of the opinion units listed below as of and for the fiscal year ended June 30, 2021:

	<u>Assets</u>	<u>Net Position/ Fund Balances</u>	<u>Revenues</u>
<u>CalOptima:</u>			
Aggregate discretely presented component units	97.5%	95.8%	99.1%
<u>OCERS:</u>			
Aggregate remaining fund information	69.2%	70.0%	12.2%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CalOptima and OCERS, is based solely on the reports of the other auditors. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective changes in financial position and, where, applicable, cash flows thereof and the respective budgetary comparison for the General fund, Flood Control District fund, Other Public Protection fund, and Mental Health Services Act fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As described in Notes 1 and 2 to the financial statements, the County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules for the Orange County Employees Retirement System (OCERS) plan, Orange County Extra-Help Defined Benefit plan, and the Orange County Retiree Medical plan, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the County'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 solely 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 the County'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 the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California
December 22, 2021



Deputy Probation Officer Arrest



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED)

This section of the County's Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2021. We hope that the information presented here, in conjunction with the Letter of Transmittal, provides a clear picture of the County's overall financial status. Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- Total change in net position, which is the difference between total revenues (including transfers in) and expenses (including transfers out), was \$818,879 for the fiscal year, and it increased net position by 29% from prior year.
- Long-term debt obligations decreased by \$31,086 or 5% during the current fiscal year.
- The County's governmental funds reported combined ending fund balances of \$2,754,473, an increase of \$62,396 or 2% in comparison with the prior year.
- General Fund revenues and other financing sources ended the year 5% below budget.
- General Fund expenditures and other financing uses ended the year 6% below budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements presented in the County's Comprehensive Annual Financial Report are divided into three different sections:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

<i>Basic Financial Statements</i>			
Government-wide Financial Statements	Fund Financial Statements		
	Governmental Funds	Proprietary Funds	Fiduciary Funds
Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
	Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Revenues, Expenses, and Changes in Fund Net Position	
Statement of Activities	Budgetary Comparison Statements	Statement of Cash Flows	Statement of Changes in Fiduciary Net Position
Notes to the Basic Financial Statements			

The following table summarizes the major features of the basic financial statements:

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Type of Financial Statement	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances Budgetary Comparison Statements	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Scope	Entire entity (except fiduciary funds)	Day-to-day operating activities for basic services	Day-to-day operating activities for business-type services	Resources on behalf of others
Accounting Basis and Measurement Focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources measurement focus
Type of Asset, Deferred Outflows of Resources, Liability, and Deferred Inflows of Resources Information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Current assets, liabilities, and deferred inflows of resources that come due during the year or soon thereafter	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	All assets, deferred outflows of resources, and deferred inflows of resources held in a trustee or custodial capacity for others
Type of Inflow and Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements consist of the following two financial statements: the Statement of Net Position and the Statement of Activities. Both of these statements were prepared using an accounting method and a measurement focus similar to those used by private-sector companies, the accrual basis of accounting and the economic resources measurement focus. The **Statement of Net Position** provides information regarding all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The **Statement of Activities**, on the other hand, provides information on how the government's net position changed during the most recent fiscal year regardless of the period when the related cash or cash equivalent is received or paid. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, and earned but unused vacation leave).

The Statement of Net Position and the Statement of Activities distinguish functions of the County that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include (1) general government, (2) public protection, (3) public ways and facilities, (4) health and sanitation, (5) public assistance, (6) education, and (7) recreation and cultural services. The business-type activities of the County include John Wayne Airport (Airport), OC Waste & Recycling, and Compressed Natural Gas (CNG).

The government-wide financial statements also provide information regarding the County's component units, entities for which the County (the primary government) is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations; therefore, data from these component units are combined with data of the primary government. Financial information for the CFCOC and CalOptima, discretely presented component units, are reported separately from the financial information presented for the primary government itself. Separate stand-alone annual financial reports can be obtained by accessing the County's website at the following address: www.ocgov.com. A separate stand-alone CalOptima annual financial report can be obtained by accessing the website at <http://wpso.dmh.ca.gov/fe/search/>.

Fund Financial Statements

- **Fund** - a separate accounting entity with a self-balancing set of accounts.
- Focus is on **major funds**.
- Provides information regarding the three major categories of all County funds: **governmental, proprietary, and fiduciary**.

The fund financial statements report on groupings of related funds that are used to maintain control over resources that have been segregated for specific activities or objectives. A fund is a separate accounting entity with a self-balancing set of accounts. Like other state and local governments, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of governmental and proprietary fund financial statements is on major funds as determined by the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. All of the County funds can be divided into three major categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds include most of the County's basic services and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements are prepared using the modified accrual basis of accounting and current financial resources measurement focus.

Because 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are prepared for the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances to facilitate comparisons between governmental funds and governmental activities. The primary differences between the government-wide and fund financial statements relate to noncurrent assets, such

as land and structures and improvements, and noncurrent liabilities, such as bonded debt and amounts owed for compensated absences, capital lease obligations, net pension liability and Other Postemployment Benefits (OPEB), which are reported in the government-wide statements but not in the fund financial statements.

The County maintains several individual governmental funds organized according to their type (General Fund, Special Revenue, Debt Service, Capital Projects and Permanent funds). Information is presented separately in the governmental funds balance sheet and in the statement of revenues, expenditures, and changes in fund balances for the General Fund, which is always a major fund, and all other major funds which may change each year depending on if they meet the major funds criteria. Information for nonmajor funds is presented in the aggregate as "Other Governmental Funds" in these statements. Individual fund data for each of the nonmajor governmental funds is presented in the Supplemental Information Section of this Comprehensive Annual Financial Report. The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with the budget and are presented in the Basic Financial Statements and Supplemental Information Section of this Comprehensive Annual Financial Report, respectively.

Proprietary Funds - The County maintains two different types of proprietary funds: 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. The County uses enterprise funds to account for its Airport, OC Waste & Recycling, and CNG activities. **Internal Service funds** are used to accumulate and allocate costs internally among the County's various functions such as insurance, transportation, publishing services, and information technology. Because these services predominantly benefit governmental rather than business-type functions, Internal Service funds have been included within governmental 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 Airport and OC Waste & Recycling operations, which are both considered to be major funds of the County. Conversely, the Internal Service funds are combined into a single, aggregated presentation in the proprietary fund financial statements with the individual fund data provided in the combining statements, which can be found in the Supplemental Information Section of this Comprehensive Annual Financial Report.

Fiduciary Funds - Fiduciary funds include the **Trust** and **Custodial** funds and are used to account for assets held on behalf of outside parties, including other governments. Financial information for fiduciary funds is not reported in the government-wide financial statements because the resources of these funds are not available to support the County's programs. The combining statements for fiduciary funds are included in the Supplemental Information Section of this Comprehensive Annual Financial Report.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. To find a specific note, refer to the Table of Contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At June 30, 2021, the County's combined net position (governmental and business-type activities) totaled \$3,663,267, an increase of 29% from FY 2019-20.

The largest component of the County's net position, which totals \$4,399,153 was **net investment in capital assets**, which represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets and debt-related deferred outflows and inflows of resources. The County's capital assets are used to provide needed services to its citizens. Since the capital assets themselves cannot be used to liquidate the associated debt, the resources needed to repay the debt must be provided from other sources.

COMPONENTS OF NET POSITION

- Net Investment in Capital Assets
- Restricted
- Unrestricted

County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

The County's **restricted** net position of \$1,721,766 represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions. External restrictions include those imposed by grantors, contributors, laws/regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation.

The **unrestricted** net position is the final component of net position. Unrestricted net position is resources that the County may use to meet its ongoing obligations to citizens and creditors. As of June 30, 2021, the County's unrestricted net position totals a deficit of \$2,457,652. Among governmental activities the deficit was \$3,046,351 in unrestricted net position, compared to its deficit of \$3,480,608 at June 30, 2020. The main contributor of the deficit continues to be the reporting of the County's proportionate share of net pension and OPEB liability on the financial statements.

The following table presents condensed financial information derived from the government-wide Statement of Net Position:

NET POSITION – Primary Government June 30, 2021 and 2020						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and Other Assets	\$ 4,754,772	\$ 4,373,638	\$ 1,002,351	\$ 976,845	\$ 5,757,123	\$ 5,350,483
Capital Assets	3,640,386	3,426,770	942,791	946,913	4,583,177	4,373,683
Total Assets	8,395,158	7,800,408	1,945,142	1,923,758	10,340,300	9,724,166
DEFERRED OUTFLOWS OF RESOURCES	1,036,680	874,422	22,191	19,453	1,058,871	893,875
Total Assets/Deferred Outflows of Resources	9,431,838	8,674,830	1,967,333	1,943,211	11,399,171	10,618,041
LIABILITIES						
Long-term Liabilities	4,711,405	5,296,601	369,652	392,806	5,081,057	5,689,407
Other Liabilities	1,413,203	1,278,107	64,828	76,679	1,478,031	1,354,786
Total Liabilities	6,124,608	6,574,708	434,480	469,485	6,559,088	7,044,193
DEFERRED INFLOWS OF RESOURCES	1,156,032	717,070	20,784	12,390	1,176,816	729,460
Total Liabilities/Deferred Inflows of Resources	7,280,640	7,291,778	455,264	481,875	7,735,904	7,773,653
NET POSITION						
Net Investment in Capital Assets	3,533,978	3,319,173	865,175	856,250	4,399,153	4,175,423
Restricted	1,663,571	1,544,487	58,195	58,282	1,721,766	1,602,769
Unrestricted	(3,046,351)	(3,480,608)	588,699	546,804	(2,457,652)	(2,933,804)
Total Net Position	\$ 2,151,198	\$ 1,383,052	\$ 1,512,069	\$ 1,461,336	\$ 3,663,267	\$ 2,844,388

As of June 30, 2021, the County's total assets and deferred outflows of resources increased by 7% or \$781,130 during the current fiscal year. Capital assets increased by \$209,494, primarily due to the construction projects related to the Civic Center Facilities Master Plan and James A. Musick facility expansion. In addition, there was an increase of \$406,640 in current and other assets, which is primarily attributable to the federal assistance received from the Coronavirus Relief Fund (CRF), the American Rescue Plan Act (ARPA), and Federal Emergency Management Agency (FEMA) established to assist governments to cover expenditures related to the COVID-19 public health emergency, higher tax apportionments and interest revenue received. Deferred outflows of resources increased by \$164,996, primarily due to an increase in the difference between the expected and actual experience and higher employer contributions after the measurement date as required by GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27," (GASB Statement No. 68) and employer pension contributions made after the measurement date as required by GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68" (GASB Statement No. 71).

Total liabilities and deferred inflows of resources for FY 2020-21 decreased by \$37,749. Long-term liabilities decreased by 11% or \$608,350, mainly due to a decrease in the County's proportionate share of the net pension liability as a result of higher investment returns. Deferred inflows of resources increased by 61% or \$447,356, mainly due to increases between the projected and actual investment earnings and changes in assumptions as required by GASB Statement No. 68.

The following table provides summarized data of the government-wide Statement of Activities:

CHANGES IN NET POSITION – Primary Government For the Years Ended June 30, 2021 and 2020						
	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 625,080	\$ 605,376	\$ 289,325	\$ 314,910	\$ 914,405	\$ 920,286
Operating Grants and Contributions	3,199,181	2,500,368	22,371	5,285	3,221,552	2,505,653
Capital Grants and Contributions	141,883	141,118	5,387	--	147,270	141,118
General Revenues:						
Property Taxes	624,552	595,114	--	--	624,552	595,114
Property Taxes in Lieu of						
Motor Vehicle License Fees	438,321	418,370	--	--	438,321	418,370
Other Taxes	127,777	104,863	14	50	127,791	104,913
Grants and Contributions not Restricted to Specific Programs	15,547	11,673	--	--	15,547	11,673
State Allocation of Motor Vehicle License Fees	3,528	838	--	--	3,528	838
Other General Revenues	100,157	84,169	3,518	19,858	103,675	104,027
Total Revenues	5,276,026	4,461,889	320,615	340,103	5,596,641	4,801,992
EXPENSES						
General Government	188,668	313,583	--	--	188,668	313,583
Public Protection	1,513,781	1,571,137	--	--	1,513,781	1,571,137
Public Ways and Facilities	138,670	158,356	--	--	138,670	158,356
Health and Sanitation	1,106,989	752,996	--	--	1,106,989	752,996
Public Assistance	1,358,723	1,219,816	--	--	1,358,723	1,219,816
Education	52,579	48,845	--	--	52,579	48,845
Recreation and Cultural Services	128,747	122,694	--	--	128,747	122,694
Interest on Long-Term Debt	27,232	33,617	--	--	27,232	33,617
Airport	--	--	128,160	132,804	128,160	132,804
OC Waste & Recycling	--	--	134,202	130,853	134,202	130,853
Compressed Natural Gas	--	--	11	11	11	11
Total Expenses	4,515,389	4,221,044	262,373	263,668	4,777,762	4,484,712
Excess before Transfers	760,637	240,845	58,242	76,435	818,879	317,280
Transfers	7,509	9,826	(7,509)	(9,826)	--	--
Change in Net Position	768,146	250,671	50,733	66,609	818,879	317,280
Net Position-Beginning of the Year	1,383,052	1,132,381	1,461,336	1,394,727	2,844,388	2,527,108
Net Position-End of the Year	\$ 2,151,198	\$ 1,383,052	\$ 1,512,069	\$ 1,461,336	\$ 3,663,267	\$ 2,844,388

The County's net position increased by \$818,879 during the current fiscal year. Revenues for the year totaled \$5,596,641 an increase of \$794,649 from prior year's total revenues. Expenses totaled \$4,777,762 an increase of \$293,050 from the previous year's total expenses.

Governmental Activities

The County's governmental activities rely on several sources of revenue to finance ongoing operations. Operating grants and contributions comprised the largest revenue source for the County, followed by charges for services. Operating grants and contributions are monies received from parties outside the County and are generally restricted to one or more specific programs such as State and Federal revenues for public assistance and for health care. Charges for services are revenues that arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Examples of the types of services that fall under this category include engineering services provided to cities under contract, park and recreation fees, and law enforcement services provided to other governmental agencies under contract.

At the end of FY 2020-21, total revenues for governmental activities, including transfers from the business-type activities, were \$5,283,535 an increase of \$811,820 from the previous year. Expenses totaled \$4,515,389 an increase of \$294,345 from the prior year. During the current fiscal year, net position for governmental activities increased by \$768,146 from the prior fiscal year for an ending balance of \$2,151,198. Key elements of the increase are as follows:

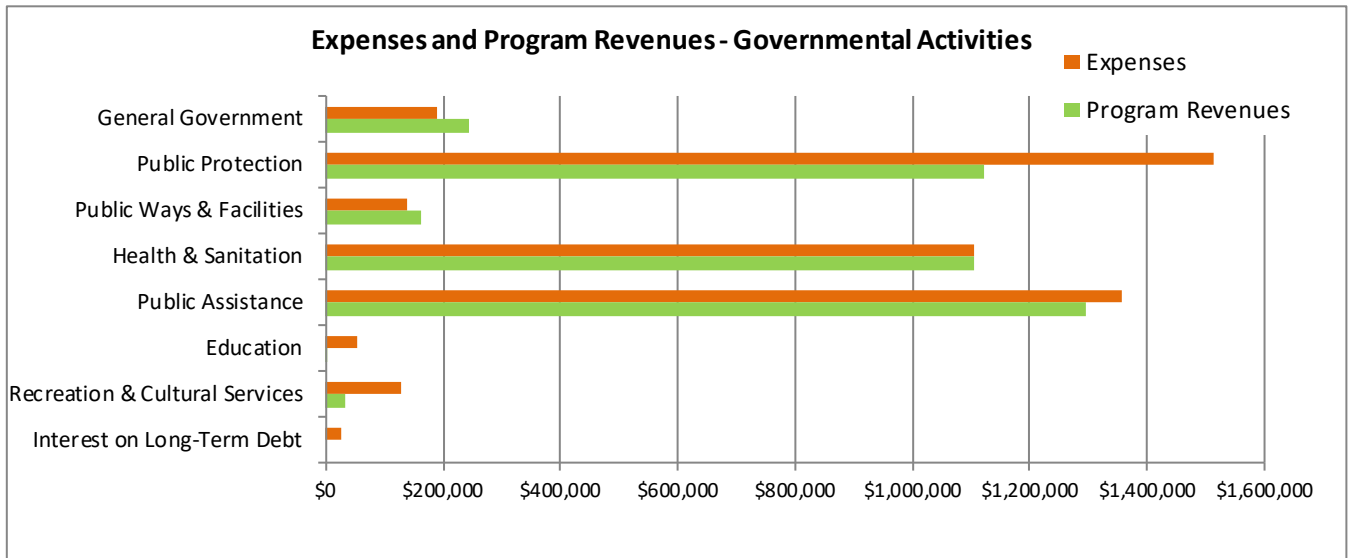
Revenues

- Operating grants and contributions increased by \$698,813, mainly due to federal funds received from programs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, ARPA, and FEMA established to assist governments with expenditures related to the COVID-19 public health emergency, COVID-19 economic support, emergency rental assistance programs and COVID-19 vaccination programs. In addition, there was a higher allocation from the State for mental health services and higher sales tax revenue in public safety realignment revenues.

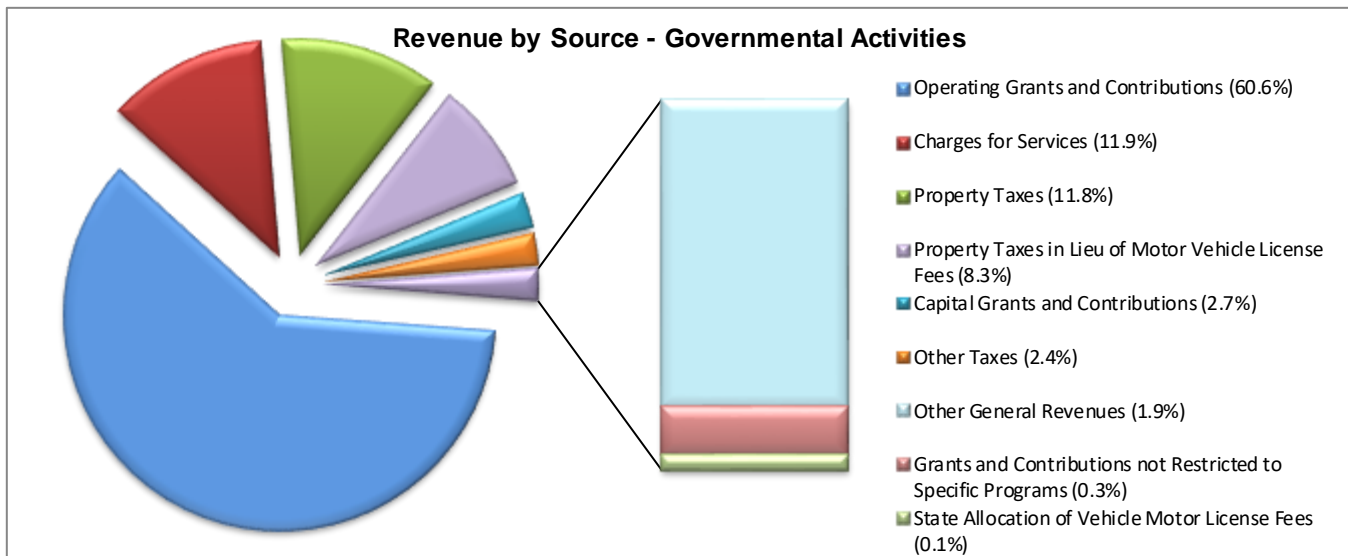
Expenses

- Expenses in health and sanitation increased by \$353,993, primarily due to an increase in professional and specialized services to address the COVID-19 public health emergency.
- Expenses in public assistance increased by \$138,907, mainly due to CRF funds distributed to small businesses through the Small Business Relief Program, and an increase in costs for Senior Services and Elderly Nutrition Programs.
- Expenses in general government decreased by \$124,915, which is attributable to prior year distribution of CRF monies to cities for establishing business recovery grant programs for covering COVID-19 related costs and a decrease in construction costs related to the Community Facilities District (CFD) No. 2017-1 (RMV Village of Esencia).
- Expenses in public protection decreased by \$57,356, mainly due to a decrease in salaries and employee benefits (S&EB) and pension costs.

The following chart presents a comparison of expenses by function and the associated program revenues for governmental activities:

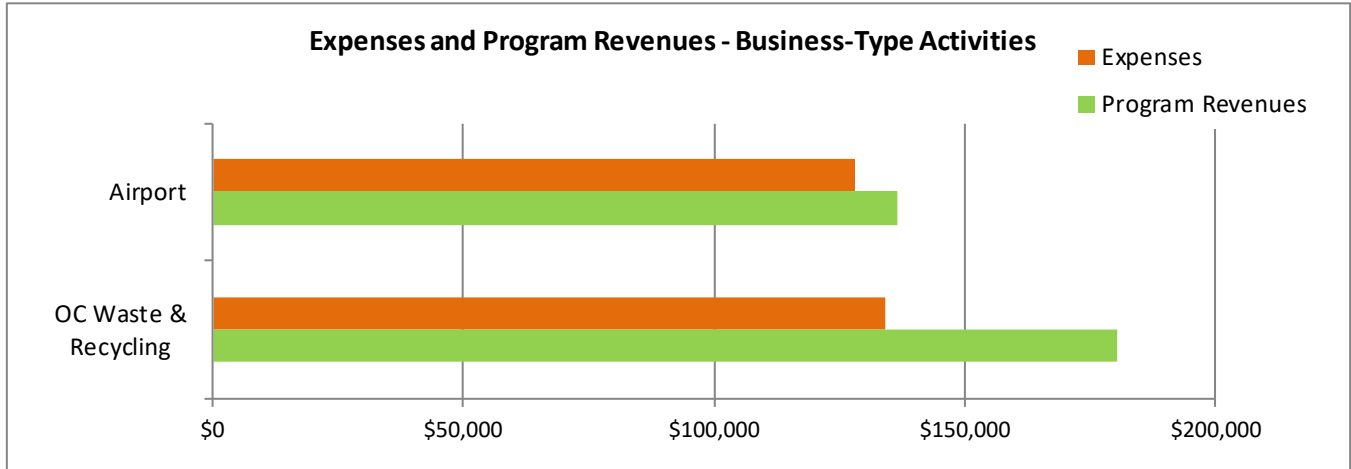


The chart below presents the percentage of total revenues by source for governmental activities:



Business-Type Activities

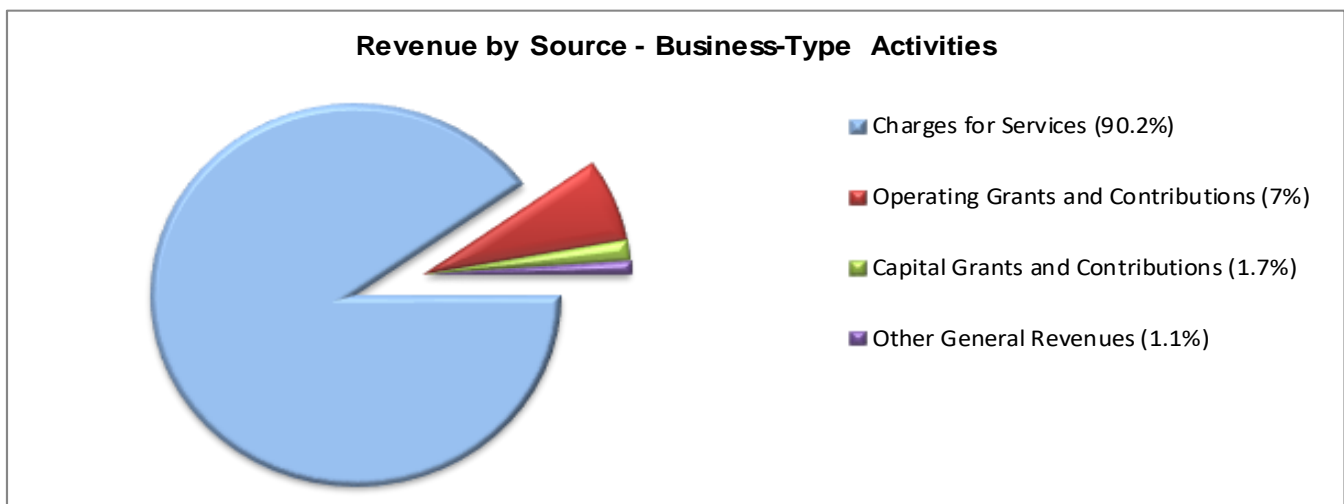
The County has three business-type activities: Airport, OC Waste & Recycling, and CNG. In keeping with the intent of recovering all or a significant portion of their cost through user fees and charges, business-type activities reported charges for services as their largest source of revenues.



At the end of FY 2020-21, the business-type activities' total revenues exceeded expenses and transfers resulting in an increase of \$50,733 in net position compared to the prior year's increase in net position of \$66,609. Revenues totaled \$320,616 a decrease of \$19,488 from the previous fiscal year, which is primarily attributable to decreases in revenue from the Airport's auto parking, concessions, revenue from services and OC Waste & Recycling's decrease in importation disposal tonnage and fees, partially offset by the Airport's increase in Federal Aviation Administration (FAA) CARES Grant 49 revenues.

Expenses, including transfers to governmental activities, totaled \$269,882 representing a decrease of \$3,612 from the previous year. This decrease is primarily due to the Airport's decrease in S&EB and professional and specialized services, as well as a decrease in OC Waste & Recycling's closure and postclosure care costs and taxes and other fees. Partially offset by an increase in OC Waste & Recycling's services and supplies (S&S) and professional and specialized services. Other factors concerning the finances of the County's two major enterprise funds are discussed in the Proprietary Funds Section of the "Financial Analysis of the County's Funds."

The following chart displays expenses and the associated program revenues by function for the business-type activities (major enterprise funds):



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities.

Governmental Funds

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources related to unavailable revenue generally are included on the balance sheet, with the difference reported as fund balance. Fund balance, excluding nonspendable and restricted fund balances, may serve as a valuable measure of the government's available financial resources for spending at the end of a fiscal year. This amount is available for spending at the discretion of the Board in order to achieve the established function of the respective funds.

At June 30, 2021, the County's governmental funds reported total fund balances of \$2,754,473, which is an increase of \$62,396 in comparison with prior year ending fund balances.

Comparative Analysis of Changes in Fund Balances

The following schedule presents a summary of revenues and other financing sources, expenditures and other financing uses, and the net change in fund balances for the governmental funds for the current and previous fiscal year:

GOVERNMENTAL FUNDS

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCES

For the Years Ended June 30, 2021 and 2020

	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General Fund	\$ 4,133,547	\$ 3,767,361	\$ 4,261,122	\$ 3,694,792	\$ (127,575)	\$ 72,569
Flood Control District	165,785	174,694	185,516	144,155	(19,731)	30,539
Other Public Protection	84,024	65,384	47,051	48,816	36,973	16,568
Mental Health Services Act	239,941	147,928	189,857	231,783	50,084	(83,855)
Other Governmental Funds	1,094,062	906,417	971,417	902,182	122,645	4,235
Total	\$ 5,717,359	\$ 5,061,784	\$ 5,654,963	\$ 5,021,728	\$ 62,396	\$ 40,056

In addition to the effects of expenditure-driven grants, the following information provides explanations for the significant changes in fund balance:

General Fund

The General Fund is the chief operating fund of the County. At the end of FY 2020-21, revenues and other financing sources were less than the expenditures and other financing uses resulting in a decrease in fund balance of \$127,575 compared to last year's increase of \$72,569. Revenues and other financing sources increased by \$366,186 and expenditures and other financing uses increased by \$566,330. The following is a brief summary of the primary factors that contributed to the decrease in the net change in fund balance for the General Fund in FY 2020-21:

Revenues

- Intergovernmental revenues increased by \$432,350, mainly due to federal funds received from programs under the CARES Act and ARPA, which were established to assist governments in covering expenditures related to the COVID-19 public health emergency, COVID-19 economic support, emergency rental assistance program and COVID-19 vaccination program.
- Transfers to the General Fund decreased by \$122,104, mainly due to prior year transfers to fund multi-year capital projects that did not occur this fiscal year. There was also a decrease in Proposition (Prop) 63 drawdowns from the Mental Health Services Act (MHSA).

Expenditures

- Expenditures for health and sanitation increased by \$383,828, primarily as a result of ongoing operational cost increases in the Health Care Agency (HCA) for professional services, S&EB, and S&S to address the COVID-19 public health emergency. Another factor contributing to the increase was an increase in operating leases with hotels and various sites for COVID-19 emergency occupancy agreements and COVID testing sites.
- Expenditures for public assistance increased by \$142,153, mainly due to payment from the CRF distributed to small businesses through the Small Business Relief Program, and an increase in cost of meals and deliveries for Senior Services and Elderly Nutrition Programs.
- Transfers from the General Fund increased by \$113,580, due to transfers out to the Countywide Capital Projects Non-General Fund for public health and public safety capital projects, to the Excess Public Safety Sales Tax Fund for annual public sales tax transfers, and to the Sheriff-Coroner for the James A. Musick Facility Expansion Project. A portion of the increase was offset by a decrease in transfers out related to various County capital projects such as the Be Well OC Campus, Yale Transitional Center, and the OC Animal Shelter.
- Expenditures for the general government decreased by \$102,108, primarily attributable to less CRF monies distributed to cities for establishing business recovery grant programs for covering COVID-19 related costs.

Flood Control District

This group of funds is used to account for the planning, construction, and operation of flood control and water conservation works, such as dams, basins, and trunk channels, and for the retardation, conservation, and controlled discharge of storm waters. At the end of FY 2020-21, there was a decrease in fund balance of \$19,731 as compared to last year's increase of \$30,539. Revenues and other financing sources decreased by \$8,909, mainly due to lower intergovernmental revenue received for the Santa Ana River (SAR) Subvention claims, no revenue received from the Department of Water Resources this fiscal year for the San Juan Creek Levee Protection Project Phase 4 and 5, higher unrealized investment loss, and a decrease in interest from investments. The decrease was partially offset by an increase in secured property tax revenue, property transfer tax, and revenue obtained for the sale of land to the Orange County Transportation Agency (OCTA). Expenditures and other financing uses increased by \$41,361, primarily due to increases in legal services for the SAR Mainstem Project, the Greenspot Bridge reimbursement payment to the City of Highland, and the condemnation payment made for the purchase of land for the SAR Mainstem/Prado Dam Project.

Other Public Protection

This group of funds accounts for revenues restricted for safety and law enforcement activities such as the child support program, automated finger print identification systems, and investigation team. At the end of FY 2020-21, there was an increase in fund balance of \$36,973 compared to last year's increase of \$16,568. Revenues and other financing sources increased by \$18,640, which was primarily attributable to an increase in transfers of excess Prop 172 Public Safety Sales Tax funds from the General Fund, revenue generated from recording real property transactions, and fees received from various counties for the utilization of the Statewide Electronic Courier Universal Recording Environment System. The increase was partially offset by a decrease in State Criminal Alien Assistance Program (SCAAP) revenue received for costs incurred from incarcerating undocumented criminals with felony or misdemeanor convictions. Expenditures and other financing uses decreased by \$1,765, mainly due to a decline in transfers to other funds for the allocation of SCAAP revenue. Offsetting the decrease was an increase in 800MHZ Backbone Cost Sharing revenue transfers out to the Sheriff-Coroner's Department, an increase in software and license costs for the new Orange County Mobile Identification Solution Program and an increase in Regional Narcotics Suppression Program professional services costs.

Mental Health Services Act

This fund accounts for purpose restricted MHSA revenues. At the end of FY 2020-21, fund balance increased by \$50,084 compared to last year's decrease of \$83,855. Revenues and other financing sources increased by \$92,013, primarily due to a higher allocation from the State for approved mental health services. Expenditures decreased by \$41,926, primarily due to a decrease in transfers out to the General Fund for eligible reimbursements of MHSA related services. The use of fund balance is currently being evaluated by HCA and the Board of Supervisors Mental Health Ad Hoc Committee.

Other Governmental Funds

Other governmental funds encompass nonmajor funds, which include special revenue funds, debt service funds, capital projects funds, and a permanent fund. At the end of FY 2020-21, fund balances increased by \$122,645 in comparison to prior year's increase of \$4,235. Revenues and other financing sources increased by \$187,645,

primarily due monies received from the State for the James A. Musick Facility Expansion construction project, additional revenues received from the U.S Department of Housing and Urban Development (HUD) from the CARES Act to fund costs related to the Homekey Program and other COVID-19 housing assistance expenditures. Additionally, there was an increase in transfers in for Non-General Fund multi-year countywide capital projects. These increases were partially offset by a decrease in the amount of Teeter Notes issued this fiscal year and the one-time transfer in from HCA for the development of supportive rental housing units for individuals eligible for MHSA services in the prior fiscal year. Expenditures and other financing uses increased by \$69,235, primarily due to higher expenditures for the James A. Musick Facility Expansion Project and the construction of Building 14, CAN. The increase was offset by a decrease in long-term debt expenditure and a decrease in transfers out to fund General Fund capital projects.

The following table shows fund balances and percentage change in fund balances for governmental funds for the current and previous fiscal year:

COMPARATIVE FUND BALANCE				
Governmental Funds				
June 30, 2021 and 2020				
	2021	2020	Increase/(Decrease) %	
General Fund	\$ 735,727	\$ 863,302	(15)%	
Flood Control District	468,108	487,839	(4)%	
Other Public Protection	219,164	182,191	20 %	
Mental Health Services Act	182,159	132,075	38 %	
Other Governmental Funds	1,149,315	1,026,670	12 %	
Total	\$ 2,754,473	\$ 2,692,077	2 %	

Proprietary Funds

The proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Airport and OC Waste & Recycling funds, which are considered to be major funds of the County, and the CNG fund. Internal Service Funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

Comparative Analysis of Changes in Fund Net Position

The following table presents the enterprise funds' revenues, expenses, contributions, transfers, and changes in fund net position for the current and previous fiscal year:

ENTERPRISE FUNDS							
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, CONTRIBUTIONS, TRANSFERS, AND CHANGES IN FUND NET POSITION							
For the Years Ended June 30, 2021 and 2020							
	Revenues, Contributions and Transfers		Expenses and Transfers		Change in Fund Net Position		
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Airport	\$ 137,186	\$ 146,606	\$ 127,178	\$ 132,866	\$ 10,008	\$ 13,740	
OC Waste & Recycling	184,215	194,163	142,700	141,632	41,515	52,531	
Compressed Natural Gas	199	149	11	11	188	138	
Total	\$ 321,600	\$ 340,918	\$ 269,889	\$ 274,509	\$ 51,711	\$ 66,409	

Airport

This fund accounts for major construction and self-supporting aviation related activities rendered at the Airport. At the end of FY 2020-21, there was an increase of \$10,008 in fund net position compared to the prior year increase of \$13,740. Revenues, contributions and transfers decreased by \$9,420, primarily due to a decrease in auto parking fees, concessions, landing fees, airport fees, passenger and terminal fees, partially offset by an increase in

intergovernmental revenues as a result of monies received from the FAA CARES Grant 49 and the FAA Airport Coronavirus Response Grant. Expenses decreased by \$5,688, mainly due to a decrease in S&EB and professional and specialized services.

OC Waste & Recycling

This fund is used to account for the operation, expansion and closing of existing landfills. Monies are collected through gate tipping fees, which users pay based primarily on tonnage. At the end of FY 2020-21, there was an increase of \$41,515 in fund net position compared to the prior year increase of \$52,531. Revenues, contributions and transfers decreased by \$9,948, which was primarily due to a decrease in interest revenue. Expenses and transfers increased by \$1,068, primarily due to an increase in S&S, professional and specialized services, operating leases, and depreciation expense. These increases were offset by a decrease in landfill site closure and post-closure care costs, pollution remediation expense, taxes and other fees, and S&EB.

Compressed Natural Gas

This fund is used to account for the operation and maintenance of the CNG facility. Revenues consist primarily of CNG sales to fuel the County's growing fleet of CNG-powered heavy equipment. At the end of FY 2020-21, there was an increase of \$188 in fund net position compared to the prior year increase of \$138. Revenues increased by \$50, due to a higher royalty payment from Clean Energy. This increase was partially offset by a decrease in Federal Excise Tax for the Alternative Fuel Credit. Expenditures remain the same as prior year.

For further comparative analysis of Changes in Fund Net Position, please see the Business-Type Activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

This section provides a summary of the primary factors involved in the variances between: 1) the Original Budget and the Final Budget; and 2) the Final Budget and the budgetary based Actual amounts for the General Fund. In addition to the effects of expenditure-driven grants, the following information provides explanations for significant variances. Refer to the General Fund Budgetary Comparison Statement for a full budgetary comparison.

Original Revenue Budget vs. Final Revenue Budget

The following provides a summary of the primary factors attributable to the increase or decrease in the General Fund final budget revenues and other financing sources compared to the original budget revenues and other financing sources:

Intergovernmental

- An increase of \$117,282 in the Sheriff-Coroner Department, primarily due to revenue received from the CRF to reimburse public safety payroll costs for staff presumed to be substantially dedicated to mitigate the COVID-19 pandemic, as well as the transfer of budget from the Sheriff Court Operations and excess Prop 172 Public Safety Sales Tax.
- An increase of \$103,554 in HCA, mainly due to federal grant revenue related to the Emergency Rental Assistance Program and the CRF to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic and to reimburse public health payroll costs for staff presumed to be substantially dedicated to mitigate the COVID-19 emergency.
- An increase of \$64,201 in the OC Community Resources (OCCR) budget due to the anticipated monies related to the CARES Act, ARPA, and FEMA funding to provide nutrition and economic assistance to Orange County residents and businesses impacted by the COVID-19 pandemic.
- An increase of \$26,851 in the Social Services Agency (SSA) due to federal public assistance administration of social services programs aimed at helping those in need or impacted during the COVID-19 pandemic.

Transfers In

- An increase of \$15,226 in HCA from various sources, including HCA Interest Bearing Purpose Restricted Revenue, OC Tobacco Settlement, and the Bioterrorism Center for Disease Control Fund, to support ongoing program costs.
- An increase of \$6,610 in SSA from the SSA Wraparound Program to provide sufficient funding for position reinstatements.

- An increase of \$3,532 in the Sheriff-Coroner, primarily due to transfers from Prop 69 DNA Identification, OC Tobacco Settlement Revenue, and 800MHZ Countywide Coordinated Communications System to reimburse costs related to the tracking and collection of criminal activity information and to purchase an evidence refrigerated locker.

Final Revenue Budget vs. Actual Revenue Amounts

The following information provides a summary of the primary factors that caused significant variances in the General Fund actual revenues and other financing sources compared to the final revenue and other financing sources budget:

Transfers In

- A \$171,304 less than budgeted amount was primarily comprised of the following:
 - \$96,338 less received in HCA due to lower than expected drawdowns from the MHSA Fund and OC Tobacco Settlement Revenue.
 - \$30,545 less received in SSA mainly attributable to lower than budgeted reimbursements from the Wraparound Fund.
 - \$11,408 less received from the Teeter Tax Loss Reserve Funds, which was not necessary to balance the General Fund's budget.

Intergovernmental

- A \$38,558 less than budgeted amount was primarily comprised of the following:
 - \$65,535 less in OCCR due to eligible COVID-19 expenditures not being incurred for reimbursement from CARES and ARPA funding and a delay in the reimbursement of FEMA claims.
 - \$33,717 less in SSA due to lower than expected revenue from Medi-Cal, Kinship Guardianship Assistance Payment, CalFresh, and lower than anticipated reimbursements from CARES.
 - \$29,249 less in HCA due to lower than expected revenue related to the California Children Services, HIV Planning and Coordination, Nutrition Services, Environmental Health, Juvenile Health Services and a delay on the reimbursement of FEMA claims.
 - \$4,149 less received in the Human Resources Department due to lower than expected revenues related to the Operation Independence Project.
 - \$3,858 less received in OC Watersheds due to lower than expected revenues from the South Orange County Watershed Management Area.
 - \$3,360 less received in CEO due to the Coordinated Reentry System Project not being completed and funding was rebudgeted in FY 2021-22 for the renovation of the Youth Guidance Center to establish an Adult Reentry Center.
 - Partially offsetting the overall less than budgeted intergovernmental revenue amounts were the following:
 - \$50,266 more received in the Sheriff-Coroner Department related to Prop 172 Public Safety Sales Tax, AB 109 Realignment, and Intake Release Center.
 - \$40,325 more received in the County Local Revenue 2011 due to increased sales tax revenue being higher than projected during the COVID-19 pandemic.
 - \$12,156 more received in the District Attorney due to higher Prop 172 Public Safety Sales Tax allocation.
 - \$11,084 more revenue received for Correctional Medical Services, Mental Health Services and Public Health Laboratory.

Taxes

- A \$21,413 higher than budgeted amount was primarily comprised of the following:
 - \$17,170 more in other taxes due to an increase in revenues received for former California Redevelopment Agencies (RDA) residual and pass-through distributions.
 - \$6,022 more in current secured property taxes resulting from an increase in secured assessed values offset by \$1,662 less revenue received for current supplemental property taxes and \$833 less revenue received from local sales tax and district tax.

Original Expenditure Budget vs. Final Expenditure Budget

The following provides a brief summary of the primary factors attributable to the increase or decrease in the General Fund final budget expenditures and other financing uses compared to the original budget expenditures and other financing uses:

Miscellaneous

- An increase of \$115,753, mainly due to an increase in appropriations for various public health and public safety projects to mitigate the COVID-19 pandemic.

Sheriff-Coroner

- An increase of \$110,211, primarily due to the reorganization of the Emergency Management Division and Sheriff Court Operations under the Sheriff-Coroner budget control and an increase in budgeted transfers out to Excess Public Safety Sales Tax and to the Sheriff-Coroner Construction and Facility Development Fund for the James A. Musick Jail Facility Expansion Project.

Health Care Agency

- An increase of \$87,602, primarily due to the related agreements with the U.S Department of the Treasury prior to the expiration of the eviction moratorium to provide financial assistance to individuals at risk of homelessness or eviction due to unpaid rent and utilities as a result of the COVID-19 impacts on income and employment.

Sheriff Court Operations

- A decrease of \$51,036, mainly due to the merger of the Sheriff Court Operations with the Sheriff-Coroner.

OC Community Resources

- An increase of \$51,022, primarily due to nutrition and economic assistance provided to Orange County residents and businesses impacted by the COVID-19 pandemic.

Social Services Agency

- An increase of \$44,553 to provide sufficient funding for position reinstatements and contract costs.

Final Expenditure Budget vs. Actual Expenditure Amounts

The following provides a summary of the primary factors that caused significant variances in the General Fund actual expenditures as compared to the final budget:

Social Services Agency

- \$67,826 lower than budgeted amount primarily due to lower expenditures for S&EB, professional and specialized contracted services related to CalWORKs programs, as well as lower expenditures for IT professional services contracts related to CalWIN special projects, rents and leases, and building improvements.

Health Care Agency

- \$48,330 less than budgeted amount mainly due to lower than anticipated expenditures for S&EB, professional and specialized services associated with MHSA programs offset by higher medical supplies expenditures related to Health Disaster Preparedness and Public Laboratory in response to the COVID-19 pandemic.

OC Community Resources

- \$27,751 less than budgeted amount mainly due to lower than anticipated expenditures for professional and specialized services associated with Office on Aging and Community Investment programs.

Sheriff-Coroner

- \$18,130 less than budgeted amount primarily due to lower than expected costs for S&EB, professional and specialized contracted services, as well as transportation and travel expenses.

OC Public Works

- \$11,205 less than budgeted amount primarily due to lower expenditures for S&EB, professional and specialized services, maintenance and improvements, IT services, and garage operation and maintenance.

Capital Projects

- \$8,448 less than budgeted amount mainly as a result of lower than anticipated transfers out to the Countywide Capital Projects Non-General Fund due to the delayed construction of various structure and improvement projects.

Utilities

- \$7,162 less than budgeted amount was primarily due to lower alteration and maintenance expenditures related to the Central Utility Facility Economizers and Continuous Emission Monitoring System analyzers replacement projects.

County Executive Office

- \$6,855 less than budgeted amount primarily due to lower than expected costs for S&EB, professional and specialized contracted services, and building improvements.

OC Watersheds

- \$6,775 less than budgeted amount mainly due to lower than anticipated expenditures for S&EB, equipment maintenance, professional and specialized services associated with the South and North OC Watershed Management Area.

Assessor

- \$6,689 less than budgeted amount due to lower than anticipated expenditures for S&EB, office expenses, rents and leases, and building improvements.

Capital Assets

At June 30, 2021, the County's capital assets for both the governmental and business-type activities amounted to \$4,583,177 net of accumulated depreciation. The investment in capital assets includes land, structures and improvements, land improvements, equipment, software, infrastructure, intangible in progress, land use rights, and construction in progress. The total increase in the County's investment in capital assets for the current year was 5%.

Capital assets for the governmental and business-type activities are presented below to illustrate changes:

CAPITAL ASSETS (Net of Accumulated Depreciation) June 30, 2021 and 2020							
	Governmental		Business-Type		Total		Increase/ (Decrease)
	Activities		Activities				
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Land	\$ 871,293	\$ 871,319	\$ 38,379	\$ 38,379	\$ 909,672	\$ 909,698	--
Structures and Improvements	821,067	819,263	524,868	534,484	1,345,935	1,353,747	(1)%
Land Improvements	5,550	3,077	584	603	6,134	3,680	67 %
Equipment	208,429	187,638	50,611	43,797	259,040	231,435	12 %
Software	29,770	34,573	2,769	2,727	32,539	37,300	(13)%
Infrastructure	1,343,207	1,302,875	272,480	286,240	1,615,687	1,589,115	2 %
Intangible in Progress	27,370	18,798	307	749	27,677	19,547	42 %
Land Use Rights	6,439	6,439	--	--	6,439	6,439	--
Construction in Progress	327,261	182,788	52,793	39,934	380,054	222,722	71 %
Total	\$ 3,640,386	\$ 3,426,770	\$ 942,791	\$ 946,913	\$ 4,583,177	\$ 4,373,683	5 %

The following lists the significant expenditures for capital assets in FY 2020-21:

General Fund

- \$4,741 for the purchase of medical and related equipment to address the COVID-19 pandemic
- \$2,810 for the purchase of the Telehealth Capacity Development equipment

- \$2,280 for the Property Tax System Re-platforming Project
- \$1,841 for various systems upgrades
- \$1,535 for the purchase of emergency medical services equipment and supplies
- \$1,446 for the purchase and installation of network hardware and computer equipment storage related peripherals and services for the Sheriff-Coroner Department
- \$1,279 for the replacement of HVAC units at the Orangewood Children and Family Center
- \$1,258 for the purchase of IT hardware, software and services for District Attorney
- \$1,255 for the replacement of HVAC ducting system for Sheriff-Coroner Eckhoff building

Flood Control District

- \$26,513 for the East Garden Grove Wintersburg Channel Project
- \$25,208 for the purchase of properties for the Santa Ana River Mainstem and Prado Dam Project
- \$11,203 for the Fullerton Creek Channel Project
- \$1,621 for the Huntington Beach and Talbert Channels Rehabilitation Project

Other Public Protection

- \$1,068 for software licenses related to the Civil Automated Systems for the Sheriff-Coroner Court Operations

Other Governmental Funds

- \$66,095 for the Civic Center Facilities Master Plan, CAN Construction Project
- \$51,739 for the James A. Musick Facility Master Plan, Phase I Project
- \$25,816 for the James A. Musick Facility Master Plan, Phase II Project
- \$16,578 for the construction of the Yale Transitional Center
- \$8,625 for the Juvenile Hall-Gym and Visitation Center
- \$4,369 for the construction costs associated with District Attorney Osborne Building remodeling
- \$2,780 for the Countywide Trails & Bikeways Active Transportation Program
- \$2,720 for the Santiago Canyon Road Safety Roadway Improvement Project
- \$2,458 for the Jail Security Electronic Control Systems upgrade
- \$2,093 for the El Toro RV Storage Lot Project
- \$1,946 for construction costs related to El Toro Library remodeling
- \$1,634 for the purchase of automated handler equipment for the Orange County Public Libraries
- \$1,627 for the OC Zoo Large Mammal Exhibit
- \$1,607 for the Santa Ana Avenue and University Drive Drainage and Pavement Improvements Project
- \$1,494 for the Americans with Disability Act (ADA) upgrades at Anaheim Island
- \$1,418 for the Rancho Santa Margarita Library tenant enhancements
- \$1,353 for the OC Loop El Cajon Bikeway Project
- \$1,351 for the Central Men's Jail Laundry upgrade
- \$1,141 for the upgrades at the Mental Health Facility in the Intake Release Center

Airport

- \$7,204 for the Terminal Building Curtain Wall Modification Project
- \$6,365 for the replacement of Terminal A & B air handlers
- \$5,869 for the Airport Operations Center
- \$5,122 for the rental car reconfiguration
- \$1,872 for the infrastructure work of the Concession Development Project
- \$1,660 for the generator engines blackstart in the Central Plant

OC Waste & Recycling

- \$5,672 for the purchase of heavy equipment at the Frank R. Bowerman (FRB) Landfill
- \$4,451 for the Bee Canyon Greenery Composting Facility
- \$3,550 for the installation of isolation vales at each fire hydrant within Capistrano Greenery
- \$3,104 for the FRB liner restoration from Silverado Fire Damage
- \$2,007 for the purchase of heavy equipment at the Olinda Alpha Landfill
- \$1,892 for the FRB South East Perimeter Access Road Improvements Project
- \$1,318 for the purchase of heavy equipment at the Prima Deshecha Landfill

Internal Service Funds

- \$11,253 for the purchase of vehicles for OC Fleet Services
- \$1,115 for the purchase of new storage area network solution
- \$1,065 for the upgrade and replacement of the legacy Audio/Visual System in the Main Conference Room at the OC Data Center

Additional information on the County's capital assets can be found in Note 5, Changes in Capital Assets in the Notes to the Basic Financial Statements Section.

Commitments for Capital Expenditures

At the end of FY 2020-21, significant commitments for capital expenditures included the following:

- \$92,208 for the Civic Center Facilities Master Plan, CAN
- \$45,511 for the East Garden Grove-Wintersburg Channel U/S Warner
- \$30,941 for the Huntington Beach and Talbert Channels
- \$9,472 for the purchase of various vehicles
- \$7,359 for the OC Zoo-Large Mammal Exhibit
- \$6,801 for the rental car configuration at the Airport
- \$3,786 for the Katella Range Facility upgrade
- \$2,913 for the James A. Musick Facility Expansion, Phase I Project
- \$2,801 for the Redundant Bus and Automatic Transfer Switch (ATS) installation and upgrade

Additional information on the County's commitments for capital expenditures can be found in Note 16, construction and Other Significant Commitments in the Notes to the Basic Financial Statements Section.

Long-Term Debt

At June 30, 2021, the County had total debt obligations outstanding of \$562,575 excluding long-term liabilities such as compensated absences payable, pension, OPEB, and capital lease obligations payable. During the year, the County's outstanding bond obligations decreased by 5% which is primarily attributable to the redemption of \$69,611 in bond obligations and a decrease of \$13,049 in Interest Accretion on Capital Appreciation Bonds (CABs). This was partially offset by the issuance of \$50,725 in Teeter Plan Notes and \$849 in Interest Accretion on CABs.

The County is limited by law in issuing general obligation bonded debt to 1.25% of the last equalized assessment property tax roll values. However, this does not affect the financing of any of the County's planned facilities or services. As of the end of the fiscal year, the County had no net general obligation bonded debt. The County's debt obligations are in the form of revenue bonds and other forms of debt not covered by the general obligation bonded debt limitation.

The following table summarizes the County's outstanding bonds at June 30, 2021 and 2020:

LONG-TERM DEBT OBLIGATIONS								
June 30, 2021 and 2020								
	Governmental Activities		Business-Type Activities		Total		Increase/ (Decrease)	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>% Change</u>	
Revenue Bonds	\$ 381,886	\$ 386,745	\$ 71,825	\$ 83,080	\$ 453,711	\$ 469,825	(3)%	
Pension Obligation Bonds	516	2,967	--	--	516	2,967	(83)%	
Teeter Plan Notes (Direct Placement)	37,406	34,661	--	--	37,406	34,661	8 %	
Add: Premium								
on Bonds Payable	59,967	60,736	8,085	10,382	68,052	71,118	(4)%	
Add: Interest Accretion								
on CABs	2,890	15,090	--	--	2,890	15,090	(81)%	
Total	\$ 482,665	\$ 500,199	\$ 79,910	\$ 93,462	\$ 562,575	\$ 593,661	(5)%	

The following summarizes the County's long-term debt issuance during FY 2020-21:

Teeter Plan Notes: On July 14, 2020, the County issued additional Teeter Plan Notes for \$50,725 to finance the delinquent property tax receivables associated with the Teeter Plan. On December 30, 2020 and June 28, 2021, the County used all of the accumulated base taxes to redeem \$32,756 and \$15,224, respectively, of the Teeter Plan Obligation Notes. As of June 30, 2021, the outstanding principal amount of the Teeter Plan Obligation Notes was \$37,406.

Additional information on the County's long-term debt activity can be found in Note 12, Long-Term Obligations, and Note 22, Subsequent Events in the Notes to Basic Financial Statements Section.

Bond Ratings

The County maintained its Issuer Credit Rating of Aa1 from Moody's Investors Service (Moody's), AA+ from Standard & Poor's Global Ratings (S&P), and AAA Issuer Default Rating from Fitch Ratings.

On October 9, 2020, S&P lowered the ratings on the 2019A & 2019B Airport Revenue Refunding Bonds to A+ from AA-.

The County has the following long-term underlying debt ratings:

LONG-TERM DEBT RATINGS

June 30, 2021

	S&P	Moody's	Fitch
2016 Lease Revenue Bonds	AA	NR	NR
2017 Lease Revenue Bonds	AA	NR	AA+
Teeter Plan Notes	NR	NR	NR
1997A Pension Obligation Bonds	NR	Aa1	AA+
Airport 2019A Revenue Refunding Bonds	A+	NR	NR
Airport 2019B Revenue Refunding Bonds	A+	NR	NR

OTHER POTENTIALLY SIGNIFICANT MATTERS

The County's management has determined that the following are significant matters that have a potential impact on the County's financial position or changes in financial position:

State Legislation and Budget

System of Care

The County is working together with cities to respond to regional community needs in addressing homelessness. The continuous partnership between the County and each of the 34 cities in Orange County is essential to meet the needs of people experiencing homelessness and leverages the funding available with the Building Homes and Jobs Act (SB 2) or other programs such as the State's No Place Like Home, Whole Person Care, and the Special Needs Housing Programs. In June 2018, the County issued its Housing Funding Strategy to create 2,700 permanent supportive housing units. Operational funding was provided to three city-operated emergency shelters in Buena Park, Placentia, and Huntington Beach. Capital funding was provided for a city-operated emergency shelter in Costa Mesa. Additional funding was allocated for a transitional aged youth-focused emergency shelter, as well as the construction of the Yale Transitional Center which allowed for moving the operations of the Courtyard Transitional Center to a more suitable building. The County has worked in partnership with the Orange County Continuum of Care to respond to the COVID-19 pandemic and address the needs of those experiencing homelessness or at risk of homelessness. The COVID-19 pandemic required the mobilization of community partners and stakeholders to develop an emergency response to provide non-congregate shelter to individuals and families experiencing homelessness who were COVID-19 positive or symptomatic through Project Roomkey. The participants of Project Roomkey were provided an opportunity to isolate or quarantine in an effort to limit the spread of COVID-19. Additionally, participants in Project Roomkey were able to access other resources of the System of Care including emergency shelter, temporary housing, and housing navigation to assist in overcoming

barriers as they transition to permanent housing, and access other support services that promote housing stability. The County was awarded funding from the California Department of Housing and Community Development for two Homekey Projects to secure motel buildings and convert them into interim or/and permanent, long-term housing. The County was successful in creating 132 units of interim housing and will transition into permanent supportive housing in approximately three years. To support the transition to permanent housing from Project Roomkey, Homekey programs and other emergency shelter programs, the County has made significant investments in the provision of rapid rehousing services. The County also supports city-led homeless service programs through field-based outreach teams that integrate with County behavioral health resources. The County implemented the Emergency Rental Assistance Program providing nearly \$34 million in financial assistance to tenant households experiencing financial hardships due to COVID-19 to pay for rental arrears and past due utilities thus promoting housing stability and minimizing the risk of homelessness. The County has launched the Care Plus Program to provide services through a multi-disciplinary team approach focusing on person-centered care for those experiencing homelessness.

CARES Act, FEMA and ARPA Revenue for COVID-19

In April 2020, the County received \$554,134 from the United States Treasury CRF. Use of the funds was subject to the restrictions outlined in the CARES Act. The CARES Act provided funds to state, territorial, local, and tribal governments. In addition to the \$554,134, the State allocated a portion of its CARES Act funds to counties and cities, of which the County was allocated \$73,509. As of June 30, 2021, the County used its entire United States Treasury and State CRF allocation for eligible COVID-19 related expenditures. In addition to the allocations mentioned above, the Airport received dedicated funding of \$44,910 from the FAA-CARES Act Airport Grants, which are restricted to Airport use only.

The County will also receive reimbursement for eligible COVID-19-related expenditures from FEMA. On March 13, 2020, the President declared the ongoing COVID-19 pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, tribes, territories, and the District of Columbia pursuant to Section 501 (b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the "Stafford Act"). State, territorial, tribal, local government entities and certain private non-profit organizations are eligible to apply for public assistance. As of June 2021, the County submitted \$133,763 FEMA claims for seven eligible COVID-19 projects: Emergency Operations Center, Testing Kits, Personal Protective Equipment, Project RoomKey, the Great Plates Program, Vaccinations and Care Sites. In addition to CARES Act and FEMA funding, some county departments are receiving additional funding from the state/federal governments for other eligible program costs related to COVID-19.

In May 2021, the County received \$308,420, the first tranche of ARPA funds from the United States Treasury. The Coronavirus State and Local Fiscal Recovery Fund, under the ARPA provided funds to state, territorial, local, and tribal governments. Use of the funds is subject to the restrictions outlined in ARPA. As of June 30, 2021, the County used \$11,029 from the first tranche for eligible expenditures. All ARPA funds must be obligated by December 31, 2024 and spent by December 31, 2026 according to Federal guidelines issued by the United States Treasury.

Long-Term Financial Planning

Funding Progress of the County's Retirement System (System)

The funded ratio of the System is a measure of the ability of the System to make obligated payments to current retirees and future retirees. As of December 31, 2020, the funding ratio for the System is 76.51%, which is an increase from 73.17% in 2019. The System's Unfunded Actuarial Accrued Liability (UAAL) decreased from \$5.88 billion (\$4.75 billion attributable to the County) to \$5.38 billion (\$4.48 billion attributable to the County). The decrease in the UAAL is primarily attributable to favorable investment returns (after smoothing) and actual cost-of-living adjustment (COLA) increases for retirees being less than expected.

On November 4, 2008, the voters in Orange County approved Measure J, which requires voter approval for any future pension benefit enhancements. The County carefully monitors the activities at OCERS and regularly provides input to OCERS management, as well as providing input at OCERS Board meetings as deemed appropriate.

Reduction in OCERS Assumed Investment Rate of Return

The assumed investment rate of return is the rate of investment yield that the System will earn over the long-term future.

On December 5, 2012, the OCERS Board voted to reduce the assumed investment rate of return from 7.75% to 7.25%. The reduction was phased in over a two-year period beginning July 2014 at 7.5% and reducing to 7.25% effective July 2015. On October 16, 2017, the OCERS Board adopted a reduction in the assumed investment rate of return to 7.00% effective July 1, 2019. The assumed rate of return reduction had the impact of increasing contribution rates of members and plan sponsors.

OCERS Actuarial Funding Policy (Amortization)

On November 18, 2013, the OCERS Board adopted the actuarial funding policy to reduce the amortization period for future UAAL from 30 years to 20 years, which included combining and re-amortizing the entire outstanding UAAL balance as of December 31, 2012, over a single 20-year period. This will allow for future UAAL to be paid off in a shorter period of time and will ultimately reduce retirement rates and costs over time.

OCERS Actuarial Assumptions

The 2014 through 2016 valuations were impacted by economic assumption changes, which flowed from the 2014 Triennial Study of Actuarial Assumptions. These changes, adopted by the OCERS Board on September 23, 2014, included a decrease in the inflation assumption from 3.25% to 3.00% per annum. As a result of the 2017 Triennial Study of Actuarial Assumptions, the OCERS Board, on October 16, 2017, adopted a further decrease in the inflation assumption to 2.75%, which was effective with the 2017 valuation. On August 17, 2020, the OCERS Board adopted another decrease in the inflation rate assumption to 2.50%, while maintaining the post-retirement COLA at 2.75%. The new assumption changes were effective with the 2020 valuation.

Requests for Information

We hope that the preceding information provides a general overview of the County's overall financial status. For questions or comments concerning information contained in this report, please contact the Auditor-Controller's Office, County of Orange, 1770 N. Broadway, Santa Ana, CA 92706 or you can access our website at www.ac.ocgov.com.



OC Probation Department at Fullerton College



County of Orange
Comprehensive Annual Financial Report
June 30, 2021
(Dollar Amounts in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental CFCOC	Proprietary CalOptima
ASSETS					
Cash and Cash Equivalents	\$ 3,442,648	\$ 709,019	\$ 4,151,667	\$ 52,752	\$ 341,979
Restricted Cash and Cash Equivalents	138,294	142,351	280,645	--	300
Investments	--	49,995	49,995	--	1,650,944
Deposits In-Lieu of Cash	12,165	23,881	36,046	--	--
Internal Balances	(30,311)	30,311	--	--	--
Due from Component Unit	142	--	142	--	--
Due from Primary Government	--	--	--	929	--
Prepaid Costs	431,102	6,822	437,924	--	59,537
Inventory of Materials and Supplies	2,316	--	2,316	--	--
Receivables, Net of Allowances					
Accounts	20,876	25,944	46,820	--	427,338
Taxes	37,010	--	37,010	1,562	--
Interest/Dividends	3,960	906	4,866	74	--
Deposits	899	--	899	--	--
Advances	7,864	--	7,864	2,202	--
Leases	87,571	--	87,571	--	--
Due from Other Governmental Agencies, Net	539,109	13,122	552,231	6,921	--
Notes Receivable, Net	61,127	--	61,127	--	--
Net Pension Asset	--	--	--	612	--
Capital Assets					
Not Depreciable/Amortizable	1,232,363	91,479	1,323,842	--	6,144
Depreciable/Amortizable, Net	2,408,023	851,312	3,259,335	--	39,584
Total Capital Assets	3,640,386	942,791	4,583,177	--	45,728
Total Assets	8,395,158	1,945,142	10,340,300	65,052	2,525,826
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	--	1,684	1,684	--	--
Deferred Outflows of Resources Related to Pension	1,012,759	20,051	1,032,810	379	10,542
Deferred Outflows of Resources Related to OPEB	23,921	456	24,377	67	4,450
Total Deferred Outflows of Resources	1,036,680	22,191	1,058,871	446	14,992

Basic Financial Statements
Statement of Net Position
(Dollar Amounts in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental CFCOC	Proprietary CalOptima
LIABILITIES					
Accounts Payable	\$ 174,668	\$ 17,236	\$ 191,904	\$ 2,240	\$ 9,054
Salaries and Employee Benefits Payable	81,368	1,746	83,114	60	16,217
Retainage Payable	4,687	2,171	6,858	1,093	--
Interest Payable	1,519	1,796	3,315	--	--
Deposits from Others	103,664	27,284	130,948	--	--
Due to Primary Government	--	--	--	142	--
Due to Component Unit	2	--	2	--	--
Due to Other Governmental Agencies	106,056	10,727	116,783	3,193	690,132
Unearned Revenue	456,439	3,868	460,307	--	13,174
Short-Term Bonds Payable	484,800	--	484,800	--	--
Long-Term Liabilities					
Due Within One Year					
Civic Center Facilities Master Plan Loan	3,459	--	3,459	--	--
Interest Accretion on Capital Appreciation Bonds Payable	2,890	--	2,890	--	--
Insurance Claims Payable	60,633	--	60,633	--	--
Medical Claims Payable	--	--	--	--	292,088
Capitation and Withholds	--	--	--	--	144,780
Compensated Employee Absences Payable	113,588	2,512	116,100	77	--
Capital Lease Obligations Payable	7,155	331	7,486	--	--
Notes Payable	37,406	--	37,406	--	--
Bonds Payable	3,116	13,720	16,836	--	--
Pollution Remediation Obligation	--	610	610	--	--
Intangible Assets Obligations Payable	607	--	607	--	--
Landfill Site Closure/Postclosure Liability	--	3,920	3,920	--	--
Due in More than One Year					
Civic Center Facilities Master Plan Loan	380,974	--	380,974	--	--
Estimated Liability - Litigation and Claims	2,124	--	2,124	--	--
Insurance Claims Payable	176,849	--	176,849	--	--
Compensated Employee Absences Payable	71,950	1,516	73,466	22	--
Capital Lease Obligations Payable	25,838	663	26,501	--	--
Bonds Payable	54,820	66,190	121,010	--	--
Pollution Remediation Obligation	--	14,052	14,052	--	--
Intangible Assets Obligations Payable	107	--	107	--	--
Landfill Site Closure/Postclosure Liability	--	182,914	182,914	--	--
Net Pension Liability	3,470,192	77,510	3,547,702	--	30,620
Net OPEB Liability	299,697	5,714	305,411	271	31,610
Total Liabilities	6,124,608	434,480	6,559,088	7,098	1,227,675
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension	1,048,910	20,057	1,068,967	1,141	3,054
Deferred Inflows of Resources Related to OPEB	38,122	727	38,849	35	1,309
Deferred Inflows for Service Concession Arrangements	69,000	--	69,000	--	--
Total Deferred Inflows of Resources	1,156,032	20,784	1,176,816	1,176	4,363
NET POSITION					
Net Investment in Capital Assets	3,533,978	865,175	4,399,153	--	45,601
Restricted for:					
Expendable					
Pension Benefits	148,764	--	148,764	--	--
Capital Projects	98,252	--	98,252	--	--
Debt Service	38,248	12,698	50,946	--	--
Legally Segregated for Grants and Other Purposes	1,377,939	--	1,377,939	--	--
Regional Park Endowment	168	--	168	--	--
CalOptima	--	--	--	--	101,509
Passenger Facility Charges Approved Capital Projects	--	8,093	8,093	--	--
Capital Projects-Replacements and Renewals	--	1,000	1,000	--	--
Landfill Closure/Postclosure	--	25,053	25,053	--	--
Landfill Corrective Action	--	10,472	10,472	--	--
Wetland	--	879	879	--	--
Nonexpendable					
Regional Park Endowment	200	--	200	--	--
Unrestricted (Deficit)	(3,046,351)	588,699	(2,457,652)	57,224	1,161,670
Total Net Position	\$ 2,151,198	\$ 1,512,069	\$ 3,663,267	\$ 57,224	\$ 1,308,780

County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

Functions/Programs	Expenses		Program Revenues		
	Direct Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government					
Governmental Activities					
General Government	\$ 242,077	\$ (53,409)	\$ 57,828	\$ 165,365	\$ 22,310
Public Protection	1,477,186	36,595	326,011	693,661	104,031
Public Ways and Facilities	143,848	(5,178)	49,063	101,811	11,947
Health and Sanitation	1,100,010	6,979	143,981	959,993	2,743
Public Assistance	1,348,466	10,257	18,347	1,276,789	224
Education	51,682	897	441	372	--
Recreation and Cultural Services	126,521	2,226	29,409	1,190	628
Interest on Long-Term Debt	27,232	--	--	--	--
Total Governmental Activities	<u>4,517,022</u>	<u>(1,633)</u>	<u>625,080</u>	<u>3,199,181</u>	<u>141,883</u>
Business-Type Activities					
Airport	127,526	634	109,168	22,066	5,387
OC Waste & Recycling	133,214	988	179,974	305	--
Compressed Natural Gas	--	11	183	--	--
Total Business-Type Activities	<u>260,740</u>	<u>1,633</u>	<u>289,325</u>	<u>22,371</u>	<u>5,387</u>
Total Primary Government	<u>\$ 4,777,762</u>	<u>\$ --</u>	<u>\$ 914,405</u>	<u>\$ 3,221,552</u>	<u>\$ 147,270</u>
Component Units					
Children and Families					
Commission of Orange County	\$ 25,687	\$ --	\$ --	\$ 27,298	\$ --
CalOptima	3,870,635	--	4,148,335	--	--
Total Component Units	<u>\$ 3,896,322</u>	<u>\$ --</u>	<u>\$ 4,148,335</u>	<u>\$ 27,298</u>	<u>\$ --</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Fund					
Property Taxes, Levied for Flood Control District					
Property Taxes, Levied for OC Parks					
Property Taxes, Levied for OC Public Libraries					
Property Taxes in-Lieu of Motor Vehicle License Fees					
Other Taxes					
Grants and Contributions Not Restricted to Specific Programs					
State Allocation of Motor Vehicle License Fees					
Unrestricted Investment Earnings					
Miscellaneous					
Transfers					
Total General Revenues and Transfers					
Change in Net Position					
Net Position-Beginning of Year					
Net Position-End of Year					

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements
Statement of Activities
(Dollar Amounts in Thousands)

Net (Expense) Revenue and Change in Net Position

Primary Government			Component Units		Functions/Programs
Governmental Activities	Business-Type Activities	Total	Governmental CFCOC	Proprietary CalOptima	
Primary Government					
Governmental Activities					
\$ 56,835	\$ --	\$ 56,835	\$ --	\$ --	General Government
(390,078)	--	(390,078)	--	--	Public Protection
24,151	--	24,151	--	--	Public Ways and Facilities
(272)	--	(272)	--	--	Health and Sanitation
(63,363)	--	(63,363)	--	--	Public Assistance
(51,766)	--	(51,766)	--	--	Education
(97,520)	--	(97,520)	--	--	Recreation and Cultural Services
(27,232)	--	(27,232)	--	--	Interest on Long-Term Debt
(549,245)	--	(549,245)	--	--	Total Governmental Activities
Business-Type Activities					
--	8,461	8,461	--	--	Airport
--	46,077	46,077	--	--	OC Waste & Recycling
--	172	172	--	--	Compressed Natural Gas
--	54,710	54,710	--	--	Total Business-Type Activities
(549,245)	54,710	(494,535)	--	--	Total Primary Government
Component Units					
Children and Families					
			1,611	--	Commission of Orange County
			--	277,700	CalOptima
			1,611	277,700	Total Component Units
General Revenues					
Taxes					
351,951	--	351,951	--	--	Property Taxes, Levied for General Fund
119,476	--	119,476	--	--	Property Taxes, Levied for Flood Control District
93,792	--	93,792	--	--	Property Taxes, Levied for OC Parks
59,333	--	59,333	--	--	Property Taxes, Levied for OC Public Libraries
438,321	--	438,321	--	--	Property Taxes in-Lieu of Motor Vehicle License Fees
127,777	14	127,791	--	--	Other Taxes
15,547	--	15,547	--	--	Grants and Contributions Not Restricted to Specific Programs
3,528	--	3,528	--	--	State Allocation of Motor Vehicle License Fees
35,393	1,269	36,662	132	5,949	Unrestricted Investment Earnings
64,764	2,249	67,013	8,352	--	Miscellaneous
7,509	(7,509)	--	--	--	Transfers
1,317,391	(3,977)	1,313,414	8,484	5,949	Total General Revenues and Transfers
768,146	50,733	818,879	10,095	283,649	Change in Net Position
1,383,052	1,461,336	2,844,388	47,129	1,025,131	Net Position-Beginning of Year
\$ 2,151,198	\$ 1,512,069	\$ 3,663,267	\$ 57,224	\$ 1,308,780	Net Position-End of Year

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	General Fund	Flood Control District	Other Public Protection
<u>ASSETS</u>			
Pooled Cash/Investments	\$ 1,247,941	\$ 484,895	\$ 201,649
Cash/Cash Equivalents	--	--	12,924
Imprest Cash Funds	1,838	--	--
Restricted Cash and Investments with Trustee	8	--	--
Deposits In-Lieu of Cash	9,803	--	--
Receivables			
Accounts	17,709	1,192	55
Taxes	6,109	1,246	--
Interest/Dividends	1,598	561	251
Deposits	412	436	--
Advances	7,835	--	29
Allowance for Uncollectible Receivables	(896)	(243)	--
Due from Other Funds	110,138	2,192	32,869
Due from Component Unit	142	--	--
Due from Other Governmental Agencies, Net	415,167	45,675	4,244
Inventory of Materials and Supplies	1,428	426	227
Prepaid Costs	514,451	6,577	1,709
Notes Receivable, Net	--	--	--
Total Assets	<u>\$ 2,333,683</u>	<u>\$ 542,957</u>	<u>\$ 253,957</u>

LIABILITIES

Accounts Payable	\$ 93,961	\$ 11,546	\$ 1,048
Retainage Payable	1,536	970	1
Salaries and Employee Benefits Payable	75,953	1,036	237
Interest Payable	882	--	--
Deposits from Others	24,169	5,643	18,977
Due to Other Funds	234,778	7,998	6,168
Due to Other Governmental Agencies	43,459	--	6,350
Unearned Revenue	402,513	2,492	--
Bonds Payable	484,800	--	--
Advances from Other Funds	--	--	--
Total Liabilities	<u>1,362,051</u>	<u>29,685</u>	<u>32,781</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue-Intergovernmental Revenues	195,873	44,655	2,012
Unavailable Revenue-Senate Bill 90 Mandated Claims, Net	17,380	--	--
Unavailable Revenue-Property Taxes	5,995	434	--
Unavailable Revenue-Other	16,657	75	--
Total Deferred Inflows of Resources	<u>235,905</u>	<u>45,164</u>	<u>2,012</u>

FUND BALANCES

Nonspendable	515,879	7,003	1,936
Restricted	97,998	461,105	217,228
Assigned	108,268	--	--
Unassigned	13,582	--	--
Total Fund Balances	<u>735,727</u>	<u>468,108</u>	<u>219,164</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,333,683</u>	<u>\$ 542,957</u>	<u>\$ 253,957</u>

Basic Financial Statements
Balance Sheet
Governmental Funds
(Dollar Amounts in Thousands)

Mental Health Services Act	Other Governmental Funds	Total Governmental Funds
\$ 201,732	\$ 960,713	\$ 3,096,930
--	--	12,924
--	45	1,883
--	138,286	138,294
--	2,362	12,165
--	3,384	22,340
--	29,655	37,010
226	972	3,608
--	51	899
--	--	7,864
--	(322)	(1,461)
--	200,829	346,028
--	--	142
24,945	48,711	538,742
--	--	2,081
--	20,640	543,377
--	61,127	61,127
<u>\$ 226,903</u>	<u>\$ 1,466,453</u>	<u>\$ 4,823,953</u>

ASSETS

Pooled Cash/Investments
Cash/Cash Equivalents
Imprest Cash Funds
Restricted Cash and Investments with Trustee
Deposits In-Lieu of Cash
Receivables
Accounts
Taxes
Interest/Dividends
Deposits
Advances
Allowance for Uncollectible Receivables
Due from Other Funds
Due from Component Unit
Due from Other Governmental Agencies, Net
Inventory of Materials and Supplies
Prepaid Costs
Notes Receivable, Net
Total Assets

\$ --	\$ 40,591	\$ 147,146
--	2,159	4,666
--	3,267	80,493
--	55	937
--	54,875	103,664
44,744	42,775	336,463
--	56,247	106,056
--	51,434	456,439
--	--	484,800
--	55,000	55,000
<u>44,744</u>	<u>306,403</u>	<u>1,775,664</u>

LIABILITIES

Accounts Payable
Retainage Payable
Salaries and Employee Benefits Payable
Interest Payable
Deposits from Others
Due to Other Funds
Due to Other Governmental Agencies
Unearned Revenue
Bonds Payable
Advances from Other Funds
Total Liabilities

--	9,934	252,474
--	--	17,380
--	801	7,230
--	--	16,732
<u>--</u>	<u>10,735</u>	<u>293,816</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue-Intergovernmental Revenues
Unavailable Revenue-Senate Bill 90 Mandated Claims, Net
Unavailable Revenue-Property Taxes
Unavailable Revenue-Other
Total Deferred Inflows of Resources

--	20,840	545,658
182,159	751,247	1,709,737
--	377,228	485,496
--	--	13,582
<u>182,159</u>	<u>1,149,315</u>	<u>2,754,473</u>
<u>\$ 226,903</u>	<u>\$ 1,466,453</u>	<u>\$ 4,823,953</u>

FUND BALANCES

Nonspendable
Restricted
Assigned
Unassigned
Total Fund Balances
Total Liabilities, Deferred Inflows of Resources, and Fund Balances

The governmental funds balance sheet includes a reconciliation between fund balances-total governmental funds and net position-governmental activities as reported in the government-wide Statement of Net Position. The difference in fund balances of (\$603,275) is due to the long-term economic focus of the Statement of Net Position versus the short-term economic focus of the governmental funds. The components of the difference are described below.

Total Fund Balances-Governmental Funds	\$ 2,754,473
--	--------------

Capital assets used in the operations of the County are not reported in the governmental funds financial statements:

Land	871,293	
Structures and Improvements	1,620,115	
Equipment	349,300	
Software	145,018	
Infrastructure	2,097,081	
Land Use Rights (Permanent)	6,439	
Land Improvements	7,018	
Construction in Progress	325,313	
Intangible in Progress	27,370	
Accumulated Depreciation/Amortization	(1,879,333)	3,569,614

Other assets used in governmental activities do not consume current financial resources, and therefore, are not reported in the governmental funds:

Prepaid Pension Investment with OCERS	148,764
Installment Receivables from Service Concession Arrangements	87,571

The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.

124,484

Deferred outflows of resources are similar to assets, but they do not meet the definition of an asset at June 30, 2021. When all the recognition criteria are met, the deferred outflows of resources will become an expense. The counterpart to deferred outflows of resources are deferred inflows of resources, which do not meet the definition of a liability at June 30, 2021. When all recognition criteria are met, the deferred inflows of resources will become revenue, except for pension and OPEB related deferred inflows of resources which will be recognized as a credit to expense. The County reports the different types of deferred outflows and inflows of resources in the Statement of Net Position as follows:

Deferred Outflows of Resources:

Employer retirement contribution subsequent to measurement date	737,575
Employer retirement contribution subsequent to measurement date for the net OPEB liability	23,611

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
(Dollar Amounts in Thousands)

Reclassification of prepaid pension contribution from prepaid costs to deferred outflows of resources for the portion to be recognized in the next measurement period. Refer to Note 19, Retirement Plans for further information.

Prepaid Pension Contribution	(263,920)	
Deferred Outflows of Resources	263,920	
Liabilities for Service Concession Arrangements		(18,572)

Deferred Inflows of Resources:

Deferred Inflows of Resources that have been earned but not available to finance expenditures in the current period	293,816	
Deferred Inflows of Resources Related to Pension	(1,036,847)	
Deferred Inflows of Resources Related to OPEB	(37,619)	
Deferred Inflows from Service Concession Arrangements	(69,000)	

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Bonds and COPs Payable, Net	(57,936)	
Civic Center Facilities Master Plan Financing	(384,433)	
Teeter Plan Notes Payable	(37,406)	
Compensated Employee Absences Payable	(182,964)	
Capital Lease Obligations Payable	(23,605)	
Intangible Assets Obligations Payable	(714)	
Interest Payable on Bonds	(582)	
Interest Accretion on Capital Appreciation Bonds	(2,890)	
Estimated Liability-Litigation and Claims	(2,124)	
County's proportionate share of Net Pension Liability	(3,438,076)	
County's proportionate share of Net OPEB Liability	(295,942)	(4,426,672)

Net Position of Governmental Activities		<u>\$ 2,151,198</u>
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	General Fund	Flood Control District	Other Public Protection
Revenues			
Taxes	\$ 848,296	\$ 136,011	\$ --
Licenses, Permits, and Franchises	26,682	--	98
Fines, Forfeitures, and Penalties	38,697	28	1,439
Use of Money and Property	3,734	2,817	4,159
Intergovernmental	2,401,642	5,433	22,799
Charges for Services	499,381	17,759	15,832
Other	22,175	3,522	5,413
Total Revenues	<u>3,840,607</u>	<u>165,570</u>	<u>49,740</u>
Expenditures			
Current			
General Government	197,531	--	--
Public Protection	1,430,830	105,870	22,476
Public Ways and Facilities	40,431	--	--
Health and Sanitation	1,130,237	--	--
Public Assistance	1,129,822	--	--
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	28,963	74,962	3,099
Debt Service			
Principal Retirement	5,682	--	--
Interest	6,983	--	--
Total Expenditures	<u>3,970,479</u>	<u>180,832</u>	<u>25,575</u>
Excess (Deficit) of Revenues Over Expenditures	(129,872)	(15,262)	24,165
Other Financing Sources (Uses)			
Transfers In	292,940	215	34,284
Transfers Out	(290,643)	(4,684)	(21,476)
Debt Issued	--	--	--
Total Other Financing Sources (Uses)	<u>2,297</u>	<u>(4,469)</u>	<u>12,808</u>
Net Change in Fund Balances	(127,575)	(19,731)	36,973
Fund Balances-Beginning of Year	863,302	487,839	182,191
Fund Balances-End of Year	<u>\$ 735,727</u>	<u>\$ 468,108</u>	<u>\$ 219,164</u>

The notes to the basic financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
(Dollar Amounts in Thousands)

Mental Health Services Act	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 168,164	\$ 1,152,471
--	1,039	27,819
--	17,681	57,845
473	32,156	43,339
239,468	473,044	3,142,386
--	38,160	571,132
--	39,439	70,549
<u>239,941</u>	<u>769,683</u>	<u>5,065,541</u>
--	29,997	227,528
--	51	1,559,227
--	90,400	130,831
104	706	1,131,047
--	253,946	1,383,768
--	53,372	53,372
--	125,363	125,363
--	234,385	341,409
--	55,300	60,982
--	33,132	40,115
<u>104</u>	<u>876,652</u>	<u>5,053,642</u>
239,837	(106,969)	11,899
--	273,654	601,093
(189,753)	(94,765)	(601,321)
--	50,725	50,725
<u>(189,753)</u>	<u>229,614</u>	<u>50,497</u>
50,084	122,645	62,396
<u>132,075</u>	<u>1,026,670</u>	<u>2,692,077</u>
<u>\$ 182,159</u>	<u>\$ 1,149,315</u>	<u>\$ 2,754,473</u>

Revenues
Taxes
Licenses, Permits, and Franchises
Fines, Forfeitures, and Penalties
Use of Money and Property
Intergovernmental
Charges for Services
Other
Total Revenues
Expenditures
Current
General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural Services
Capital Outlay
Debt Service
Principal Retirement
Interest
Total Expenditures
Excess (Deficit) of Revenues
Over Expenditures
Other Financing Sources (Uses)
Transfers In
Transfers Out
Debt Issued
Total Other Financing Sources (Uses)
Net Change in Fund Balances
Fund Balances-Beginning of Year
Fund Balances-End of Year

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The Net Change in Fund Balances for governmental funds of \$62,396 in the Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Position for governmental activities of \$768,146 reported in the government-wide Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The main components of the difference are described below.

Net Change in Fund Balances-Total Governmental Funds	\$	62,396
--	----	--------

When capital assets used in governmental activities are purchased or constructed in the current fiscal year, the resources expended for those assets are reported as expenditures in the governmental funds. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. In addition, donations, transfers, gains or losses from sales and other disposals/acquisitions of capital assets are not reported in governmental funds. These assets, and their associated depreciation/amortization expense, must be reported or removed in the government-wide financial statements. The details of the expenditures for capital outlay, capital contributions, depreciation/amortization and other disposals/acquisitions of capital assets are as follows:

Expenditures for Capital Outlay:		
Land	35,905	
Construction in Progress	254,747	
Equipment	23,643	
Software	12,012	
Net of Gains/(Losses) on Capital Assets Dispositions	(22,001)	
Depreciation/Amortization Expense	(105,233)	
Capital Contributions	<u>3,006</u>	202,079

The issuance of long-term debt (e.g. bonds) is recorded as an other financing source in the governmental funds because it provides current financial resources. Similarly, the repayment of principal on long-term debt or the payment of other long-term liabilities is reported as an expenditure in the governmental funds because current financial resources have been consumed. Bond proceeds, net of payments to escrow agents and principal payments, are reported as financing sources in governmental funds and thus contribute to the change in fund balance. These transactions do not have any effect on net position in the government-wide financial statements. The details of the principal and other long-term liability payments and other financing sources are as follows:

Teeter Plan Notes Proceeds	(50,725)	
Principal and Other Long-Term Liability Payments:		
Bonds Payable	7,310	
Teeter Plan Notes Payable	47,980	
Capital Lease Obligations Payable	<u>5,987</u>	10,552

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
(Dollar Amounts in Thousands)

Revenues related to prior years that are available in the current fiscal year are reported as revenue in the governmental funds. In contrast, revenues that are earned, but unavailable in the current year are deferred in the governmental funds. For government-wide reporting, revenue is recognized when earned, regardless of availability. The following amounts reflect the net effect of the timing differences for revenue recognition:

Government Mandated and Voluntary Nonexchange Property Tax Revenues	170,694 <u>(254)</u>	170,440
--	-------------------------	---------

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 the governmental funds until paid. The following amounts represent the net effect of these differences in the treatment of long-term liabilities:

Accrued Interest Expense on Bonds Payable	26	
Amortization of Deferred Charges	13,818	
Change in Compensated Employee Absences	(5,590)	
Pension Costs and Investment Gains of the County's Investment Account with OCERS	13,422	
Estimated Litigation and Claims Expense	(2,124)	
Interest Accretion on Capital Appreciation Bonds	<u>(849)</u>	18,703

Internal service funds (ISF) are used by management to charge the costs of certain activities, such as insurance, transportation, and telephone services to individual governmental funds. The operating loss of ISF is eliminated in the Statement of Activities as an adjustment to the various functions to arrive at a break-even basis. Also, general or non-program revenues and expenses of the ISF are recorded in governmental activities.

Allocation of ISF's Operating Loss to Governmental Activities, net of Business-Type Activities	(6,184)	
Consolidation of Nonoperating Revenues, Expenses and Transfers to Governmental Activities	<u>24,922</u>	18,738

GASB Statement No. 75 requires an employer to record OPEB expense and employer contribution that affects the County's proportionate share of the net OPEB liability.

OPEB Expense	(27,422)	
OPEB Employer Contribution	<u>38,146</u>	10,724

GASB Statement No. 68 requires an employer to record pension expense and employer contribution that affects the County's proportionate share of the net pension liability.

Pension Expense	(213,138)	
Pension Employer Contribution	<u>487,652</u>	274,514

Change in Net Position of Governmental Activities	<u>\$</u>	<u>768,146</u>
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**BUDGETARY COMPARISON STATEMENT
MAJOR GOVERNMENTAL FUNDS-GENERAL FUND**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues and Other Financing Sources				
Taxes	\$ 816,508	\$ 826,508	\$ 847,921	\$ 21,413
Licenses, Permits, and Franchises	26,979	26,979	26,031	(948)
Fines, Forfeitures, and Penalties	32,322	32,322	38,777	6,455
Use of Money and Property	19,405	19,405	8,987	(10,418)
Intergovernmental	2,217,415	2,561,844	2,523,286	(38,558)
Charges for Services	516,814	527,780	512,682	(15,098)
Other	22,988	28,360	33,338	4,978
Transfers In	432,649	460,104	288,800	(171,304)
Bond Issuance Proceeds	--	100	--	(100)
Total Revenues and Other Financing Sources	4,085,080	4,483,402	4,279,822	(203,580)
Expenditures and Other Financing Uses				
General Government:				
Assessor	48,074	48,074	41,385	6,689
Auditor-Controller	20,713	20,713	17,833	2,880
Board of Supervisors-1st District	1,311	1,311	1,267	44
Board of Supervisors-2nd District	1,393	1,393	1,196	197
Board of Supervisors-3rd District	1,371	1,371	1,266	105
Board of Supervisors-4th District	1,309	1,309	1,100	209
Board of Supervisors-5th District	1,313	1,313	1,136	177
Capital Acquisition Financing	6,969	6,969	1,477	5,492
Capital Projects	37,334	37,686	29,238	8,448
CAPS Program	14,864	14,864	13,079	1,785
Clerk of the Board	5,741	5,741	5,275	466
County Counsel	11,597	11,597	10,878	719
CEO Real Estate	9,307	11,521	11,093	428
County Executive Office	27,248	28,848	21,993	6,855
Data Systems Development Project	4,265	4,265	4,228	37
Employee Benefits	2,098	2,098	1,830	268
Human Resources	8,553	13,803	12,148	1,655
Internal Audit	2,862	2,862	2,516	346
IBM Mainframe	2,396	2,396	2,396	--
Miscellaneous	30,411	146,164	145,993	171
OC Campaign Finance and Ethics Commission	457	457	417	40
OCIT Shared Services	3,038	4,070	4,064	6
Office of Independent Review	590	590	588	2
Performance Audit	1,305	1,305	284	1,021
Prepaid Pension Obligation	21	121	27	94
Property Tax System Centralized O & M Support	6,822	7,905	6,843	1,062
Registrar of Voters	28,065	28,065	27,638	427
Treasurer-Tax Collector	17,424	16,974	12,779	4,195
Utilities	30,899	31,829	24,667	7,162
Public Protection:				
Alternate Defense	6,301	6,161	4,253	1,908
Building & Safety	14,806	15,048	12,885	2,163
Child Support Services	59,889	59,889	53,931	5,958
Clerk-Recorder	17,813	22,934	22,849	85
Detention Release	1,787	1,903	1,808	95
District Attorney	169,981	179,843	173,851	5,992
District Attorney-Public Administrator	4,141	4,165	3,922	243
Emergency Management Division	3,903	111	6	105
Grand Jury	604	634	608	26
HCA Public Guardian	5,797	5,801	5,632	169
Juvenile Justice Commission	239	239	128	111
OC Animal Care	--	23,359	19,670	3,689
Probation	195,470	199,531	197,586	1,945
Public Defender	90,229	90,229	86,827	3,402
Sheriff-Coroner	783,919	894,130	876,000	18,130
Sheriff Court Operations	51,106	70	24	46
Trial Courts	67,691	67,859	66,404	1,455
Public Ways and Facilities:				
OC Public Works	67,107	67,145	55,940	11,205
Health and Sanitation:				
Health Care Agency	1,093,756	1,181,358	1,133,028	48,330
OC Watersheds	20,452	20,452	13,677	6,775
Public Assistance:				
OC Community Resources	147,225	198,247	170,496	27,751
Social Services Agency	1,008,022	1,052,575	984,749	67,826
Total Expenditures and Other Financing Uses	4,137,988	4,547,297	4,288,908	258,389
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(52,908)	(63,895)	(9,086)	\$ 54,809
Fund Balances-Beginning of Year	745,939	745,939	745,939	
Fund Balances-End of Year	\$ 693,031	\$ 682,044	\$ 736,853	

The notes to the basic financial statements are an integral part of this statement.

Budgetary Comparison Statement
(Dollar Amounts in Thousands)

**BUDGETARY COMPARISON STATEMENT
MAJOR GOVERNMENTAL FUNDS-FLOOD CONTROL DISTRICT**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues and Other Financing Sources				
Taxes	\$ 129,546	\$ 129,546	\$ 135,875	\$ 6,329
Fines, Forfeitures, and Penalties	15	15	28	13
Use of Money and Property	8,149	8,149	6,047	(2,102)
Intergovernmental	12,792	12,842	7,983	(4,859)
Charges for Services	12,058	12,058	18,001	5,943
Other	110	110	1,944	1,834
Transfers In	75,245	75,245	75,245	--
Total Revenues and Other Financing Sources	<u>237,915</u>	<u>237,965</u>	<u>245,123</u>	<u>7,158</u>
Expenditures and Other Financing Uses				
Public Protection:				
OC Flood	283,601	285,298	200,419	84,879
OC Flood-Capital Improvement Projects	75,595	75,595	13,327	62,268
OC Flood-Santa Ana River	79,499	79,499	46,558	32,941
Total Expenditures and Other Financing Uses	<u>438,695</u>	<u>440,392</u>	<u>260,304</u>	<u>180,088</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(200,780)	(202,427)	(15,181)	<u>\$ 187,246</u>
Fund Balances-Beginning of Year	483,839	483,839	483,839	
Fund Balances-End of Year	<u>\$ 283,059</u>	<u>\$ 281,412</u>	<u>\$ 468,658</u>	

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BUDGETARY COMPARISON STATEMENT
MAJOR GOVERNMENTAL FUNDS-OTHER PUBLIC PROTECTION

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises	\$ 9	\$ 9	\$ 98	\$ 89
Fines, Forfeitures, and Penalties	4,867	4,867	1,439	(3,428)
Use of Money and Property	7,000	7,000	5,038	(1,962)
Intergovernmental	18,513	19,005	23,419	4,414
Charges for Services	12,979	13,380	15,832	2,452
Other	6,782	6,782	5,403	(1,379)
Transfers In	4,665	36,936	37,060	124
Total Revenues and Other Financing Sources	<u>54,815</u>	<u>87,979</u>	<u>88,289</u>	<u>310</u>
Expenditures and Other Financing Uses				
Public Protection:				
County Automated Fingerprint Identification	2,289	2,419	1,588	831
Building and Safety-Operating Reserve	215	1,027	116	911
Narcotic Forfeiture and Seizure	587	587	225	362
Sheriff-Regional Narcotics Suppression Program	79	79	619	(540)
Motor Vehicle Theft Task Force	3,659	3,725	3,588	137
Regional Narcotic Suppression Program-Dept of Treasury	--	--	7	(7)
Regional Narcotic Suppression Program-Other	2,987	3,318	1,551	1,767
Clerk Recorder Special Revenue	7,645	7,645	6,937	708
Clerk Recorder Operating Reserve	967	7,763	2	7,761
Real Estate Prosecution	1,610	2,010	2,009	1
Proposition 64-Consumer Protection	5,190	5,190	1,147	4,043
Proposition 69-DNA Identification	701	1,095	567	528
Traffic Violator	1,007	1,007	203	804
Sheriff Narcotics Program-Dept of Justice	10,241	12,650	1,724	10,926
Sheriff Narcotics Program-Other	2,452	2,710	135	2,575
Orange County Jail	501	240	--	240
Sheriff Narcotics Program-CALMMET-Treasury	1,134	1,588	51	1,537
Sheriff's State Criminal Alien Assistance Program	2,693	2,695	2	2,693
California Automated Fingerprint Identification Operational Costs	2,123	2,059	1,616	443
California Automated Fingerprint Identification Systems Costs	38,911	41,421	1,331	40,090
Sheriff's Supplemental Law Enforcement Services	2,629	1,876	1,001	875
District Attorney's Supplemental Law Enforcement Services	1,425	1,425	1,161	264
Excess Public Safety Sales Tax	3,250	28,156	2	28,154
Sheriff-Coroner Replacement and Maintenance	22,654	22,936	1,175	21,761
Ward Welfare	122	122	117	5
Sheriff's Substations Fee Program	997	1,007	852	155
Sheriff Court OPS-Special Collections	4,599	4,052	2,272	1,780
Jail Commissary	10,083	11,770	6,639	5,131
Inmate Welfare	17,475	17,287	3,558	13,729
Child Support Program Development	7,794	7,794	2,521	5,273
800 MHz Countywide Coordinated Communications System	8,274	11,247	6,550	4,697
Delta Special Revenue	20	20	6	14
Total Expenditures and Other Financing Uses	<u>164,313</u>	<u>206,920</u>	<u>49,272</u>	<u>157,648</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(109,498)</u>	<u>(118,941)</u>	<u>39,017</u>	<u>\$ 157,958</u>
Fund Balances-Beginning of Year	160,680	160,680	160,680	
Fund Balances-End of Year	<u>\$ 51,182</u>	<u>\$ 41,739</u>	<u>\$ 199,697</u>	

The notes to the basic financial statements are an integral part of this statement.

Budgetary Comparison Statement
(Dollar Amounts in Thousands)

**BUDGETARY COMPARISON STATEMENT
MAJOR GOVERNMENTAL FUNDS-MENTAL HEALTH SERVICES ACT**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues and Other Financing Sources				
Use of Money and Property	\$ 4,000	\$ 4,000	\$ 1,550	\$ (2,450)
Intergovernmental	181,600	181,600	239,468	57,868
Total Revenues and Other Financing Sources	<u>185,600</u>	<u>185,600</u>	<u>241,018</u>	<u>55,418</u>
Expenditures and Other Financing Uses				
Health & Sanitation:				
Mental Health Services Act	256,885	256,885	189,857	67,028
Total Expenditures and Other Financing Uses	<u>256,885</u>	<u>256,885</u>	<u>189,857</u>	<u>67,028</u>
Excess (Deficit) of Revenues and Other Financing				
Sources Over Expenditures and Other Financing Uses	(71,285)	(71,285)	51,161	<u>\$ 122,446</u>
Fund Balances-Beginning of Year	130,567	130,567	130,567	
Fund Balances-End of Year	<u>\$ 59,282</u>	<u>\$ 59,282</u>	<u>\$ 181,728</u>	

The notes to the basic financial statements are an integral part of this statement.

County of Orange
Comprehensive Annual Financial Report
June 30, 2021
(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	
<u>ASSETS</u>					
Current Assets					
Pooled Cash/Investments	\$ 181,881	\$ 518,786	\$ 301	\$ 700,968	\$ 325,099
Cash Equivalents/Specific Investments	3,356	--	--	3,356	--
Cash/Cash Equivalents	4,646	--	--	4,646	5,804
Imprest Cash Funds	14	35	--	49	8
Restricted Cash and Investments with Trustee	14,494	--	--	14,494	--
Restricted Pooled Cash and Investments	8,858	854	--	9,712	--
Deposits In-Lieu of Cash	6,128	17,753	--	23,881	--
Receivables:					
Accounts	7,436	15,668	37	23,141	104
Passenger Facility Charges	2,548	--	--	2,548	--
Interest/Dividends	198	708	--	906	352
Pollution Remediation Obligation Recoveries	256	--	--	256	--
Allowance for Uncollectible Receivables	--	(1)	--	(1)	(107)
Due from Other Funds	178	1,108	--	1,286	3,970
Due from Other Governmental Agencies	11,552	1,570	--	13,122	367
Inventory of Materials and Supplies	--	--	--	--	235
Prepaid Costs	3,549	3,273	--	6,822	2,881
Total Current Assets	245,094	559,754	338	805,186	338,713
Noncurrent Assets					
Restricted Cash and Investments with Trustee	8,840	--	--	8,840	--
Restricted Pooled Cash and Investments	--	11,550	--	11,550	--
Restricted Pooled Cash and Investments-Closure and Postclosure Care Costs	--	97,755	--	97,755	--
Specific Investments	49,995	--	--	49,995	--
Advances to Other Funds	--	55,000	--	55,000	--
Capital Assets:					
Land	15,678	22,701	--	38,379	--
Construction in Progress	41,348	11,445	--	52,793	1,948
Intangible Assets in Progress	--	307	--	307	--
Intangible Assets-Amortizable	4,449	2,007	--	6,456	118
Accumulated Amortization	(2,850)	(837)	--	(3,687)	(86)
Land Improvements	--	611	--	611	--
Accumulated Depreciation	--	(27)	--	(27)	--
Structures and Improvements	908,079	30,044	--	938,123	18,623
Accumulated Depreciation	(397,140)	(16,115)	--	(413,255)	(8,455)
Equipment	15,642	95,577	--	111,219	171,531
Accumulated Depreciation	(8,977)	(51,631)	--	(60,608)	(112,907)
Infrastructure	240,224	476,502	--	716,726	--
Accumulated Depreciation	(200,530)	(243,716)	--	(444,246)	--
Total Capital Assets	615,923	326,868	--	942,791	70,772
Total Noncurrent Assets	674,758	491,173	--	1,165,931	70,772
Total Assets	919,852	1,050,927	338	1,971,117	409,485
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Charge on Refunding	1,684	--	--	1,684	--
Deferred Outflows of Resources Related to Pension	8,759	11,292	--	20,051	11,264
Deferred Outflows of Resources Related to OPEB	201	255	--	456	310
Total Deferred Outflows of Resources	10,644	11,547	--	22,191	11,574

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements
Statement of Net Position
Proprietary Funds
(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	
<u>LIABILITIES</u>					
Current Liabilities					
Accounts Payable	\$ 11,195	\$ 6,041	\$ --	\$ 17,236	\$ 8,951
Retainage Payable	1,716	455	--	2,171	21
Salaries and Employee Benefits Payable	766	980	--	1,746	875
Unearned Revenue	3,800	68	--	3,868	--
Due to Other Funds	2,354	8,823	--	11,177	3,644
Due to Other Governmental Agencies	229	10,498	--	10,727	1
Insurance Claims Payable	--	--	--	--	60,633
Compensated Employee Absences Payable	1,078	1,434	--	2,512	1,409
Pollution Remediation Obligation	--	610	--	610	--
Landfill Site Closure/Postclosure Liability	--	3,920	--	3,920	--
Bonds Payable	13,720	--	--	13,720	--
Capital Lease Obligations Payable	331	--	--	331	1,647
Interest Payable	1,796	--	--	1,796	--
Deposits from Others	8,441	18,843	--	27,284	--
Total Current Liabilities	45,426	51,672	--	97,098	77,181
Noncurrent Liabilities					
Insurance Claims Payable	--	--	--	--	176,849
Compensated Employee Absences Payable	595	921	--	1,516	1,165
Pollution Remediation Obligation	994	13,058	--	14,052	--
Landfill Site Closure/Postclosure Liability	--	182,914	--	182,914	--
Bonds Payable	66,190	--	--	66,190	--
Capital Lease Obligations Payable	663	--	--	663	7,741
Net Pension Liability	34,352	43,158	--	77,510	32,116
Net OPEB Liability	2,501	3,213	--	5,714	3,755
Total Noncurrent Liabilities	105,295	243,264	--	348,559	221,626
Total Liabilities	150,721	294,936	--	445,657	298,807
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Inflows of Resources Related to Pension	8,884	11,173	--	20,057	12,063
Deferred Inflows of Resources Related to OPEB	327	400	--	727	503
Total Deferred Inflows of Resources	9,211	11,573	--	20,784	12,566
<u>NET POSITION</u>					
Net Investment in Capital Assets	538,531	326,644	--	865,175	61,373
Restricted for:					
Debt Service	12,698	--	--	12,698	--
Passenger Facility Charges Approved Capital Projects	8,093	--	--	8,093	--
Capital Projects-Replacements and Renewals	1,000	--	--	1,000	--
Landfill Closure/Postclosure	--	25,053	--	25,053	--
Landfill Corrective Action	--	10,472	--	10,472	--
Wetland	--	879	--	879	--
Unrestricted	210,242	392,917	338	603,497	48,313
Total Net Position	\$ 770,564	\$ 755,965	\$ 338	1,526,867	\$ 109,686
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds (978)					
Cumulative Effect of Prior Years' Internal Service Funds Allocation (13,820)					
Net Position of Business-Type Activities				\$ 1,512,069	

County of Orange
Comprehensive Annual Financial Report
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(Dollar Amounts in Thousands)

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	
Operating Revenues					
Use of Money and Property	\$ 84,214	\$ 4,375	\$ 183	\$ 88,772	\$ 1,372
Licenses, Permits, and Franchises	--	150	--	150	--
Charges for Services	15,608	175,310	--	190,918	120,195
Insurance Premiums	--	--	--	--	341,614
Total Operating Revenues	99,822	179,835	183	279,840	463,181
Operating Expenses					
Salaries and Employee Benefits	19,483	26,845	--	46,328	23,893
Services and Supplies	30,378	38,471	--	68,849	36,670
Professional Services	40,893	20,137	11	61,041	70,720
Operating Leases	381	920	--	1,301	5,209
Insurance Claims and Premiums	--	--	--	--	319,895
Pollution Remediation Expense	--	(1,137)	--	(1,137)	--
Other Charges	--	--	--	--	748
Taxes and Other Fees	186	21,042	--	21,228	3
Landfill Site Closure/Postclosure Costs	--	6,373	--	6,373	--
Depreciation/Amortization	34,117	21,831	--	55,948	13,205
Total Operating Expenses	125,438	134,482	11	259,931	470,343
Operating Income (Loss)	(25,616)	45,353	172	19,909	(7,162)
Nonoperating Revenues (Expenses)					
Fines, Forfeitures, and Penalties	318	139	--	457	--
Intergovernmental Revenues	22,066	305	--	22,371	5,197
Interest and Investment Income	243	1,024	2	1,269	511
Interest Expense	(1,740)	--	--	(1,740)	(112)
Gain on Disposition of Capital Assets	23	253	--	276	280
Passenger Facility Charges Revenue	9,028	--	--	9,028	--
Other Taxes	--	--	14	14	14
Other Revenue	299	1,950	--	2,249	11,072
Total Nonoperating Revenues	30,237	3,671	16	33,924	16,962
Income Before Contributions and Transfers	4,621	49,024	188	53,833	9,800
Capital Grant Contributions	5,387	--	--	5,387	--
Capital Contributions	--	--	--	--	223
Transfers In	--	709	--	709	9,048
Transfers Out	--	(8,218)	--	(8,218)	(1,311)
Change in Net Position	10,008	41,515	188	51,711	17,760
Net Position-Beginning of Year	760,556	714,450	150		91,926
Net Position-End of Year	<u>\$ 770,564</u>	<u>\$ 755,965</u>	<u>\$ 338</u>		<u>\$ 109,686</u>
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				(978)	
Increase in Net Position of Business-Type Activities				<u>\$ 50,733</u>	

The notes to the basic financial statements are an integral part of this statement.



County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 106,438	\$ 180,482	\$ 210	\$ 287,130	\$ 35,103
Cash Received for Premiums within the County's Entity	--	--	--	--	341,614
Payments to Suppliers for Goods and Services	(72,269)	(69,701)	(11)	(141,981)	(416,358)
Payments to Employees for Services	(22,186)	(26,742)	--	(48,928)	(27,608)
Payments for Interfund Services	--	(10,605)	--	(10,605)	(986)
Receipts for Interfund Services Used	53	--	--	53	87,778
Landfill Site Closure/Postclosure Care Costs	--	(3,920)	--	(3,920)	--
Payment for Taxes and Other Fees	(186)	(21,042)	--	(21,228)	(3)
Other Operating Receipts	940	3,230	--	4,170	11,066
Other Operating Payments	(26)	(6,472)	--	(6,498)	(5,961)
Net Cash Provided by Operating Activities	<u>12,764</u>	<u>45,230</u>	<u>199</u>	<u>58,193</u>	<u>24,645</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	--	709	--	709	9,048
Transfers Out	--	(8,218)	--	(8,218)	(1,311)
Intergovernmental Revenues	18,222	305	--	18,527	5,197
Other Taxes	--	--	14	14	14
Advances Paid To Other Funds, Net	--	(24,948)	--	(24,948)	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>18,222</u>	<u>(32,152)</u>	<u>14</u>	<u>(13,916)</u>	<u>12,948</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(33,682)	(17,512)	--	(51,194)	(13,532)
Principal Paid on Bonds	(11,255)	--	--	(11,255)	--
Interest Paid on Long-Term Debt	(3,872)	--	--	(3,872)	--
Capital Grant Contributions	2,781	--	--	2,781	--
Passenger Facility Charges Received	6,771	--	--	6,771	--
Principal Payments on Capital Lease Obligations	(167)	--	--	(167)	(5,071)
Interest Paid on Capital Lease Obligations	--	--	--	--	(112)
Proceeds from Sale of Capital Assets	37	67	--	104	449
Net Cash Used by Capital and Related Financing Activities	<u>(39,387)</u>	<u>(17,445)</u>	<u>--</u>	<u>(56,832)</u>	<u>(18,266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	634	1,722	2	2,358	786
Purchase of Investments	(3,887)	--	--	(3,887)	--
Net Cash Provided (Used) by Investing Activities	<u>(3,253)</u>	<u>1,722</u>	<u>2</u>	<u>(1,529)</u>	<u>786</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,654)	(2,645)	215	(14,084)	20,113
Cash and Cash Equivalents-Beginning of Year	224,903	631,625	86	856,614	310,798
Cash and Cash Equivalents-End of Year	<u>\$ 213,249</u>	<u>\$ 628,980</u>	<u>\$ 301</u>	<u>\$ 842,530</u>	<u>\$ 330,911</u>

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements
Statement of Cash Flows
Proprietary Funds
(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (25,616)	\$ 45,353	\$ 172	\$ 19,909	\$ (7,162)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation/Amortization	34,117	21,831	--	55,948	13,205
Fines, Forfeitures and Penalties	318	139	--	457	--
Other Revenue	299	1,950	--	2,249	11,072
(Increases) Decreases In:					
Deposits In-Lieu of Cash	957	(85)	--	872	--
Accounts Receivable, Net of Allowances	5,816	127	27	5,970	1,067
Due from Other Funds	8	(181)	--	(173)	(947)
Due from Component Unit	--	--	--	--	2
Due from Other Governmental Agencies	323	512	--	835	55
Inventory of Materials and Supplies	--	--	--	--	(53)
Prepaid Costs	(747)	(493)	--	(1,240)	(278)
Deferred Outflows of Resources Related to Pension	(1,226)	(2,022)	--	(3,248)	(2,027)
Deferred Outflows of Resources Related to OPEB	29	35	--	64	43
Increases (Decreases) In:					
Accounts Payable	(30)	(8,951)	--	(8,981)	(2,550)
Retainage Payable	25	--	--	25	--
Salaries and Employee Benefits Payable	88	153	--	241	89
Unearned Revenue	1,696	4	--	1,700	--
Due to Other Funds	45	(10,424)	--	(10,379)	141
Due to Other Governmental Agencies	72	(2,142)	--	(2,070)	1
Insurance Claims Payable	--	--	--	--	13,807
Compensated Employee Absences Payable	(168)	(50)	--	(218)	144
Pollution Remediation Obligation	--	(1,523)	--	(1,523)	--
Deposits from Others	(1,951)	93	--	(1,858)	--
Net Pension Liability	(4,911)	(5,892)	--	(10,803)	(7,468)
Net OPEB Liability	(196)	(235)	--	(431)	(298)
Landfill Site Closure/ Postclosure Liability	--	2,453	--	2,453	--
Deferred Inflows of Resources Related to Pension	3,744	4,490	--	8,234	5,692
Deferred Inflows of Resources Related to OPEB	72	88	--	160	110
Total Adjustments	38,380	(123)	27	38,284	31,807
Net Cash Provided by Operating Activities	<u>\$ 12,764</u>	<u>\$ 45,230</u>	<u>\$ 199</u>	<u>\$ 58,193</u>	<u>\$ 24,645</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position Accounts					
Pooled Cash/Investments	\$ 181,881	\$ 518,786	\$ 301	\$ 700,968	\$ 325,099
Cash Equivalents/Specific Investments	3,356	--	--	3,356	--
Cash/Cash Equivalents	4,646	--	--	4,646	5,804
Imprest Cash Funds	14	35	--	49	8
Restricted Cash and Investments with Trustee	14,494 (1)	--	--	14,494	--
Restricted Pooled Cash/Investments	8,858	12,404	--	21,262	--
Restricted Pooled Cash/Investments-Closure and Postclosure Care Costs	--	97,755	--	97,755	--
Total Cash and Cash Equivalents	<u>\$ 213,249</u>	<u>\$ 628,980</u>	<u>\$ 301</u>	<u>\$ 842,530</u>	<u>\$ 330,911</u>
Schedule of Noncash Investing, Capital, and Financing Activities:					
- The Internal Service Funds' gain of \$280 on disposition of capital assets.					
- The Internal Service Funds received \$223 of capital contributions.					
- The Internal Service Funds' acquisition of capital assets with accounts payable is \$3,571.					
- The Internal Service Funds' acquisition of capital assets with retainage payable is \$11.					
- Airport's gain of \$23 on disposition of capital assets.					
- Airport's acquisition of capital assets with retainage payable is \$1,680.					
- Airport's acquisition of capital assets with accounts payable is \$5,333.					
- Airport's change in fair value of investments not considered cash or cash equivalents is \$3.					
- Airport's accrued capital grant contribution receivable \$2,606.					
- Airport's amortization of bond premium is \$2,297.					
- Airport's amortization of deferred charge on refunding is \$446.					
- OC Waste & Recycling's gain of \$253 on disposition of capital assets.					
- OC Waste & Recycling's acquisition of capital assets with retainage payable is \$224.					
- OC Waste & Recycling's acquisition of capital assets with accounts payable is \$672.					

(1) Does not include \$8,840 from Airport's nonliquid Restricted Cash and Investments with Trustee.

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

	Private- Purpose Trust Funds	Investment Trust Funds	Pension and Other Post- Employment Benefit Trust Funds	Custodial Funds
ASSETS				
Pooled Cash/Investments	\$ 70,517	\$ 6,140,080	\$ 3,101	\$ 337,052
Cash/Cash Equivalents	--	--	482,282	730
Securities Lending Collateral	--	--	239,640	--
Restricted Cash and Investments				
Restricted Investments with Trustee				
Money Market Mutual Funds	4,640	--	--	31,559
Global Public Equity	--	--	8,969,077	12,966
Private Equity	--	--	2,353,755	--
Core Fixed Income	--	--	2,375,245	6,129
Credit	--	--	1,545,445	--
Real Assets	--	--	2,065,857	--
Risk Mitigation	--	--	1,782,656	--
Absolute Return	--	--	480	--
Unique Strategies	--	--	55,283	--
Non-Bond Funds	--	--	233,903	--
Mutual Bond Funds	--	--	17,766	--
Stable Value Fund	--	--	18,761	--
Total Restricted Cash and Investments	4,640	--	19,418,228	50,654
Receivables				
Accounts	25	--	--	447
Investments	--	--	19,813	--
Taxes	--	--	--	188,428
Securities Sales	--	--	89,992	--
Contributions	--	--	13,354	--
Foreign Currency Forward Contracts	--	--	555	--
Interest/Dividends	113	11,162	27	10,386
Taxes	--	--	4,434	--
Allowance for Uncollectible Receivables	--	--	--	(29,711)
Due from Other Governmental Agencies	2	--	742	8,575
Capital Assets, Net	--	--	13,713	--
Total Assets	75,297	6,151,242	20,285,881	566,561
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	91	--	--	--
Total Deferred Outflows of Resources	91	--	--	--
LIABILITIES				
Accounts Payable	--	--	122,372	7,848
Salaries and Employee Benefits Payable	--	--	108,322	--
Unearned Contributions	--	--	293,948	--
Investment Obligations	--	--	240,011	--
Bonds Payable	9,331	--	--	--
Interest Payable	128	--	--	--
Unapportioned Interest	--	--	--	7,865
Due to Other Governmental Agencies	223	182	--	14,967
Unapportioned Taxes	--	--	--	17,688
Total Liabilities	9,682	182	764,653	48,368
DEFERRED INFLOWS OF RESOURCES				
Deferred Charge on Refunding	44	--	--	--
Total Deferred Inflows of Resources	44	--	--	--
NET POSITION				
Restricted for:				
OPEB Benefits	--	--	671,481	19,579
Pension	--	--	18,853,793	--
Pool Participants	--	6,151,060	--	--
Individuals, Organizations, and Other Governments	65,662	--	--	498,614
Total Net Position	\$ 65,662	\$ 6,151,060	\$ 19,525,274	\$ 518,193

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Private- Purpose Trust Funds	Investment Trust Funds	Pension and Other Post- Employment Benefit Trust Funds	Custodial Funds
Additions:				
Contributions to Pension and Other Postemployment Benefit Trust Funds:				
Employer	\$ --	\$ --	\$ 737,397	\$ 613
Employee	--	--	281,647	--
Contributions to Pooled Investments	--	9,966,648	--	1,132,584
Contributions to Private-Purpose Trust	48,661	--	--	--
Intergovernmental Revenues	4,886	--	--	--
Other Revenues	1,445	--	--	--
Taxes	--	--	--	10,148,356
Investment Earnings				
Interest and Investment Income	1,148	19,823	2,383,202	115,953
Less: Investment Expense	(71)	(3,559)	(108,790)	(138)
Total Additions	<u>56,069</u>	<u>9,982,912</u>	<u>3,293,456</u>	<u>11,397,368</u>
Deductions:				
Benefits Paid to Participants	--	--	1,029,706	1,383
Distributions from Pooled Investments	--	9,547,868	--	1,013,075
Distributions from Private-Purpose Trust	51,831	--	--	--
Professional Services	473	--	20,472	6,566
Other Expenses	--	--	--	230,397
Tax Pass-Throughs	194	--	--	--
Apportioned Taxes	--	--	--	10,236,271
Interest Expense	267	--	--	--
Total Deductions	<u>52,765</u>	<u>9,547,868</u>	<u>1,050,178</u>	<u>11,487,692</u>
Change in Net Position	3,304	435,044	2,243,278	(90,324)
Net Position-Beginning of Year	66,482	5,716,016	562,014	--
Adjustment Due to Change in Accounting Principle	(4,124)	--	16,719,982	608,517
Net Position-Beginning of Year, as Restated	62,358	5,716,016	17,281,996	608,517
Net Position-End of Year	<u>\$ 65,662</u>	<u>\$ 6,151,060</u>	<u>\$ 19,525,274</u>	<u>\$ 518,193</u>





Probation K-9



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the County of Orange:

A. Reporting Entity

The County is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through an elected five-member Board of Supervisors (Board), which, as the governing body, is responsible for the legislative and executive control of the County. The County provides a full range of general government services, including police protection, detention and correction, public assistance, health and sanitation, recreation, library, flood control, public ways and facilities, waste management, airport management, and general financial and administrative support.

As required by GAAP in the United States of America, these financial statements present financial information for both the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations and the Board is typically their governing body. Therefore, data from these component units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. Management applied the criteria of GASB Statement No. 14, "*The Financial Reporting Entity*," Statement No. 39, "*Determining Whether Certain Organizations are Component Units-An Amendment of GASB Statement No. 14*," Statement No. 61, "*The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*," and Statement No. 80, "*Blending Requirements for Certain Component Units-An Amendment of GASB Statement No. 14*," to determine whether the component units should be reported as blended or discretely presented component units. The criteria included whether the County appoints the voting majority, there is a financial benefit/burden relationship, the County is able to impose its will, the component unit is fiscally dependent on the County, the component unit's governing body is substantially the same as the County, and management of the County have operational responsibility for the activities of the component unit. These criteria were used to determine the following:

Blended Component Units

Orange County Flood Control District The governing body of the District is the County's governing body. Among its duties, it approves the District's budget, determines the District's tax rates, approves contracts, and appoints the management. The District is reported in governmental fund types.

Orange County Housing Authority The governing body of the Authority is the County's governing body. Among its duties, it approves the Authority's budget and policies that govern the administration of the housing assistance programs and appoints the management. The Authority is reported in governmental fund types.

Orange County Public Financing Authority The Authority is a joint powers authority of the County and the Orange County Development Agency (OCDA), formed to provide financial assistance to the County by financing the acquisition, construction and improvement of public facilities in the County. The governing body of the Authority is the County's governing body. The Authority is reported in governmental fund types. With the passage of ABX1 26 dissolving redevelopment agencies statewide effective February 1, 2012, the Authority will not issue any new debt.

South Orange County Public Financing Authority The Authority is a joint powers authority of the County and Community Facilities District 88-2 of the County of Orange (Lomas Laguna), formed to provide for the financing of public capital improvements. The governing body of the Authority is the County's governing body. The Authority is reported in governmental fund types.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Capital Facilities Development Corporation The Corporation has its own three-member governing body appointed by the County's governing body. The purpose of the Corporation is to facilitate financings, acquisitions of property, and other financial and property related transactions, by or for the benefit of the County, including but not limited to purchasing property from or for the benefit of, borrowing or loaning money and selling or leasing property to, and otherwise participating in financial and leasing transactions with the County. The Corporation is reported in governmental fund types.

Orange County Public Facilities Corporation The Corporation has its own five-member governing body appointed by the County's governing body and provides services entirely to the primary government, the County, through the purchases, construction or leasing of land and/or facilities, which are then leased back to the County. The Corporation is reported in governmental fund types.

County Service Areas, Special Assessment Districts, and Community Facilities Districts The governing body of County Service Areas, Special Assessment Districts, and Community Facilities Districts (special districts) is the County's governing body. Among its duties, it approves the special districts' budgets, and approves parcel fees, special assessments and special taxes. The special districts are reported in governmental fund types.

In-Home Supportive Services (IHSS) Public Authority The governing body of the Authority is the County's governing body. The Authority was established by the Board to act as the employer of record for the individual providers for the IHSS program. The duties of the Authority include collective bargaining for the individual providers, establishing a registry of providers, investigating the background of providers and providing training to both IHSS providers and consumers. The Authority is reported in governmental fund types.

Fiduciary Component Unit

Orange County Employee Retirement System (OCERS) OCERS is a public retirement system established in 1945 that administers the County's retirement and OPEB Plans in accordance with the County Employees Retirement Law of 1937 and the California Public Employees' Pension Reform Act (PEPRA) of 2013. OCERS was determined to be a fiduciary component unit of the County based on the new guidelines of GASB Statement No. 84 "*Fiduciary Activities*" (GASB Statement No. 84). It is reported in the Pension and OPEB Trust Funds and Custodial Fund Fiduciary financial statements. OCERS issues a stand-alone financial report with year-end December 31 and is available online at www.ocers.org or in writing if requested to the Orange County Employees Retirement System, P.O. Box 1229, Santa Ana, CA 92702.

Discretely Presented Component Units

Children and Families Commission of Orange County (CFCOC) The CFCOC is administered by a governing board of nine members, who are appointed by the Board. Its purpose is to develop, adopt, promote and implement early childhood development programs in the County. It is funded by additional State taxes on tobacco products and approved by California voters via Prop 10 in November 1998. The CFCOC is presented as a discretely presented component unit of the County because, although the County Board has no control over the revenues, budgets, staff, or funding decisions made by the CFCOC, the appointed CFCOC members serve at the will of the Board members who appoint them. A separate stand-alone annual financial report can be obtained by writing to the Children and Families Commission of Orange County, 1505 E. 17th Street, Suite 230, Santa Ana, CA 92705, or by accessing Orange County's website: www.ac.ocgov.com.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) The Board established CalOptima in 1993. The governing board of CalOptima is comprised of nine voting members and includes two County Board members and one County Board member alternate; all other members are appointed by the Board. This is a County organized health system whose purpose is to administer health insurance programs for low-income families, children, seniors, and persons with disabilities throughout the County. These programs include Medi-Cal, OneCare (HMO SNP), OneCare Connect Cal MediConnect Plan, and Program of All-Inclusive Care for the Elderly (PACE). CalOptima is presented as a discretely presented component unit of the County because, although the County Board has no control over the revenues, budgets, staff, or funding decisions made by CalOptima, the appointed CalOptima members serve at the will of the Board members who appoint them. CalOptima will continue until such time as the Board takes action to terminate CalOptima. A separate stand-alone annual financial report can be obtained by writing to CalOptima, 505 City Parkway West, Orange, CA 92868 or can be accessed via the website <http://wpso.dmhca.gov/fe/search/>.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide and fund financial statements. The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. The government-wide financial statements report long-term liabilities and capital assets. Depreciation/amortization expense and accumulated depreciation/amortization are displayed on the government-wide financial statements. The capital assets and related depreciation include the costs and depreciation of infrastructure assets.

The fund financial statements for the governmental funds are prepared under the modified accrual basis of accounting and the current financial resources measurement focus. Fund financial statements are shown separately for specific major governmental funds and in total for all other governmental funds. Fund financial statements for proprietary funds are reported under the accrual basis of accounting and the economic resources measurement focus. Major enterprise funds are shown separately, with internal service funds shown in total. Financial data for the internal service funds is included with the governmental funds for presentation in the government-wide financial statements. Fiduciary funds are displayed by category in the fund financial statements, but are not reported in the government-wide financial statements, because the assets of these funds are not available to the County.

Government-Wide Financial Statements

GASB Statement No. 34, *“Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments”* (GASB Statement No. 34), as amended by GASB Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”* (GASB Statement No. 63), mandates the presentation of two basic government-wide financial statements:

- *Statement of Net Position*
- *Statement of Activities*

The scope of the government-wide financial statements is to report information on all of the non-fiduciary activities of the primary government and its component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

Governmental activities, which are normally supported by taxes, intergovernmental revenues, other nonexchange revenues, and business-type activities, which are financed by fees charged to external parties for goods or services, are reported in separate columns with a combined total column presented for the primary government. Likewise, the primary government is reported separately from the legally separate component units, CFCOC and CalOptima, for which the primary government is financially accountable. The government-wide Statement of Net Position displays the financial position of the primary government, in this case, the County and its discretely presented component units. The Statement of Net Position reports the County's financial and capital resources, including infrastructure, as well as the County's long-term obligations. The difference between the County's assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources is its net position. Net position represents the resources that the County has available for use in providing services after its debt or other obligations are settled.

These resources may not be readily available or spendable and consequently are classified into the following categories of net position in the government-wide financial statements:

- Net Investment in Capital Assets This amount is derived by subtracting the outstanding liabilities incurred by the County, including debt-related deferred outflows and inflows of resources, to buy or construct capital assets shown in the Statement of Net Position, net of depreciation.
- Restricted Net Position This category represents restrictions imposed on the use of the County's resources by parties outside of the government or by law through constitutional provisions or enabling legislation. All of the County's net position restrictions are externally imposed by outside parties, constitutional provisions or enabling legislation. Examples of restricted net position include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments. At June 30, 2021, the County's governmental activities reported restricted net position of \$1,663,571 and is restricted for pension benefits related to the OCERS Investment Account, capital projects, debt service, legally segregated funds restricted for grants and other purposes, and regional park endowment. Restricted Net Position for business-type activities amounted to \$58,195 and is restricted for the use of Airport and OC Waste & Recycling activities, including debt service, passenger facility charges (PFC), capital projects replacements and renewals, landfill closure/postclosure, and landfill corrective action. At June 30, 2021, the County reported \$8,093 of net position restricted by enabling legislation related to the Airport's PFC.
- Unrestricted Net Position These assets are resources of the County that can be used for any purpose, though they may not necessarily be liquid. In addition, assets in a fund that exceed the amounts required to be restricted by external parties or enabling legislation are reported as unrestricted net position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues and the extent to which the function or segment is supported by general government revenues, such as property taxes, local unrestricted sales taxes, and investment earnings. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated to match the reimbursement of indirect costs recorded as program revenues to the same function where the related expense is recorded. Program revenues include:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Government-Wide and Fund Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

- *Charges and fees to customers or applicants for goods, services, or privileges provided, including fines, forfeitures, and penalties related to the program*
- *Operating grants and contributions*
- *Capital grants and contributions, including special assessments*

Taxes and other items such as unrestricted investment earnings not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. The financial information of each major fund is shown in a separate column in the fund financial statements, with the data for all nonmajor governmental funds aggregated into a single column and all nonmajor proprietary funds aggregated into a single column. GASB Statement No. 34, as amended by GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*" (GASB Statement No. 65), sets forth minimum criteria (specified minimum percentages of the assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of a fund category and of the governmental and enterprise funds combined) for the determination of major funds. In addition to funds that meet the minimum criteria, any other governmental or enterprise fund that the government believes is of particular importance to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

General Fund This fund accounts for resources traditionally associated with government and all other resources, which are not required legally, or by sound financial management, to be accounted for in another fund. Revenues are primarily derived from taxes; licenses, permits and franchises; fines, forfeitures and penalties; use of money and property; intergovernmental revenues; charges for services; and other revenues. Expenditures are primarily expended for functions of general government, public protection, public ways and facilities, health and sanitation, public assistance, capital outlay, and debt service.

Flood Control District This fund accounts for the planning, construction, operation, and maintenance of regional flood protection and water conservation works, such as dams, control channels, retarding basins, and other flood control infrastructure, charges for services revenue, along with property taxes restricted for flood control activities, provide most of this fund's revenues.

Other Public Protection This fund accounts for revenues restricted for safety and law enforcement activities such as the child support program, automated fingerprint identification systems, and investigation team. Revenues consist primarily of federal grants, state grants, fines, use of money and property, and charges for services.

Mental Health Services Act This fund accounts for the County's mental health programs for children, transition age youth, adults, older adults and families pursuant to the State of California Mental Health Services Act. Revenues consist primarily from a 1% income tax on personal income in excess of one million dollars.

The County reports the following proprietary enterprise funds:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Airport This major fund accounts for major construction and for self-supporting aviation-related activities rendered at John Wayne Airport, Orange County. The airport's staff coordinates and administers general business activities related to the Airport, including concessions, commercial and general aviation operations, leased property, auto parking, and aircraft tie-down facilities.

OC Waste & Recycling This major fund accounts for the operation, expansion, and closing of existing landfills. Monies are collected through landfill disposal fees, which users pay based primarily on tonnage.

Compressed Natural Gas (CNG) This nonmajor fund accounts for the operation and maintenance of the CNG facility. Revenues consist primarily of CNG sales to both the County and the public.

Additionally, the County reports the following fund types:

Internal Service Funds The County reports nine Internal Service Fund types. These proprietary funds are used to report activities that provide goods or services to other funds of the County. These funds account for fleet services, publishing services, and other services (including claims for workers' compensation, property damage, information & technology, insurance and various health programs) provided to other County departments or agencies. The Internal Service Funds receive revenues on a cost-reimbursement basis.

Fiduciary Fund Types The County has a total of 388 individual trust and custodial funds for FY 2020-21. These trust and custodial funds are used to account for assets held on behalf of outside parties including other governments. They also include funds to account for financial activities of Pension and OPEB Plans administered by OCERS. When these assets are held under the terms of a formal trust agreement, a private-purpose trust, pension trust or OPEB trust fund is used. An investment trust fund is used for the portion of the County investment pool representing external pool participants, whose assets are deemed to be held in trust by the County's Treasurer. Custodial funds are used to account for assets that the County holds on behalf of others as their agent.

The County reports the following trust and custodial funds:

Private-Purpose Trust These funds are used to account for trust arrangements where the principal and income benefit individuals, private organizations, or other governments. Examples of private-purpose trusts include unidentified funds, unclaimed prisoner funds, and decedents' property held for escheatment. Also included are the County accounts for the former redevelopment agency.

Investment Trust

Orange County Investment Pool

These funds are used to account for assets, consisting primarily of cash and investments, of separate legal entities, other than school and community college districts, which participate in the County Treasurer's Investment Pool, and includes debt reserves for school and community college districts.

Orange County Educational Investment Pool

These funds are used to account for assets, consisting primarily of cash and investments, of school and community college districts that participate in the County Treasurer's External Educational Investment Pool.

Pension and Other Postemployment Benefits Trust The County reports nine Pension and OPEB Trust funds, which includes three trust funds under OCERS, the County's fiduciary component unit. These trust funds are used to account for resources that are required to be held in trust for the members and beneficiaries of defined benefit and defined contribution pension and post-employment benefit plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Custodial Funds These funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds, such as funds to hold property taxes and special assessments collected on behalf of various local governments, monies held in the Redevelopment Property Tax Trust funds, civil filing fees, and special assessment districts debt service funds. They also include the Orange County Transportation Agency, which is an OCERS custodial fund that is used to account for the Health Care Plan established in accordance with Internal Revenue Code (IRC) Section 115. The County's custodial funds use the economic resources measurement focus and accrual basis of accounting.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources and all liabilities, and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. Receivables are reported net of allowances for uncollectible receivables in the Statement of Net Position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For purposes of not overstating the true costs and program revenues reported for the various functions, interfund activities (e.g. interfund transfers and interfund reimbursements) have been eliminated from the government-wide Statement of Activities. Exceptions to the general rule are interfund services provided and used between functions, such as charges for auditing and accounting fees between the general government function and various other functions of the primary government. Elimination of these interfund activities would distort the direct costs and program revenues reported for the various functions concerned. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed. Additionally, only the interfund transfers between governmental and business-type activities are reported in the Statement of Activities.

Governmental Fund Financial Statements

Governmental funds are used to report all governmental activities that are not primarily self-funded by fees or charges to external users or other funds and are not fiduciary activities. These activities include the County's basic services to its citizenry and to other agencies, including general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. There are five types of governmental funds:

- *General Fund*
- *Special Revenue Funds*
- *Capital Projects Funds*
- *Debt Service Funds*
- *Permanent Fund*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of accounting, revenues and other governmental fund type financial resources (e.g., bond issuance proceeds) are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Revenues that are accrued include real and personal property taxes, sales taxes, property taxes in-lieu of motor vehicle license fees, fines, forfeitures and penalties, interest, federal and state grants and subventions, charges for current services, and the portion of long-term sales contracts and leases receivable that are measurable and available and where collectability is assured. Revenues that are not considered susceptible to accrual include penalties on delinquent property taxes and minor licenses and permits. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, provided that the revenues are also available. If intergovernmental revenues are expected to be received later than 60 days following the end of the fiscal year, then a receivable is recorded along with deferred inflows of resources. Once the intergovernmental revenue is received, revenue and cash are recorded, and the receivable and deferred inflows of resources are eliminated. Receipts that have not met all of the earning requirements are reported as unearned revenue received. As of June 30, 2021, the County reported \$293,816 of deferred inflows of resources and \$456,439 of unearned revenue received in the governmental funds' balance sheet.

Most expenditures are recorded when the related fund liabilities are incurred. However, inventory type items are considered expenditures at the time of use and principal and interest expenditures on bonded debt and capital leases are recorded in the year they become due for payment. Costs of claims, judgments, compensated employee absences and employer pension contributions are recorded as expenditures at fiscal year-end if they are due and payable. The related long-term obligation is recorded in the government-wide financial statements. Commitments such as purchase orders and contracts for materials and services are recorded as encumbrances.

Because the fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is presented to explain the adjustments necessary to reconcile fund financial statements to the government-wide financial statements.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds are used to account for business-type activities, which are financed mainly by fees and charges to users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

There are two types of proprietary funds:

- *Enterprise Funds*
- *Internal Service Funds*

The County has three enterprise funds: Airport, OC Waste & Recycling, and CNG. The principal operating revenues of the Airport, OC Waste & Recycling, and CNG enterprise funds are charges to customers for (1) landing fees, terminal space rental, auto parking, concessions, revenue from use of property, revenue from services, and aircraft tie-down fees, (2) disposal fees charged to users of the waste disposal sites, and (3) natural gas sales, respectively.

Internal Service Funds are used to report activities that provide goods or services to other funds of the County. The internal service funds receive revenues through cost-reimbursements of the goods and services provided to other County departments and agencies. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Fund Financial Statements

Fiduciary funds are used to account for assets held in a trustee or custodial capacity and cannot be used to support the County's own programs. They are accounted for using the economic resources measurement focus and accrual basis of accounting.

D. Budget Adoption and Revision

No later than October 2nd of each year, after conducting public hearings concerning the recommended budget, the Board adopts a budget in accordance with Government Code Sections 29000-29144 and 30200. The County publishes the results of this initial budgeting process in a separate report, the "Adopted Budget," which specifies all accounts established within each fund/department/budget control (a collection of account numbers necessary to fund a certain division or set of goal related activities) and will not include the carried forward prior year encumbrances. However, the original and final budget amounts presented in the financial statements may differ due to the inclusion of the carried forward prior year encumbrances.

Throughout the year, the original budget is adjusted to reflect increases or decreases in revenues and changes in fund balance, offset by an equal amount of adjustments to appropriations. Department heads are authorized to approve appropriation transfers within a fund/department/budget control. However, appropriation transfers between funds/departments/budget controls require approval of the Board. Accordingly, the lowest level of budgetary control exercised by the County's governing body is the fund/department/budget control level.

Annual budgets are adopted on a basis consistent with GAAP except for the general fund and major special revenue funds as detailed in the Budgetary Comparison Statement reconciliation between the budgetary basis and GAAP basis. Budgeted governmental funds consist of the general fund, major funds, and other nonmajor governmental funds. Budgetary comparison statements are prepared only for the general fund and major special revenue funds (listed below) for which the County legally adopts annual budgets, and are presented as part of the basic financial statements. The County did not legally adopt annual budgets for the Capital Facilities Development Corporation, South OC Public Financing Authority Fund, and Capital Facilities Construction Fund. The budgetary comparison statements provide three separate types of information: (1) the original budget, which is the first complete appropriated budget; (2) the final amended budget, which includes all legally authorized changes regardless of when they occurred; and (3) the actual revenues and expenditures during the year for budget-to-actual comparisons.

The major special revenue fund Budgetary Comparison Statements reported by the County in the Basic Financial Statements are:

- *Flood Control District*
- *Other Public Protection*
- *Mental Health Services Act*

The intent of preparing the Budgetary Comparison Statement reconciliation is to provide the reader with a more complete understanding and appreciation for the difference between budgetary revenues and other financing sources and expenditures and other financing uses presented in the Budgetary Comparison Statements and the revenues, expenditures, and other financing sources (uses) reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, which is prepared in accordance with GAAP. The major areas of difference are as follows:

- Under the budgetary basis, investment income is recognized on an amortized cost basis. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB Statement No. 31), all investment income, including changes in fair value (gains/losses) of investments, are recognized as investment income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

- Under the budgetary basis, revenues are normally recorded when earned. For GAAP basis, in accordance with GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" (GASB Statement No. 33), and GASB Statement No. 65, all nonexchange transactions, such as government-mandated nonexchange transactions and voluntary nonexchange transactions, can be accrued only if they are measurable and "available." "Available" has been defined by GASB Statement No. 33 as "collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period." The County has established the availability period as 60 days after the end of the fiscal year. In order to ensure all transactions for the current fiscal year meet this criterion, the County analyzes revenue receipts through August 31 and records adjustments to deferred inflows of resources for transactions that are not collected.
- GASB Statement No. 34 states, "Fiduciary funds should be used to report assets held in a trustee or custodial capacity for others and therefore, cannot be used to support the government's own programs". For the GAAP financial statements, an adjustment to record public-purpose trust monies as revenue in the benefitting funds is recorded for funds which continue to be accounted for as fiduciary funds on a budgetary basis, but do not meet the definition of a fiduciary fund.
- Under the budgetary basis, intrafund transfers are recognized as other financing sources (uses). For the GAAP financial statements, intrafund transfers are eliminated to minimize the "grossing-up" of intrafund transfers.
- For budgetary purposes, the loan from OC Waste & Recycling to the General Fund was recognized as other financing sources (uses). In accordance with GASB Statement No. 34, an adjustment to record the interfund loan as an interfund receivable in the lender fund and interfund payable in the borrower fund was recorded for the GAAP financial statements.
- Under the budgetary basis, interfund reimbursements or repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are recorded as revenues in the payer fund. In accordance with GASB Statement No. 34, an adjustment to eliminate interfund reimbursements is recorded for the GAAP financial statements.
- In accordance with GAAP, the County has established guidelines for recording expenditure accruals. In order to reasonably ensure that accruals for current fiscal year transactions are materially accurate, the County performs an analysis to identify expenditure accruals for the GAAP financial statements.
- The OC Animal Care Center used cash basis to record money it received from invoicing due to the low collection rate. Per GAAP, the receivables and the amount of the allowance for the doubtful accounts should be recorded.
- Under the budgetary basis, the lease rental payments were recorded in the Information Technology ISF. Per GAAP, the lease payments were reclassified to the fund where the lease liability is recorded.
- Under a budgetary basis, the County bills department for their portion of the pension required contribution to OCERS and recognizes the portion that is not forwarded to OCERS as revenue because the County Investment Account at OCERS funded this portion of the required contribution. For the GAAP financial statements, the County reclassified the budgeted revenue for the portion of the required contribution funded by the County Investment Account to reduce expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

The following schedule shows the Budgetary Comparison Statement reconciliation between the budgetary basis and GAAP basis for the General Fund and major special revenue funds:

	General Fund	Flood Control District	Other Public Protection	Mental Health Services Act
Actual Revenues and Other Financing Sources from the Budgetary Comparison Statements	\$ 4,279,822	\$ 245,123	\$ 88,289	\$ 241,018
Differences-budget to GAAP:				
Change in unrealized loss on investment	(7,919)	(3,220)	(1,058)	(1,077)
Adjustment to report redirected investment income as transfers	--	--	14	--
Adjustment of revenue accruals for 60 day recognition period	(114,150)	(807)	(610)	--
Adjustment to record Public-Purpose Trust Fund monies as revenue in benefitting fund	107	70	--	--
Adjustment to eliminate intrafund transfers	(7,628)	(75,030)	(2,777)	--
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(7,121)	(351)	--	--
Revenues and Other Financing Sources for non-budgeted funds are excluded in the Budgetary Comparison Statements	--	--	166	--
Recognition of outstanding invoices for OC Animal Care Center	750	--	--	--
Reclassification of Other Revenues to an Expenditure for portion of pension obligation bonds funded by the County Investment Account with OCERS	(10,450)	--	--	--
Reclass ISF lease rental to General Fund	136	--	--	--
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 4,133,547</u>	<u>\$ 165,785</u>	<u>\$ 84,024</u>	<u>\$ 239,941</u>
Actual Expenditures and Other Financing Uses from the Budgetary Comparison Statements	\$ 4,288,908	\$ 260,304	\$ 49,272	\$ 189,857
Differences-budget to GAAP:				
Adjustment to report redirected investment income as transfers	--	--	14	--
Adjustment of expenditure accruals for timing differences	(2,538)	593	49	--
Adjustment to eliminate intrafund transfers	(7,628)	(75,030)	(2,777)	--
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(7,121)	(351)	--	--
Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements	--	--	493	--
Reclassification of loan repayment from General Fund to OC Waste & Recycling	(185)	--	--	--
Reclassification of Other Revenues to an Expenditure for portion of pension obligation bonds funded by the County Investment Account with OCERS	(10,450)	--	--	--
Reclass ISF lease rental to General Fund	136	--	--	--
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 4,261,122</u>	<u>\$ 185,516</u>	<u>\$ 47,051</u>	<u>\$ 189,857</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance

The County applies GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" (GASB Statement No. 54) for financial statement purposes. The intent of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

The balance sheet reports the following five different classifications of fund balance:

Nonspendable Fund Balance Amounts that are not in a spendable form, such as long-term receivables, inventory or prepaid costs, or that are required to be maintained intact, such as the corpus of an endowment fund. The County's Regional Park Endowment Permanent Fund reports the original donation as nonspendable in accordance with donor requirements.

Restricted Fund Balance Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance Amounts constrained to specific purposes by a formal action of the highest level of decision-making authority. The constraint remains binding unless the government takes the same highest-level action to remove or change the constraint. The Board is the County's highest level of decision-making authority. The highest level of formal action to commit resources is an ordinance.

Assigned Fund Balance Amounts a government intends to use for a specific purpose that are neither restricted nor committed; intent can be expressed by the governing body (Board) or by an official or body to which the governing body delegates authority (CEO, County Department Heads, and County Purchasing Agent). The County's budget development guidelines provide the policy that is used by all County departments to determine the designation of assigned fund balance. Assigned fund balance includes the aggregation of resources for capital projects, which are expected to develop in future periods and fund balance reserved for outstanding contractual obligations for which goods and services have not yet been received or approved by the Board for appropriation in FY 2020-21, through the County's budget process.

Unassigned Fund Balance Residual amounts within the General Fund in excess of what can be properly classified in one of the four other fund balance classifications. Within all other governmental funds, unassigned fund balance is comprised of the negative residual in excess of what can be properly classified as nonspendable, restricted, or committed.

With regards to the hierarchy for spending, when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the County's policy is to spend restricted fund balance before unrestricted fund balance. When committed, assigned, and unassigned fund balance is available for the same specific purpose, the County's policy is to expend fund balance according to the following priority: committed, assigned, and then unassigned.

Following are detailed descriptions within each fund balance classification reported in the balance sheet:

County of Orange
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For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

	General Fund	Flood Control District	Other Public Protection	Mental Health Services Act	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 1,428	\$ 426	\$ 227	\$ --	\$ --	\$ 2,081
Prepaid costs	514,451	6,577	1,709	--	20,640	543,377
Endow ment	--	--	--	--	200	200
Total Nonspendable Fund Balance	515,879	7,003	1,936	--	20,840	545,658
Restricted for:						
Public Safety Realignment	97,998	--	--	--	--	97,998
Flood Control District	--	274,142	--	--	--	274,142
Flood Control District-Construction & Maintenance	--	8,958	--	--	--	8,958
Flood Control District-Project Management	--	40,487	--	--	--	40,487
OC Flood Santa Ana River Mainstem/Prado Dam Capital Project	--	137,518	--	--	--	137,518
Building & Safety Operating Reserve	--	--	5,130	--	--	5,130
Child Support Program Development	--	--	13,065	--	--	13,065
Clerk Recorder Special Revenue	--	--	16,440	--	--	16,440
Clerk Recorder Operating Reserve	--	--	11,667	--	--	11,667
Sheriff-Coroner Replacement & Maintenance	--	--	21,020	--	--	21,020
Excess Public Safety Sales Tax	--	--	28,202	--	--	28,202
CAL-ID System Costs	--	--	59,709	--	--	59,709
Jail Commissary	--	--	5,109	--	--	5,109
Inmate Welfare	--	--	12,800	--	--	12,800
800 MHz Countyw ide Coordinated Communications System	--	--	5,009	--	--	5,009
Prop 64-Consumer Protection	--	--	7,469	--	--	7,469
Regional Narcotics Suppression Program	--	--	19,521	--	--	19,521
Other Public Safety Programs	--	--	12,087	--	--	12,087
Mental Health Services Workforce Education & Training	--	--	--	59,553	--	59,553
Mental Health Services Prevention & Early Intervention	--	--	--	3,211	--	3,211
Mental Health Services Capital Facilities & Technological Needs	--	--	--	27,376	--	27,376
Mental Health Services Community Services and Support	--	--	--	8,491	--	8,491
Mental Health Services General	--	--	--	83,528	--	83,528
OC Dana Point Harbor Projects	--	--	--	--	65,926	65,926
Community and Welfare Services	--	--	--	--	84,653	84,653
Low and Moderate Income Housing Program	--	--	--	--	30,113	30,113
Health Care Programs	--	--	--	--	33,961	33,961
Parking Facilities	--	--	--	--	2,863	2,863
Roads	--	--	--	--	105,647	105,647
OC Road-Capital Improvement	--	--	--	--	41,744	41,744
Public Libraries	--	--	--	--	79,470	79,470
OC Parks	--	--	--	--	80,259	80,259
OC Parks-Capital Projects	--	--	--	--	21,189	21,189
County Tidelands-New port Bay	--	--	--	--	6,270	6,270
Service Areas, Lighting, Maintenance and Assessment Districts	--	--	--	--	14,581	14,581
Other Environmental Management	--	--	--	--	2,108	2,108
Tobacco Settlement Programs	--	--	--	--	22,542	22,542
Housing Programs	--	--	--	--	17,702	17,702
Technological & Capital Acquisitions/Improvements	--	--	--	--	2,071	2,071
Endow ment	--	--	--	--	168	168
Pension Obligation Bonds	--	--	--	--	3,329	3,329
Teeter Plan Notes	--	--	--	--	28,076	28,076
Capital Facilities Development Corporation	--	--	--	--	16,299	16,299
Capital Projects:						
Criminal Justice Facilities Improvement	--	--	--	--	3,770	3,770
Capital Facilities Development Corporation Construction	--	--	--	--	88,506	88,506
Total Restricted Fund Balance	\$ 97,998	\$ 461,105	\$ 217,228	\$ 182,159	\$ 751,247	\$ 1,709,737

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

	General Fund	Flood Control District	Other Public Protection	Mental Health Services Act	Other Governmental Funds	Total Governmental Funds
Assigned to:						
General Services:						
General Services-Operations	\$ 16,294	\$ --	\$ --	\$ --	\$ --	\$ 16,294
Maintenance and Construction	7,792	--	--	--	--	7,792
Imprest Cash	1,838	--	--	--	45	1,883
Public Safety	21,900	--	--	--	--	21,900
Public Works	3,662	--	--	--	--	3,662
Watershed Programs	2,294	--	--	--	--	2,294
Social Services Programs	9,358	--	--	--	--	9,358
Health Care Programs	41	--	--	--	13,588	13,629
Teeter Plan Notes	--	--	--	--	78,530	78,530
Capital Projects:						
Property Tax Software Development	5,076	--	--	--	--	5,076
Criminal Justice Facilities	1,412	--	--	--	--	1,412
Financial/Procurement/HR Payroll System Upgrade	12,653	--	--	--	--	12,653
Sheriff-Coroner Closed Circuit TV	1,307	--	--	--	--	1,307
Sheriff-Coroner Katella Range and Jails Renovation	21,953	--	--	--	--	21,953
Sheriff-Coroner Maintenance Repair	793	--	--	--	--	793
Various IT/CAPS+ Upgrade projects	1,895	--	--	--	--	1,895
Countywide Projects	--	--	--	--	228,861	228,861
Parking Facilities	--	--	--	--	1,263	1,263
OC Parks	--	--	--	--	12,673	12,673
Real Estate Development	--	--	--	--	7,970	7,970
Community and Welfare Services	--	--	--	--	34,298	34,298
Total Assigned Fund Balance	108,268	--	--	--	377,228	485,496
Unassigned	13,582	--	--	--	--	13,582
Total Unassigned Fund Balance	13,582	--	--	--	--	13,582
Total Fund Balances	<u>\$ 735,727</u>	<u>\$ 468,108</u>	<u>\$ 219,164</u>	<u>\$ 182,159</u>	<u>\$ 1,149,315</u>	<u>\$ 2,754,473</u>

Annually, the Board adopts a five-year SFP. The County of Orange SFP includes a policy for Fund Balance Unassigned (FBU) that eliminates FBU as a funding source for the next year's budget as a significant step toward reducing structural reliance on one-time funds. Positive variances in estimated FBU are to be added to strategic reserves, consistent with the Board policy.

The County prepays its pension contribution and reports the prepaid amount as Nonspendable Fund Balance rather than Unassigned Fund Balance as required by GASB Statement No. 54. For FY 2020-21, the proceeds of \$484,800 was for short-term Taxable Pension Obligation Bonds to prepay its FY 2021-22 pension contribution at a discount. Of this amount \$478,913 is the prepaid costs for General Fund and is Nonspendable. Refer to Note 11, Short-Term Obligations, and Note 19, Retirement Plans for additional information.

F. Deposits and Investments

The County's deposits and investments are called the Orange County Investment Fund (OCIF), which includes all cash and investment balances entrusted to the Treasurer and may include cash on hand, demand deposits, restricted cash, investments in OCIF and other non-pooled investments. For reporting purposes, OCIF is further divided into the Orange County Investment Pool (OCIP) and the Orange County Educational Investment Pool (OCEIP), the latter of which is utilized exclusively by the County's public school and community college districts. The OCIF is maintained for the County and other Non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. In addition, the OCIF includes other non-pooled specific investment accounts, such as John Wayne Airport Investment Fund (JWA Fund).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deposits and Investments (Continued)

The County has reported investment values at fair value in the accompanying financial statements, using the fair value measurement within the fair value hierarchy established by GASB Statement No. 72 "*Fair Value Measurement and Application*" (GASB Statement No. 72).

Other than proceeds held by the County in the OCIP, proceeds from County-issued bonds are held by trustees and are invested in instruments authorized by the respective trust agreements including money market mutual funds, investment agreements, repurchase agreements, and U.S. Government securities. All investments are measured at fair value. The trustee uses an independent service to value those securities.

The pools value participants' shares using an amortized cost basis. Specifically, the pools distribute income to participants based on their relative participation during the period. Income is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and reduced by (4) actual investment administrative cost of such investing, depositing or handling of funds. This method differs from the fair value method used to value investments in this statement because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pools' investments. Refer to Note 4, Deposits and Investments for additional information.

The investments in the Retiree Medical Defined Benefit Trust are managed by OCERS and are reported at fair value. Refer to Note 20, Postemployment Health Care Benefits, to obtain OCERS stand-alone annual financial statements.

G. Inventory of Materials and Supplies

Inventories consist of expendable materials and supplies held for consumption. Inventories are valued at cost, which is determined on a moving weighted-average basis. Applicable fund balances are non-spendable for amounts equal to the inventories on hand at the end of the fiscal year, as these amounts are not available for appropriation and expenditure. The costs of inventory items are recorded as expenditures/expenses when issued to user departments.

H. Prepaid Costs

The County pays for certain types of services in advance, such as pension costs and rents, and recognizes these expenditures/expenses when consumed. Prepaid costs in the governmental funds balance sheet include \$543,377, which primarily consist of \$508,937 for the County's FY 2021-22 pension contribution at a discount.

Prepaid costs in the government-wide financial statements include the prepaid costs reported in the fund financial statements, reduced for 50% of the prepaid asset related to the pension contribution after the measurement date in accordance with GASB Statement No. 68 and GASB Statement No. 71. Refer to Note 19, Retirement Plans for additional information.

I. Capital Assets

Capital assets are defined as assets of a long-term character that are intended to be held or used in operations, such as land, land improvements, structures and improvements, equipment, intangible, and infrastructure. Infrastructure assets are grouped by networks consisting of flood channels, roads, bridges, trails, traffic signals, and harbors.

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 date of donation. Capital assets with an original unit cost equal to or greater than the County's capitalization threshold shown in the table below are

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. Capital Assets (Continued)

reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Asset Type	Capitalization Threshold
Land	\$ 0
Land Improvements	\$150
Structures and Improvements	\$150
Equipment	\$ 5
Intangible:	
Software (Commercially Acquired)	\$ 5
All Other	\$150
Infrastructure	\$150

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the related assets. No depreciation or amortization is provided on construction in progress or intangible assets in progress, respectively, until the project is completed and the asset is placed into service. Estimated useful lives of structures and improvements, equipment, intangibles, and infrastructure are as follows:

Land Improvements	10 to 20 years
Structures and Improvements	5 to 60 years
Equipment	2 to 20 years
Intangibles:	
Computer Software	2 to 15 years
Infrastructure:	
Flood Channels	20 to 100 years
Roads	10 to 20 years
Bridges	50 to 75 years
Trails	20 years
Traffic Signals	15 to 20 years
Harbors	20 to 50 years
Airport-Runways, Taxiways, and Aprons	15 to 60 years
OC Waste & Recycling-Cell Development, Drainage Improvements, Habitat, Landfill Gas/Environmental, Closure/Other Earthwork	3 to 85 years

Maintenance and repair costs are expensed in the period incurred. Expenditures that materially increase the capacity or efficiency or extend the useful life of an asset are capitalized and depreciated. Upon the sale or retirement of the capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the Statement of Activities and Proprietary Funds' Statement of Revenues, Expenses and Changes in Fund Net Position.

In accordance with GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," interest is not capitalized as a cost of the capital asset for business-type activities nor governmental activities.

The impairment loss of capital assets is measured using one of several allowable methodologies based on the reason for the impairment, which is reported net of insurance recovery, and is reported as a program or operating expense, special item or extraordinary item, depending on the circumstances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Inflows of Resources

The County reports deferred outflows and inflows of resources in its governmental, proprietary, fiduciary, and government-wide financial statements. A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the government that is applicable to a future period.

Under the modified accrual basis of accounting, deferred inflows of resources consist of revenues not collected within the availability period after fiscal year-end. The County has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenues, SB90, property taxes, and other sources as appropriate. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The SB90 deferred inflows of resources amount of \$17,380 is net of an allowance for the estimated uncollectible of \$6,405.

The deferred outflows/inflows of resources, included on the government-wide Statement of Net Position and the Proprietary Funds Statement of Net Position relate to the deferred charge on refunding, deferred outflows/inflows of resources related to pension, deferred outflows/inflows of resources related to OPEB, and deferred inflows related to service concession arrangements (SCA). A deferred charge on refunding 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 deferral of resources related to SCA is the difference between the guaranteed installment payments and contractual commitments. Deferred resources related to pension and OPEB result from the net difference between projected and actual investment earnings on the plan investments, changes of assumptions and changes in proportion and differences between employer contributions and the proportionate share of contributions calculated by the actuarial study and differences between expected and actual experience. The deferred outflows of resources related to pension and OPEB also includes employer contributions made after the measurement date and a portion of the County's prepaid retirement contribution.

The table below details out all deferred outflows/inflows of resources related to pension. Please refer to Note 19, Retirement Plans, for further information.

	Governmental Activities	Airport	OC Waste & Recycling	Total
Deferred Outflows of Resources Related to Pension per Actuarial Studies				
Difference Between Expected and Actual Experience	\$ 104,692	\$ 906	\$ 1,091	\$ 106,689
Changes of Assumptions	343,879	2,952	3,865	350,696
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	21,824	189	243	22,256
Deferred Outflows of Resources Related to Pension - Employer Contributions after Measurement date	275,563	2,287	3,033	280,883
Deferred Outflows of Resources Related to Prepaid Contribution	266,801	2,425	3,060	272,286
Total Deferred Outflows of Resources Related to Pension	\$ 1,012,759	\$ 8,759	\$ 11,292	\$ 1,032,810
Deferred Inflows of Resources Related to Pension per Actuarial Studies				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 830,764	\$ 6,546	\$ 8,121	\$ 845,431
Difference Between Expected and Actual Experience	114,113	1,253	1,728	117,094
Changes of Assumptions	100,291	1,053	1,285	102,629
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,742	32	39	3,813
Total Deferred Inflows of Resources Related to Pension	\$ 1,048,910	\$ 8,884	\$ 11,173	\$ 1,068,967

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Inflows of Resources (Continued)

The following table details out all deferred outflows/inflows of resources related to OPEB. Please refer to Note 20, Postemployment Health Care Benefits, for further information.

	Governmental Activities	Airport	OC Waste & Recycling	Total
Deferred Outflows of Resources Related to OPEB per Actuarial Studies				
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	\$ 4,027	\$ 35	\$ 41	\$ 4,103
Employer Contributions after Measurement Date	19,894	166	214	20,274
Total Deferred Outflows of Resources Related to OPEB	\$ 23,921	\$ 201	\$ 255	\$ 24,377
Deferred Inflows of Resources Related to OPEB per Actuarial Studies				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	\$ 16,069	\$ 136	\$ 171	\$ 16,376
Difference Between Expected and Actual Experience	7,215	61	76	7,352
Changes of Assumptions	11,895	104	123	12,122
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,942	26	31	2,999
Total Deferred Inflows of Resources Related to OPEB	\$ 38,122	\$ 327	\$ 400	\$ 38,849

K. Self-Insurance

The County is self-insured for general and automobile liability claims, workers' compensation claims, and for claims arising under the County self-insured PPO Health Plans, short-term disability plans, dental plan, Reserve Deputy Sheriff accidental death and dismemberment plan, and unemployment benefits program. Liabilities are accrued based upon case reserves, development of known claims, incurred but not reported claims and allocated and unallocated loss adjustment expenses. For additional information, refer to Note 17, Self-Insurance.

L. Property Taxes

The provisions of the California Constitution and Revenue and Taxation Code govern assessment, collection, and apportionment of real and personal property taxes. Real and personal property taxes are computed by applying approved property tax rates to the assessed value of properties as determined by the County Assessor, in the case of locally assessed property and as determined by the State Board of Equalization in the case of state-assessed properties. Property taxes are levied annually, with the exception of the supplemental property taxes, which are levied when supplemental assessment events, such as sales of property or new construction, take place.

The County collects property taxes on behalf of all property tax-receiving agencies in Orange County. Property tax-receiving agencies include the school districts, cities, independently governed special districts not governed by the Board, special districts governed by the Board, redevelopment successor agencies, and the County General Fund.

Property taxes receivables are recorded as of the date levied in property tax unapportioned funds, which are classified as custodial funds. When collected, the property taxes are deposited into the County Treasury in the property tax unapportioned funds, where they are held in the unapportioned taxes liability accounts pending periodic apportionment to the tax-receiving agencies. The property tax unapportioned funds are included in the custodial funds category of the County's fund financial statements because the unapportioned taxes are collected and held on behalf of other governmental agencies.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes (Continued)

Property tax collections are apportioned (disbursed) to the tax-receiving agencies periodically from the tax unapportioned funds based on various factors including statutory requirements, materiality of collections received, tax delinquency dates, the type of property tax roll unapportioned fund (e.g. secured, unsecured, supplemental, delinquent secured, delinquent unsecured, delinquent supplemental, homeowners' property tax subvention, or state-assessed properties, etc.), and cash flow needs of the tax-receiving agencies. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due within the fiscal year and collected within 60 days after the fiscal year-end. Property tax revenues are also recognized for unsecured and supplemental property taxes that are due at year-end, and are collected within 60 days after the fiscal year-end, but will not be apportioned until the next fiscal year due to the timing of the tax apportionment schedule. The County's portion of the unapportioned taxes at June 30, 2021 is allocated to and recorded in the corresponding funds for reporting purposes.

Unsecured and supplemental property tax levies that are due within the fiscal year but are unpaid at fiscal year-end, are recorded as deferred inflows of resources in the fund-level financial statements, and recognized as revenue in the government-wide financial statements. The County records an allowance to recognize uncollectible taxes receivable.

Local assessed values are subject to appeal. The County maintains records of disputed property taxes, such as those properties for which the values have been appealed to the local Assessment Appeals Boards. Upon final disposition of the appeals and disputes, the amounts are either refunded to taxpayers or the tax bills are corrected.

The following are significant dates on the property tax calendar:

	California Revenue & Taxation Code Section
Supplemental assessments are effective on the 1st day of the month following the new construction or ownership change.	75.41
Property tax lien date is January 1.	2192
Unsecured taxes on the roll as of July 31 are delinquent August 31.	2922
Assessor delivers roll to Auditor-Controller July 1.	616, 617
Tax roll is delivered to the Treasurer-Tax Collector on or before the levy date (the 4th Monday in September).	2601
Secured tax payment due dates are:	
1st Installment - November 1, and	2605
2nd Installment - February 1.	2606
Secured tax delinquent dates (last day to pay without penalty) are:	
1st Installment - December 10, and	2617
2nd Installment - April 10.	2618
Declaration of default for unpaid taxes occurs July 1.	3436
Power to sell is effective five years after tax default.	3691

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Employee Absences

Compensated employee absences (vacation, compensatory time off, performance incentive plan time off, annual leave, and sick leave) are accrued as an expense and liability in the proprietary funds when incurred. In the governmental funds, only those amounts that are due and payable at year-end are accrued. Compensated employee absences that exceed this amount represent a reconciling item between the fund and government-wide presentations.

N. Pensions

The County recognizes a net pension liability to reflect the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the County's retirement plans.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the OCERS and the Extra-Help Defined Benefit Plan and additions to/deductions from OCERS and the Extra-Help Defined Benefit Plan fiduciary net position have been determined on the same basis as they are reported by OCERS and the Extra-Help Defined Benefit Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2021, the County's net pension liability from OCERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by using actuarial valuation results. The County's net pension liability from the Extra-Help Defined Benefit Plan was measured as of June 30, 2021; and the plan's total pension liability used to calculate the net pension liability was determined by rolling forward the July 1, 2019 valuation to June 30, 2021.

O. Other Postemployment Benefits (OPEB)

The County recognizes a net OPEB liability to reflect the County's proportionate share of the excess of the total OPEB liability over the fiduciary net position of the County's Retiree Medical Plan. The Plan is reported in the County's financial statements and has a plan year-end of December 31, 2020.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Medical Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Retiree Medical Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2021, the County's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

P. Statement of Cash Flows

A Statement of Cash Flows is presented for proprietary fund types. The County's cash and cash equivalents for cash flow reporting purposes are considered to be cash on hand, demand deposits, unrestricted and restricted investments held in the County Treasury's investment pooled funds and outside trustees.

Only investments with maturities of three months or less at the time of purchase may be classified as cash equivalent.

Q. Indirect Costs

County indirect costs are allocated to benefitting departments in the "Indirect Expenses Allocation" column of the government-wide Statement of Activities. Allocated costs are from the County's FY 2020-21 County-Wide Cost Allocation Plan (CWCAP), which was prepared in accordance with the Code of Federal

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Q. **Indirect Costs (Continued)**

Regulation, Title 2, Part 200. For financial statement purposes, the County has elected to allocate and record indirect costs to budget controls within the General Fund in order to match the reimbursement of indirect costs recorded as program revenues to the same function.

R. **Effects of New Pronouncements**

The following lists recent GASB Pronouncements that have been implemented in FY 2020-21:

In January 2017, GASB issued Statement No. 84, "*Fiduciary Activities*." This statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement also 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. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, which requires the County to implement this Statement in FY 2020-21. The statement was implemented with a material impact to the County. Refer to Note 2, Change in Accounting Principle for additional information.

In August 2018, GASB issued Statement No. 90, "*Majority Equity Interests*." This statement improves the consistency and comparability of a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The statement requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired 100% equity interest in the component unit. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, which requires the County to implement this Statement in FY 2020-21. The statement was implemented without an impact on the County.

The following summarizes recent GASB Pronouncements that will be implemented in future financial statements, as amended by GASB Statement 95. The County has not determined the effect of these Statements.

In June 2017, GASB issued Statement No. 87, "*Leases*." This statement requires 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. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflows of resources. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, which requires the County to implement this Statement in FY 2021-22.

In May 2019, GASB issued Statement No. 91, "*Conduit Debt Obligations*." This statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this statement are effective for reporting periods beginning after December 15, 2021, which requires the County to implement this Statement in FY 2022-23.

In January 2020, GASB issued Statement No. 92, "*Omnibus 2020*." This statement enhances 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. The requirements of this statement are effective for reporting periods after June 15 2021, which requires the County to implement the Statement in FY 2021-22.

In March 2020, GASB issued Statement No. 93, "*Replacement of Interbank Offered Rates*." This statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate due to global reference rate reform. The requirements of this Statement, are effective for

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Effects of New Pronouncements (Continued)

reporting periods beginning after June 15, 2021, which requires the County to implement this Statement in FY 2021-22.

In March 2020, GASB issued Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements."* This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. It also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The County will implement this Statement in FY 2022-23.

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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County will implement this Statement in FY 2022-23.

In June 2020, GASB Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32."* 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 (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans by clarifying the financial burden criteria in Statement No.84. It also extends the accounting and financial reporting requirements related to the Pension Plans, to Section 457 plans that meet the definition of a pension plan. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter, which requires the County to implement this Statement in FY 2021-22.

In October 2021, GASB issued Statement No. 98, *"The Annual Comprehensive Financial Report."* This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years beginning after December 15, 2021. The County will implement this Statement in FY 2021-22.

S. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates. Where significant estimates have been made in preparing these financial statements, they are described in the applicable footnotes.

T. Consolidation of Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Position Line Items in Statement of Net Position

Several asset line items in the Governmental Funds Balance Sheet and the Proprietary Funds Statement of Net Position are combined into one line item in the Government-Wide Statement of Net Position for presentation purposes. In order to avoid any confusion, the following table lists the line items shown in the Governmental and Proprietary Fund financial statements that are condensed together in the Government-Wide Statement of Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Consolidation of Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Position Line Items in Statement of Net Position (Continued)

Government-Wide Statement of Net Position Line Item	Corresponding Governmental Funds Balance Sheet or Proprietary Funds Statement of Net Position Line Item
Cash and Cash Equivalents	Pooled Cash/Investments; Cash Equivalents/Specific Investments; Imprest Cash Funds; and Cash/Cash Equivalents
Restricted Cash and Cash Equivalents	Restricted Cash and Investments with Trustee; Restricted Pooled Cash/Investments; and Restricted Pooled Cash/Investments—Closure and Postclosure Care Costs
Capital Assets – Not Depreciable/Amortizable	Land; Construction in Progress; and Intangible Assets in Progress
Capital Assets – Depreciable/Amortizable (Net)	Structures and Improvements and Accumulated Depreciation; Equipment and Accumulated Depreciation; Infrastructure and Accumulated Depreciation; and Intangible Assets and Accumulated Amortization

2. CHANGE IN ACCOUNTING PRINCIPLE

The County implemented GASB Statement No. 84 in the current financial statements. Prior period adjustments of \$17,324,375 were made to adjust the fiduciary funds' beginning net position. The restatement of beginning net position of the fiduciary funds are restated as follows:

	Pension and Other Postemployment Benefit Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Net Position at June 30, 2020	\$ 562,014	\$ 66,482	\$ --
Prior Period Adjustment due to GASB 84	16,719,982	(4,124)	608,517
Net Position at June 30, 2020, as Restated	<u>\$ 17,281,996</u>	<u>\$ 62,358</u>	<u>\$ 608,517</u>

	Private-Purpose Trust Funds	Custodial Funds	
	Public Administration Trust Funds	Unapportioned Tax and Interest Funds	Orange County Employees Retirement System-OCTA*
Net Position at June 30, 2020	\$ 73,795	\$ --	\$ --
Prior Period Adjustment due to GASB 84	(4,124)	590,496	18,021
Net Position at June 30, 2020, as Restated	\$ 69,671	\$ 590,496	\$ 18,021

	Pension and Other Postemployment Benefit Trust Funds			
	Orange County Employees Retirement System-Pension Trust Fund*	Orange County Employees Retirement System-Health Care Fund-OCFA*	Orange County Employees Retirement System- 401(h)*	Retiree Medical Plan 115 Trust
Net Position at June 30, 2020	\$ --	\$ --	\$ --	\$ 370,545
Prior Period Adjustment due to GASB 84	16,678,581	41,401	370,381	(370,381)
Net Position at June 30, 2020, as Restated	<u>\$ 16,678,581</u>	<u>\$ 41,401</u>	<u>\$ 370,381</u>	<u>\$ 164</u>

* The prior period adjustment for the County's newly presented fiduciary component unit, Orange County Employees Retirement System (OCERS) is taken directly from the beginning net position of OCERS' financial statements as of December 31, 2020.

Refer to Note 1, Summary of Significant Accounting Policies, for additional information on GASB Statement No. 84.

3. DEFICIT FUND EQUITY

The Workers' Compensation ISF reported a deficit net position balance of \$22,026. The deficit results from the amount calculated in the annual actuarial study which includes case reserves, development of known claims, incurred but not reported claims, allocated and unallocated loss adjustment expenses, and a discount for anticipated investment income. The deficit decreased by \$19,267 from the previous fiscal year primarily due to a decrease in claim costs. Charges to County departments have not provided sufficient cash flows to entirely fund the deficit in the Workers' Compensation ISF. The County will continue to review charges to departments and manage the funding status of the Workers' Compensation Program.

Effective with OCDA's dissolution on February 1, 2012, its assets and liabilities (including bond debt) were transferred to and reported in a Private-Purpose Trust Fund of the County. This transfer and reporting structure reflect the custodial role accepted by the Successor Agency. The Successor Agency Private-Purpose Trust Fund reported a deficit net position of \$1,530. The deficit for the Successor Agency decreased by \$5,783 from the previous fiscal year primarily due to a one-time refund from the City of Newport Beach for the return of an escrow payment as the project was completed.

The Retiree Medical Plan 115 Trust reported a deficit net position balance of \$1,203. The deficit resulted from the timing of employer contributions to fund the lump-sum payments for employees that elected to voluntary retire or separate from the County as part of the Voluntary Retirement Incentive Program implemented by the County. Refer to Note 20, Postemployment Health Care Benefits for more information.

4. DEPOSITS AND INVESTMENTS

The elected Treasurer is responsible for authorizing all County bank accounts and pursuant to California Government Code (CGC) Sections 27000.1–27000.5, 27130–27137 and 53600–53686 is responsible for conducting County investment activities of the County's investment pooled funds in addition to various specific investment accounts. The public funds deposited with the Treasurer are called the OCIF. OCIF contains pooled funds in an "external investment pool" wherein monies of the County and other legally separate external entities, which are not part of the County reporting entity, are commingled for investment purposes only (pooled) and invested on the participants' behalf (OCIF-Pooled Funds). The OCIF is not registered with the Securities and Exchange Commission (SEC) as an investment company, and therefore is exempt from SEC rules. For reporting purposes only, the Treasurer separates OCIF into the OCIP, the OCEIP and non-pooled funds. In addition to the pooled funds in OCIF, the Treasurer separately invests other non-pooled funds (Specific Investments), including the JWA Fund and other separately managed investments.

The Treasurer further invests pooled funds from the OCIF into three Funds: the Orange County Money Market Fund (OCMMF), the Orange County Educational Money Market Fund (OCEMMF), and the Extended Fund. On December 16, 2020, Standard & Poor's (S&P) reaffirmed its highest rating of AAAM Principal Stability Fund Rating (AAAM) on the OCMMF and the OCEMMF. The Treasurer will act on a "best efforts" basis to stabilize the Net Asset Value (NAV) of OCMMF and OCEMMF at or above \$0.9975 (in absolute dollar amounts). The pooled funds do not have any legally binding guarantees of share values.

The maximum maturity of investments for the OCMMF and OCEMMF is 13 months with a maximum weighted average maturity (WAM) of 60 days. The maximum maturity of the Extended Fund is five years per CGC. The Investment Policy Statement (IPS) provides that all pools, except short-term pools, shall have a maximum duration of 1.50 years.

Pursuant to CGC Sections 27130-27137, the Board has established a Treasury Oversight Committee (TOC) that monitors and reviews the IPS annually and also ensures that the Treasurer has an audit annually, which includes limited tests of compliance with laws and regulations. The TOC consists of the County Executive Officer, the elected County Auditor-Controller, the County Superintendent of Schools, or their respective designees, and four public members, with at least three having expertise in, or an academic background in, public finance.

The investment practices and policies of the Treasurer are based on compliance with state law and prudent

4. DEPOSITS AND INVESTMENTS (Continued)

money management. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants. The last goal is to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds. Interest is allocated to individual general ledger accounts monthly based on the average daily balances of each account on deposit with the Treasurer.

Deposits and investments in OCIF with the Treasurer totaled \$11,067,995 as of June 30, 2021, consisting of \$216,290 in Deposits for OCIF, \$10,739,371 for the pooled funds and \$112,334 for the Specific Investments.

Total County deposits and investments at fair value as of June 30, 2021, are reported as follows:

Deposits:

Imprest Cash	\$ 1,950
Pooled Deposits for OCIF with Treasurer	216,290
Deposits with Trustees	24,433
All other Deposits and Timing Differences	(133,766)
Total Deposits and Timing Differences	<u>108,907</u>

Investments:

Pooled Investments for OCIF with Treasurer	10,739,371
Specific Investments with Treasurer	112,334
Restricted Investments with Trustees	432,072
Total Investments	<u>11,283,777</u>

Fiduciary Component Unit Deposits and Investments:

External-OCERS ⁽¹⁾	19,889,299
Total Deposits and Investments	<u>\$ 31,281,983</u>

Total County deposits and investments are reported in the following funds:

Governmental Funds	\$ 3,250,031
Proprietary Funds	1,232,276
Fiduciary Funds	26,746,924
Component Unit-CFCOC	52,752
Total Deposits and Investments	<u>\$ 31,281,983</u>

- (1) Starting in FY 2020-21, OCERS is reported as a Fiduciary Component Unit of the County. OCERS' cash and investments are held by OCERS and are not with the County's Treasurer. For more information regarding investments with OCERS, refer to their most recently issued financial statements available at <https://www.ocers.org/financial-reports>.

A. Deposits

CGC 53652 et. seq. and the IPS prescribe the amount of collateral that is required to secure the deposit of public funds. The pledge to secure deposits is administered by the California Commissioner of Business Oversight. Collateral is required for demand deposits at 110% of all deposits not covered by Federal Depository Insurance Corporation (FDIC) if obligations of the United States and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of the County. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written agreements are required to provide, among other things, that the collateral securities are held separately from the assets of the custodial institution. FDIC is available for

4. **DEPOSITS AND INVESTMENTS (Continued)**

A. **Deposits (Continued)**

demand deposits and interest saving deposit funds deposited at any one financial institution up to a maximum of \$250.

Custodial Credit Risk-Deposits

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. The County's deposits are not exposed to custodial credit risk, since all of its deposits are covered by FDIC or collateralized with securities held by the County or its agent in the County's name in accordance with CGC Section 53652 and 53658.

B. **Investments**

The CGC Sections 53601 and 53635, Board ordinances and resolutions, the County's IPS, the bond indenture documents, trust agreements, and other contractual agreements govern the investments that may be purchased and may include certain restrictions on investment maturity, maximum portfolio percentages, term, value and credit quality to minimize the risk of loss. The IPS adds further restrictions to permitted investments from the CGC. As of June 30, 2021, the Treasurer was in full compliance with the more restrictive IPS for the OCIF and the Specific Investments accounts.

The following table provides a summary listing of the authorized investments as of June 30, 2021.

Type of Investment	CGC % of Funds Permitted	Orange County IPS (%)	CGC Maximum Final Maturity	Orange County IPS Maximum Final Maturity (All Pooled Funds Except Short-Term Funds)	Orange County IPS Maximum Final Maturity (Short-Term Fund)
U.S. Treasury Securities	100%	100%	5 Years	5 Years	397 Days
U.S. Government Agency Securities (GSEs)	100%	100%	5 Years	5 Years	397 Days
Municipal Debt	100%	20% Total, no more than 5% in one issuer except 10%- County of Orange	5 Years	3 Years	397 Days
Medium-Term Notes	30%	20% Total, no more than 5% in one issuer	5 Years	2 Years	397 Days
Bankers Acceptances	40%, 30% of a single issuer	40% Total, no more than 5% in one issuer	180 Days	180 Days	180 Days
Commercial Paper	40%, 10% of a single issuer	40% Total, no more than 5% in one issuer	270 Days	270 Days	270 Days
Negotiable Certificates of Deposits	30%	20% Total, no more than 5% in one issuer	5 Years	18 months	397 Days
State of California Local Agency Investment Fund	\$75 million per account	State limit (currently \$75 million per pool)	N/A	N/A	N/A
Repurchase Agreements	100%	20% Total, no more than 10% in one issuer	1 Year	180 Days	1 Year
Money Market Mutual Funds (MMMF)	20%	20% Total, no more than 10% in one MMMF account	N/A	N/A	N/A
JPA Investment Pools (JPA)	100%	20% Total, no more than 10% in one JPA Pool	N/A	N/A	N/A
Supranationals	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by CGC Section 53601, structured notes, structured investment vehicles, derivatives, and money market mutual funds that do not maintain a constant net asset value. All investments must be United States dollar denominated. No investment may be purchased from an issuer and all related entities, including parent and subsidiaries, that have been placed on "credit watch-negative" by any of the Nationally Recognized Statistical Rating Organizations (NRSROs), or whose credit rating by any of the NRSROs is less than the minimum rating required by the IPS for that class of security unless the issuer has a short-term rating of A-1+ or F1+ or a long-term rating of at least AA or Aa2; and the Treasurer has approved the purchase in writing prior to purchase.

Investments by the Treasurer are stated at fair value. Investments in the OCIF are marked-to-market on a daily basis.

Unless otherwise required in a trust agreement or other financing document, educational districts (public school and community college), including certain bond-related funds are required by state law to deposit all monies received from any source with the County Treasurer. At June 30, 2021, the OCIF-Pooled Funds includes approximately 54.8% of these involuntary participant deposits. Involuntary (Education Code Sections 41001 and 41002) and other external pool participants funds (Government Code Section 27100.1) are deemed to be held in trust and such funds shall not be deemed funds or assets of the County and the relationship of the depositing entity and the County shall not be one of creditor-debtor.

Investment Disclosures

The following table presents a summary of the County's investments, the credit quality distribution, and concentration of credit risk by investment type as a percentage of each categories fair value at June 30, 2021.

<u>With Treasurer:</u>	Fair Value	Principal	Interest Rate Range (%) (3)	Maturity Range	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
<u>OCIF-Pooled Funds</u>							
U.S. Treasuries	\$ 4,047,760	\$ 4,059,600	0.002-2.985%	07/01/21 - 01/31/26	0.541		37.69%
U.S. Government Agencies	4,354,034	4,329,284	0.001-3.092%	07/02/21 - 11/28/25	0.500	AA	40.55%
Municipal Debt	484,800	484,800	0.304-0.398%	07/30/21 - 04/29/22	0.021	NR	4.51%
Medium-Term Notes	17,055	17,035	1.702%	08/08/21	0.000	AA	0.16%
Local Agency Investment Fund (LAIF)	74,089	74,089	0.262%	07/01/21	0.000	NR	0.69%
Money Market Mutual Funds	1,761,633	1,761,633	0.026%	07/01/21	0.000	AAA	16.40%
	<u>\$ 10,739,371</u>	<u>\$ 10,726,441</u>			<u>1.062 (2)</u>		<u>100.00%</u>

<u>With Treasurer:</u>	Fair Value	Principal	Interest Rate Range (%) (3)	Maturity Range	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
<u>Specific Investments</u>							
U.S. Treasuries	\$ 43,244	\$ 42,500	0.025-2.908%	07/13/21-02/15/36	0.785		38.50%
U.S. Government Agencies	64,338	61,021	0.015-3.480%	07/12/21-11/02/35	2.140	AA	57.27%
Money Market Mutual Funds	4,752	4,752	0.010-0.026%	07/01/21	0.000	AAA	4.23%
	<u>\$ 112,334</u>	<u>\$ 108,273</u>			<u>2.925 (2)</u>		<u>100.00%</u>

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Investment Disclosures (Continued)

<u>With Trustees:</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range (%) (3)</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity (Years)</u>	<u>Rating (1)</u>	<u>% of Portfolio</u>
<u>Restricted Investments with Trustees</u>							
U.S. Government Agencies	\$ 3,323	\$ 1,569	0.000%	9/01/21	0.001	AA	0.77%
U.S. Treasuries	14,648	13,959	1.630-2.000%	11/30/21-5/31/23	0.033		3.39%
Guaranteed Investment Contracts	96,352	96,352	2.760%	9/20/22	0.273	NR	22.30%
Money Market Mutual Funds	47,319	47,319	Variable	7/01/21	0.000	AAA	10.96%
Bond Mutual Funds	17,766	17,766	(0.720)-4.070%	7/01/21	0.000	Baa	4.11%
Non-Bond Funds	233,903	233,461	Variable	7/01/21	0.002	NR	54.13%
Stable Value Funds	18,761	18,761	Variable	7/01/21	0.000	AA	4.34%
	<u>\$ 432,072</u>	<u>\$ 429,187</u>			<u>0.309 (2)</u>		<u>100.00%</u>

(1) The County obtains credit ratings from S&P, Moody's, and Fitch. The ratings indicative of the greatest degree of risk have been disclosed. NR means not rated. The County is not required to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, and the ratings for U.S. Treasuries are not disclosed.

(2) Portfolio weighted average maturity

(3) Interest Rate Range for OCIF and Specific Investments are purchase yield rates and for Restricted Investments with Trustees are coupon rates.

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices based on quoted identical assets in an active market.
- Level 2: Investments reflect prices that are based on identical or similar assets in inactive markets or similar assets in active markets. Inputs other than quotes are observable.
- Level 3: Investments reflect prices based on significant unobservable inputs.

Fair value measurement is based on pricing received from the County's third party vendors. Investments in money market mutual funds are priced using amortized cost which approximates fair value, with a net asset value of \$1.00 (in absolute dollar amounts) per share, and per GASB Statement No. 72 not subject to the fair value hierarchy. Additionally, the Local Agency Investment Fund is not subject to the fair value hierarchy.

The County uses the market approach method as a valuation technique in the application of GASB Statement No. 72. This method uses prices and other relevant information generated by market transactions involving identical or similar assets or groups of assets.

4. **DEPOSITS AND INVESTMENTS (Continued)**

B. Investments (Continued)

Fair Value Measurements (Continued)

The following table presents a summary of the County's investments according to the assigned fair value hierarchy level as of June 30, 2021.

Fair Value Measurement				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>OCIF-Pooled Funds</u>				
U.S. Treasuries	\$ 4,047,760	\$ --	\$ 4,047,760	\$ --
U.S. Government Agencies	4,354,034	--	4,354,034	--
Medium-Term Notes	17,055	--	17,055	--
Municipal Debt	484,800	--	--	484,800
Sub-total	8,903,649	--	8,418,849	484,800
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	1,761,633			
Local Agency Investment Fund	74,089			
Total, OCIF	\$ 10,739,371			
<u>Specific Investments</u>				
U.S. Treasuries	\$ 43,244	\$ --	\$ 43,244	\$ --
U.S. Government Agencies	64,338	--	64,338	--
Sub-total	107,582	--	107,582	--
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	4,752			
Total, Specific Investments	\$ 112,334			
<u>With Trustees</u>				
U.S. Government Agencies	\$ 3,323	\$ --	\$ 3,323	\$ --
U.S. Treasuries	14,648	--	14,648	--
Non-Bond Funds	233,903	233,903	--	--
Bond Mutual Funds	17,766	17,766	--	--
Sub-total	269,640	251,669	17,971	--
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	47,319			
Guaranteed Investment Contract	96,352			
Stable Value Fund	18,761			
Total, With Trustees	\$ 432,072			

Investment in County of Orange Taxable Pension Obligation Bonds 2021, Series A

On January 14, 2021, the OCIF purchased the County issued Taxable Pension Obligation Bonds 2021, Series A (2021 POBs) in the principal amount of \$484,800. The 2021 POBs were issued with a fixed coupon rate and with maturities from July 2021 to April 2022 and are solely owned by the pooled funds in

4. **DEPOSITS AND INVESTMENTS (Continued)**

B. Investments (Continued)

Investment in County of Orange Taxable Pension Obligation Bonds 2021, Series A (Continued)

the OCIF. The obligation of the County to pay principal and interest on the 2021 POBs is an obligation imposed by law and is absolute and unconditional. As of June 30, 2021, the outstanding principal amount of the 2021 POBs is \$484,800. The bonds are not rated by any of the NRSROs. The County's investment in the 2021 POBs is disclosed herein as Municipal Debt. For additional information, refer to Note 11, Short-Term Obligations, and Note 19, Retirement Plans.

Interest Rate Risk-Investments

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, investments of longer maturities are more sensitive to changes in market interest rates. The Treasurer manages its exposure to interest rate risk by carefully matching incoming cash flows and maturing investments to meet expenditures and by maintaining a duration of 1.50 years or less. Declines in the fair value of investments are managed by limiting the length of the maturity of the securities. In general, the maximum maturity allowed is five years unless the Board has granted express authority either specifically or as part of an investment policy. Actual weighted average days to maturity and duration by investment type for the OCIF-Pooled Funds are presented in the table in the Investment Disclosures Section. The OCIF-Pooled Funds at June 30, 2021 has 52.6% of investments maturing in six months or less and 47.4% maturing between six months and five years. As of June 30, 2021, the OCIF-Pooled Funds has no variable-rate notes.

Interest Rate Risk-Weighted Average Maturity

At June 30, 2021, the OCMMF and OCEMMF in the OCIF fair values amounted to \$1,127,948. In accordance with the Board-approved IPS, the Treasurer manages these pools exposure to declines in fair value for deposits and investments by limiting the WAM to 60 days. At June 30, 2021, the WAM of the funds in the OCIF was less than 60 days. At the same date, the NAV of both pooled funds in the OCIF was \$1.00 (in absolute dollar amounts).

Interest Rate Risk-Duration

At June 30, 2021, the Extended Fund in the OCIF investment fair value amounted to \$9,611,423. In accordance with the Board-approved IPS, the Treasurer manages investment-related risk for deposits and investments by limiting duration pooled funds to a maximum of 1.50 years.

As of June 30, 2021, the Extended Fund in the OCIF had the following duration by investment type:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Portfolio %</u>	<u>Duration (In Years)</u>
U.S. Treasuries	\$ 3,167,774	32.96%	1.82
U.S. Government Agencies	4,185,036	43.54%	1.28
Municipal Debt	484,800	5.04%	0.46
Medium-Term Notes	17,055	0.18%	0.11
Money Market Mutual Funds	1,682,669	17.51%	0.00
Local Agency Investment Fund (LAIF)	74,089	0.77%	0.00
Total Fair Value	\$ 9,611,423		
Portfolio Duration			1.18

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The IPS does not permit investments in uninsured and unregistered securities not held by the County. The Treasurer utilizes third party Delivery Versus Payment (DVP) which mitigates any custodial credit risk. Securities purchased by the Treasurer are held by third party custodians in their trust

4. **DEPOSITS AND INVESTMENTS (Continued)**

B. **Investments (Continued)**

Custodial Credit Risk (Continued)

department to mitigate custodial credit risk. At year-end, in accordance with the IPS, the County's pooled funds and specific investments did not have any securities exposed to custodial credit risk, and the Treasurer did not have any securities lending during the year (or at year-end).

Credit Risk-Investments

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. The IPS sets forth the minimum acceptable credit ratings for investments from at least two of the following NRSROs: S&P, Moody's, or Fitch. For purchases of short-term debt, the issuer rating must be no less than A-1 or SP-1 (S&P), P-1 or MIG 1/VMIG 1 (Moody's), or F1 (Fitch) for purchases with remaining maturities less than 397 days, while purchases of long-term debt shall have issuer ratings no less than "AA" for purchases with remaining maturities longer than 397 days. Municipal debt issued by the County is exempt from the above credit rating requirements. As of June 30, 2021, the OCIF investments were in compliance with the IPS limits when purchased.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2021, all OCIF investments were in compliance with state law and the IPS single issuer limits. See the County's investments table for concentrations of holdings. The following holdings in OCIF-Pooled Funds exceeded five percent of the portfolio at June 30, 2021.

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>	<u>Portfolio %</u>
U.S. Government Agencies	Federal Home Loan Bank (FHLB) Bonds	\$ 1,870,731	17.42%
	Federal Farm Credit Bank (FFCB)	1,441,321	13.42%
	Federal National Mortgage Association (FNMA)	614,894	5.73%

Foreign Currency Risk

The IPS requires all securities to be U.S. dollar denominated. The County investments are not exposed to foreign currency risk.

Condensed Financial Statements

In lieu of separately issued financial statements for the entire pools and the external portion of the pools, condensed financial statements for the OCIF are presented below as of and for the year ended June 30, 2021:

OCIF

Statement of Net Position

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
Net Position Held for Pool Participants	\$ 5,497,796	\$ 5,443,308	\$ 10,941,104
Equity of Internal Pool Participants	\$ 4,779,497	\$ --	\$ 4,779,497
Equity of External Pool Participants	707,752	5,433,543	6,141,295
Undistributed and Unrealized Gain	10,547	9,765	20,312
Total Net Position	\$ 5,497,796	\$ 5,443,308	\$ 10,941,104

Statement of Changes in Net Position

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
Net Position at July 1, 2020	\$ 5,024,746	\$ 5,220,045	\$ 10,244,791
Net Changes in Investments by Pool Participants	473,050	223,263	696,313
Net Position at June 30, 2021	\$ 5,497,796	\$ 5,443,308	\$ 10,941,104

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Condensed Financial Statements (Continued)

External Pool Portion

Combining Statement of Fiduciary Net Position

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
<u>Assets</u>			
Pooled Cash/Investments	\$ 706,822	\$ 5,433,258	\$ 6,140,080
Receivables			
Interest/Dividends	1,047	10,115	11,162
Total Assets	<u>707,869</u>	<u>5,443,373</u>	<u>6,151,242</u>
<u>Liabilities</u>			
Due to Other Governmental Agencies	117	65	182
Total Liabilities	<u>117</u>	<u>65</u>	<u>182</u>
<u>Net Position</u>			
Restricted for Pool Participants	707,752	5,443,308	6,151,060
Total Net Position	<u>\$ 707,752</u>	<u>\$ 5,443,308</u>	<u>\$ 6,151,060</u>

Combining Statement of Changes in Fiduciary Net Position

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
<u>Additions:</u>			
Contributions to Pooled Investments	\$ 850,138	\$ 9,116,510	\$ 9,966,648
Interest and Investment Income	1,336	18,487	19,823
Less: Investment Expense	(266)	(3,293)	(3,559)
Total Additions	<u>851,208</u>	<u>9,131,704</u>	<u>9,982,912</u>
<u>Deductions:</u>			
Distributions from Pooled Investments	639,427	8,908,441	9,547,868
Total Deductions	<u>639,427</u>	<u>8,908,441</u>	<u>9,547,868</u>
Change in Net Position Held in Trust For External Investment Pool	211,781	223,263	435,044
Net Position-Beginning of Year	495,971	5,220,045	5,716,016
Net Position-End of Year	<u>\$ 707,752</u>	<u>\$ 5,443,308</u>	<u>\$ 6,151,060</u>

C. Restricted Deposits and Investments with Trustees

All monies for restricted investments held by trustees are invested in "permitted investments" as defined in the various trust agreements. Restricted deposits with trustees are insured by FDIC up to \$250 and the excess amounts are collateralized.

D. OCERS Investments

Narratives and tables presented for investments managed by OCERS are taken directly from OCERS' Comprehensive Annual Financial Report for the year ended December 31, 2020 (tables were formatted to

4. **DEPOSITS AND INVESTMENTS (Continued)**

D. **OCERS Investments (Continued)**

conform with the County's presentation). The custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk related to OCERS investments are different than the corresponding risk on investments held by the Treasurer.

OCERS may invest, in accordance with state statutes, in any form or type of investment deemed prudent by the Board of Retirement. Pension and 401(h) Health Care plan assets are restricted for the exclusive purposes of providing benefits to plan participants and defraying reasonable expenses of administering the plans. The Board of Retirement may invest, or delegate the authority to invest, the assets of the funds through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction. Custodial fund assets, restricted pursuant to Section 115 of the IRC, are separately invested in domestic equity, international equity and domestic bond index funds in accordance with the respective OCTA Third-Party Administrative and Investment Management Agreement.

The following table shows the Investment Allocation as of December 31, 2020:

<u>Investment Category</u>	<u>Target Ranges</u>	<u>Actual</u>
Global Public Equity	40-54%	47%
Core Fixed Income	6-16%	12%
Credit	4-10%	8%
Real Assets	8-16%	11%
Absolute Return	0%	0%
Private Equity	9-17%	11%
Risk Mitigation	6-14%	9%
Unique Strategies	0-5%	0%
Cash	0-5%	2%
<u>Total</u>		<u>100%</u>

During 2020, the allocation to the global public equity and private equity categories increased while the allocation to the core fixed income, credit and real assets categories decreased.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, OCERS would not be able to recover its deposits. Deposits are exposed to custodial risk if they are not insured or not collateralized. As of December 31, 2020, OCERS' deposits with a financial institution are fully insured by FDIC insurance up to \$250 with the remaining balance exposed to custodial credit risk as it is not insured; however, the financial institution does collateralize the deposit of monies in excess of the FDIC insurance amount with eligible securities held by the pledging financial institution, but not in OCERS' name, which approximates \$90,400. Deposits held by OCERS' custodial bank are not exposed to custodial credit risk as they are held in a qualified pool trust, separate from the custodial bank assets.

For an investment, custodial credit risk is the risk that, in the event of a counterparty failure, OCERS will not be able to recover the value of its investments or collateral securities that are in the possession of counterparties. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in OCERS' name or by other qualified third-party administrator trust accounts.

OCERS' investments and collateral received through securities lending are not exposed to custodial credit risk because all securities are held by OCERS' custodial bank in OCERS' name or by other qualified third-party administrator trust accounts. The risk is managed by the custodian bank by diversifying the number of counterparties, with periodic review of the credit quality of counterparties and by regularly posting/receiving margins. OCERS does not maintain any general policies regarding custodial credit risk.

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Credit Risk-Investments

By definition, credit risk measures the risk that an issuer or counterparty will not fulfill its obligations. S&P Global defines investment grade as those fixed income securities with ratings between AAA and BBB. OCERS' investment policy permits, on an opportunistic basis, the investment in fixed income securities rated below investment grade. A rating of N/R represents pooled funds and other securities that have not been rated by S&P Global and N/A represents securities explicitly guaranteed by the U.S. Government that are not subject to the GASB Statement No. 40 disclosure requirements. The credit ratings for individual OCERS' fixed income portfolios are monitored regularly.

As of December 31, 2020, the S&P Global credit ratings of the OCERS' fixed income portfolio were as follows:

Investment Type	Rating as of December 31, 2020											Total
	AAA	AA	A	BBB	BB	B	CCC	D	N/R	N/A		
Pooled	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,151,269	\$ --	\$ 1,151,269
U.S. Treasury Notes	--	--	--	--	--	--	--	--	--	--	295,222	295,222
Corporate Bonds	5,050	23,323	77,381	252,388	97,247	52,335	30,333	--	22,796	--	--	560,853
Mortgage-Backed Securities	12,076	203,884	16	1,864	--	2,519	3,070	1,253	51,164	4,982	--	280,828
Asset-Backed Securities	10,180	14,052	4,610	9,040	--	454	196	--	32,792	--	--	71,324
Municipal Bonds	1,445	26,759	15,140	2,084	1,453	1,271	--	--	4,705	--	--	52,857
Agencies	--	--	--	--	--	--	--	--	5,878	--	--	5,878
International	--	7,220	28,448	78,980	44,226	16,637	8,372	--	4,705	--	--	188,588
Swaps	--	--	--	--	--	--	--	--	1,663	--	--	1,663
Total	\$ 28,751	\$ 275,238	\$ 125,595	\$ 344,356	\$ 142,926	\$ 73,216	\$ 41,971	\$ 1,253	\$ 1,274,972	\$ 300,204	\$ --	\$ 2,608,482

Interest Rate Risk-Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed-income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

Interest rate risk is managed through OCERS' investment policies requiring that investment managers investing on behalf of OCERS have applicable investment guidelines and that the effective durations of fixed income portfolios remain within a defined range of the benchmark's effective duration. The primary benchmark for domestic fixed income is a blend of two indices, the Bloomberg Barclays US Aggregate Total Return (80%), and the Bloomberg US TIPS Total Return (20%). As of December 31, 2020, the durations of these indices are 6.22 years and 7.56 years, respectively for a blended duration of 6.49 years. All investment managers were in compliance within their defined range.

OCERS invests in a variety of fixed income instruments including asset-backed securities, corporate obligations and commercial mortgage backed securities. The value, liquidity and income of these securities are sensitive to changes in overall economic conditions and the fair value of these securities may be affected by changes in interest rates, default rates and the value of the underlying securities.

The interest rate risk schedule presents the duration of fixed income securities by investment category as of December 31, 2020:

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Interest Rate Risk-Investments (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Portfolio %</u>	<u>Duration (in Years)</u>
Pooled	\$ 1,151,269	44.14%	6.79
U.S. Treasury Notes	295,222	11.32%	7.21
Corporate Bonds	540,430	20.72%	7.26
Mortgage-Backed Securities	266,302	10.21%	2.42
Asset-Backed Securities	63,765	2.44%	3.34
Municipal Bonds	52,857	2.03%	9.58
Agencies	5,878	0.23%	2.63
International	188,328	7.22%	5.55
No Effective Duration:			
Corporate Bonds	20,423	0.78%	N/A
Mortgage-Backed Securities	14,526	0.56%	N/A
Asset-Backed Securities	7,559	0.29%	N/A
Municipals	-	0.00%	N/A
Agencies	-	0.00%	N/A
International	260	0.01%	N/A
Swaps	1,663	0.06%	N/A
Total Fair Value	\$ 2,608,482	100%	
Portfolio Duration			6.24

Foreign Currency Risk

The value of deposits or investments denominated in foreign currency may be adversely affected by changes in currency exchange rates. OCERS' investment policy permits investment in international securities that includes investments in international equity securities, global equity securities, emerging markets equity securities and debt, public real estate securities, and real return. Investment managers monitor currency exposures daily.

The following schedule represents OCERS' net exposure to foreign currency risk in U.S. dollars as of December 31, 2020:

<u>Currency in U.S. Dollar</u>	<u>Cash</u>	<u>Equity</u>	<u>Fixed Income</u>	<u>Forward Contracts</u>	<u>Swaps</u>	<u>Total</u>
Australian Dollar	\$ 76	\$ 32,687	\$ --	\$ 424	\$ 2	\$ 33,189
Brazilian Real	--	3,060	--	(293)	152	2,919
Canadian Dollar	20	21,791	814	4	43	22,672
Danish Krone	40	32,372	--	(6)	--	32,406
Euro Currency	(65)	304,843	1,141	1	318	306,238
Hong Kong Dollar	73	47,591	--	--	165	47,829
Iceland Krona	(1,174)	1,669	1,479	--	--	1,974
Indonesian Rupiah	--	926	--	--	--	926
Japanese Yen	642	185,633	--	147	155	186,577
Mexican Peso	3	--	191	6	--	200
New Israeli Sheqel	--	765	--	2	--	767
New Zealand Dollar	--	2,488	--	923	--	3,411
Norwegian Krone	--	9,706	--	32	--	9,738
Pound Sterling	(40)	125,129	5,693	(483)	4	130,303
Polish Zloty	--	768	--	--	--	768
Russian Ruble	--	--	--	10	--	10
Singapore Dollar	16	6,026	--	1	--	6,043
South African Rand	--	1,522	--	30	--	1,552
South Korean Won	--	9,214	--	--	--	9,214
Swedish Krona	(13)	27,910	--	(139)	9	27,767
Swiss Franc	21	59,622	--	(475)	(305)	58,863
Thailand Bhat	--	525	--	--	--	525
Yuan Renminbi	--	3,768	--	--	--	3,768
Amount Exposed to Foreign Currency Risk	\$ (401)	\$ 878,015	\$ 9,318	\$ 184	\$ 543	\$ 887,659

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of OCERS' investment in a single issuer. By policy, OCERS did not hold investments in any one issuer that represented five percent or more of plan net position and net investments. Investments issued or explicitly guaranteed by the U.S. Government and pooled investments are excluded from this policy requirement.

Concentration of Investments

As of December 31, 2020, OCERS did not hold investments in any one organization that represented five percent or more of the plan's fiduciary net position. Investments issued or explicitly guaranteed by the U.S. Government and pooled investments are excluded from this requirement.

Derivative Instruments

As of December 31, 2020, all derivative instruments held by OCERS are considered investments and not hedges for accounting purposes. Any reference to the term hedging in these financial statements references an economic activity and not an accounting method. All gains and losses associated with these activities are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

The table that follows presents the related net appreciation/(depreciation) in fair value, the fair value amounts and the notional amounts of derivative instruments outstanding at December 31, 2020.

Derivative Instruments	Changes in Fair Value Net Appreciation/ (Depreciation) (4)	Fair Value at December 31, 2020		
	Amount ⁽¹⁾	Classification	Amount ⁽²⁾	Notional ⁽³⁾
Commodity Futures Long	\$ (6,548)	Cash	\$ --	\$ 3,622
Commodity Futures Short	(475)	Cash	--	(1)
Credit Default Swaps Bought	(17)	Cash	--	--
Credit Default Swaps Written	(1,234)	Core Fixed Income	1,370	49,833
Fixed Income Futures Long	28,665	Cash / Core Fixed Income	--	35,015
Fixed Income Futures Short	(2,038)	Core Fixed Income	--	(43,300)
Fixed Income Options Bought	348	Core Fixed Income	102	1,600
Fixed Income Options Written	(53)	Core Fixed Income	(55)	(25,689)
Futures Options Written	6	Core Fixed Income	--	--
FX Forwards	(3,972)	Core Fixed Income/Global Public Equity	184	282,849
Index Futures Long	(19,565)	Cash/ Global Public Equity	--	1,672
Index Futures Short	(3,036)	Global Public Equity	--	(26)
Pay Fixed Interest Rate Swaps	(8,164)	Core Fixed Income	102	24,477
Receive Fixed Interest Rate Swaps	1,311	Core Fixed Income	191	23,853
Rights	1	Global Public Equity	--	31
Total Return Swaps Bond	2,829	Global Public Equity	(264)	22,451
Total Return Swaps Equity	422	Global Public Equity	467	(14,175)
Warrants	3	Global Public Equity	--	--
Total	\$ (11,517)		\$ 2,097	

(1) Negative values (in brackets) refer to losses.

(2) Negative values refer to liabilities and are reported net of investments.

(3) Notional may be a dollar amount or size of underlying for futures and options, negative values refer to short positions.

(4) Excludes futures margin payments.

Valuation of Derivative Instruments

Non-exchange traded instruments, such as swaps, are valued using similar methods as those described for debt securities.

Futures contracts are traded on exchanges and typically derive their value from underlying indices and are marked to market daily. All gains and losses associated with changes in the value of futures contracts also settle on a daily basis and result in the contracts themselves having no fair value at the end of any trading

4. **DEPOSITS AND INVESTMENTS (Continued)**

D. **OCERS Investments (Continued)**

Valuation of Derivative Instruments (Continued)

day, including December 31, 2020. Future variation margin accounts also settle daily and are recognized in the financial statements under net appreciation/(depreciation) in the fair value of the investments as incurred.

In general, option values are dependent upon a number of different factors, including the current market price of the underlying security, the strike price of the option, costs associated with holding a position in the underlying security including interest and dividends, the length of time until the option expires and an estimate of the future price volatility of the underlying security relative to the time period of the option.

Foreign currency forward contracts are agreements to buy or sell a currency at a specified exchange rate on a specified date. The fair value of a foreign currency forward is determined by the difference between the specified exchange rate and the closing exchange rate at December 31, 2020.

Custodial Credit Risk—Derivative Instruments

As of December 31, 2020, all investments in derivative instruments are held in OCERS' name and are not exposed to custodial credit risk as described in the previous discussion of custodial credit risk.

A summary of counterparty credit ratings relating to non-exchange traded derivatives in asset positions as of December 31, 2020 is as follows:

Counterparty Name	S&P Rating	Foreign Currency Forward Contracts	Swaps	Total Fair Value
Bank of America CME	A-	\$ --	\$ 153	\$ 153
Bank of America ICE	A-	--	1,189	1,189
Bank of America Merrill Lynch Secur Inc	A-	--	150	150
Bank of America, N.A.	A+	6	3	9
Barclays Capital	A	--	3	3
BNP Paribas SA	A+	219	2	221
Citibank N.A.	A+	1,451	4	1,455
Goldman Sachs Bank USA	BBB+	3	--	3
Goldman Sachs International	A+	--	3	3
HSBC Bank USA	A+	15	--	15
JP Morgan	A-	--	76	76
JPMorgan Chase Bank N.A.	A+	1,417	--	1,417
Morgan Stanley Capital Services Inc	BBB+	--	1	1
Morgan Stanley Co Incorporated	BBB+	--	431	431
UBS AG	A+	7	--	7
Other	NR	--	233	233
Total		\$ 3,118	\$ 2,248	\$ 5,366

Interest Rate Risk-Derivatives

At December 31, 2020, OCERS exposure to interest rate risk on its investments in various swap arrangements based on daily interest rates for Brazilian Interbank Deposit Rate (BRDI), Canadian Dollar Offered Rate (CDOR), London Interbank Offered Rate (LIBOR), Sterling Overnight Index Average (SONIA), and European reference rates.

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Interest Rate Risk-Derivatives (Continued)

The following table illustrates derivative instruments highly sensitive to interest rate changes:

	Receive Rate	Payable Rate	Fair Value	Notional
Pay Fixed Interest Swaps	Variable 0-month BRCDI	Fixed 2.86%-2.88%	\$ (1)	\$ 2,176
Pay Fixed Interest Swaps	Variable 12-month SONIA	Fixed 1.00%	4	15,310
Pay Fixed Interest Swaps	Variable 3-month LIBOR	Fixed 0.25%-1.15%	99	4,900
Pay Fixed Interest Swaps	Variable 6-month LIBOR	Fixed 0.08%-2.00%	--	2,092
Total Pay Fixed Interest Swaps			102	
Received Fixed Interest Rate Swaps	Fixed 1.22%-1.29%	Variable 3-month CDOR	42	1,962
Received Fixed Interest Rate Swaps	Fixed 3.36%	Variable 0-month BRCDI	153	18,790
Received Fixed Interest Rate Swaps	Fixed 1.40%	Variable 3-month LIBOR	(4)	3,100
Total Received Fixed Interest Rate Swaps			191	
Total Interest Rate Swaps			\$ 293	

Foreign Currency Risk—Derivatives

At December 31, 2020, OCERS is exposed to foreign currency risk on investments in swaps and forward currency contracts denominated in foreign currencies that may be adversely affected by changes in the currency exchange rates.

Currency Name	Options	Currency Forward Contracts		Swaps	Total Exposure
		Net Receivables	Net Payables		
Australian Dollar	\$ --	\$ 737	\$ (313)	\$ 2	\$ 426
Brazilian Real	--	226	(519)	152	(141)
Canadian Dollar	--	15	(11)	43	47
Danish Krone	--	11	(17)	--	(6)
Euro Currency	--	240	(239)	318	319
Hong Kong Dollar	--	--	--	165	165
Japanese Yen	--	275	(128)	155	302
Mexican Peso	--	14	(8)	--	6
New Israeli Sheqel	--	71	(69)	--	2
New Zealand Dollar	--	977	(54)	--	923
Norwegian Krone	--	33	(1)	--	32
Pound Sterling	--	284	(767)	4	(479)
Russian Ruble	--	11	(1)	--	10
Singapore Dollar	--	7	(6)	--	1
South African Rand	--	33	(3)	--	30
Swedish Krona	--	161	(300)	9	(130)
Swiss Franc	--	23	(498)	(305)	(780)
Total Foreign Currency	\$ --	\$ 3,118	\$ (2,934)	\$ 543	\$ 727
U.S. Dollar	47	--	--	1,323	1,370
Total	\$ 47	\$ 3,118	\$ (2,934)	\$ 1,866	\$ 2,097

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on the assets of the plan, net of investment expense, was 11.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

4. **DEPOSITS AND INVESTMENTS (Continued)**

D. OCERS Investments (Continued)

Securities Lending

OCERS is authorized by investment policy and state law to lend its investment securities including global public equities, core fixed income, credit and real assets to broker/dealers in exchange for collateral in the form of either cash or securities. Lent domestic and international securities are collateralized with an initial market value of not less than 102% or 105% depending on the nature of the loaned securities and the collateral received, of fair value of the loaned securities. The lending agent receives cash and non-cash collateral for the securities on loan. There are no restrictions on the amount of securities that can be lent at one time. State Street Bank serves, in accordance with a Securities Lending Authorization Agreement, as OCERS' agent to loan domestic and international securities. State Street Bank does not have the ability to pledge or sell collateral securities delivered absent a borrower default.

Cash collateral received on loaned securities is invested together with the cash collateral of other qualified tax-exempt investors in a collective investment fund managed by State Street. The collective investment fund is not rated. In December 2010 the collective investment fund was divided into separate investment pools: 1) a liquidity pool and 2) a duration pool. As of December 31, 2020, the liquidity pool had an average duration of 16 days and a WAM of 76 days. The duration pool had an average duration of 18 days and a WAM of 1,539 days. Because loans are terminable at will, the duration of the loans did not generally match the duration of the investments made with the cash collateral. The Securities Lending Authorization Agreement requires State Street to indemnify OCERS if the broker/dealer fails to return any borrowed securities. During 2020, there were no failures to return loaned securities or to pay distributions by the borrowers. Furthermore, there were no losses due to borrower defaults. The fair value of securities on loan and the total cash and non- cash collateral held as of December 31, 2020 was \$233,834 and \$239,640, respectively.

The following table shows fair values of securities on loan and cash collateral received by asset class:

Securities Lent for Cash Collateral	Fair Value of OCERS' Security Lent	Cash Collateral Received	Non-Cash Collateral Received	Total Collateral Received
Global Public Equity	\$ 74,555	\$ 77,309	\$ --	\$ 77,309
Core Fixed Income	132,747	135,286	--	135,286
Credit	26,532	27,045	--	27,045
Total	<u>\$ 233,834</u>	<u>\$ 239,640</u>	<u>\$ --</u>	<u>\$ 239,640</u>

Investments—Fair Value Measurements

OCERS categorizes its fair value measurements of its investments based on the three-level fair value hierarchy established by GAAP. The fair value hierarchy is based on the valuation inputs used to measure fair value of the asset or liability and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Unobservable inputs are developed using the best information available about the assumptions that market participants would use when pricing an investment.

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

The following table represents the fair value measurements as of December 31, 2020.

	Fair Value	Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Fixed Income:				
U.S. Fixed Income:				
Pooled	\$ 1,151,269	\$ --	\$ 1,151,269	\$ --
U.S. Treasury Notes	295,222	--	295,222	--
Corporate Bonds	560,853	--	560,853	--
Mortgage-Backed Securities	280,828	--	279,812	1,016
Asset-backed Securities	71,324	--	71,324	--
Municipal Bonds	52,857	--	52,857	--
Agencies	5,878	--	5,878	--
International	188,588	--	188,588	--
Total Fixed Income	2,606,819	--	2,605,803	1,016
Global Public Equity investments:				
Domestic Equity	4,777,312	504,263	4,273,049	--
International Equity	2,465,581	902,455	1,563,126	--
Emerging Markets Equity	592,838	--	592,838	--
Total Global Public Equity	7,835,731	1,406,718	6,429,013	--
Real Assets:				
Agriculture	69,670	--	--	69,670
Real Return	--	--	--	--
Energy	--	--	--	--
Infrastructure	--	--	--	--
Real Estate	11,338	--	--	11,338
Timber	36,685	--	--	36,685
Total Real Assets	117,693	--	--	117,693
Other Investments:				
Credit	--	--	--	--
Risk Mitigation	555,694	--	555,694	--
Total Other Investments	555,694	--	555,694	--
Total Investments at Fair Value Level	\$ 11,115,937	\$ 1,406,718	\$ 9,590,510	\$ 118,709

4. **DEPOSITS AND INVESTMENTS (Continued)**

D. **OCERS Investments (Continued)**

Investment–Fair Value Measurements (Continued)

		Fair Value Measurement		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at the Net Asset Value (NAV):				
Global Public Equity investments:				
Domestic Equity	\$ 1,312			
International Equity	294,177			
Emerging Markets Equity	900,810			
Total Global Public Equity	1,196,299			
Real Assets:				
Agriculture	64,508			
Energy	472,625			
Infrastructure	186,410			
Real Estate	1,224,621			
Total Real Assets	1,948,164			
Other Investments:				
Absolute Return	480			
Credit (includes private credit)	1,268,100			
Private Equity	2,353,755			
Risk Mitigation	1,226,962			
Unique Strategies	55,283			
Total Other Investments	4,904,580			
Total investments measured at the NAV	\$ 8,049,043			
<u>Investments Derivative Instruments:</u>				
Swaps:				
Interest Rate Swaps	\$ 293	\$ --	\$ 293	\$ --
Credit Default Swaps	1,370	--	1,370	--
Total Return Swaps	203	--	203	--
Options	47	--	47	--
Total Investment Derivative Instruments	\$ 1,913	\$ --	\$ 1,913	\$ --
Total Investments Measured at Fair Value	\$ 19,166,893			
<u>Investments Securities Lending Collateral:</u>				
Debt Securities:				
Core Fixed Income	\$ 135,286	\$ --	\$ 135,286	\$ --
Credit	27,045	--	27,045	--
Equity Investments:				
U.S. Equities	67,059	67,059	--	--
International Equities	10,250	10,250	--	--
Total Invested Securities Lending Collateral	\$ 239,640	\$ 77,309	\$ 162,331	\$ --

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

Core fixed income include actively traded debt instruments such as those securities issued by the United States government, federal agencies, municipal obligations, foreign governments, and both U.S. and foreign corporate issuers. Core fixed income securities are reported at fair value as of the close of the trading date. Fair values for securities not traded on a regular basis are obtained from pricing vendors who employ modeling techniques, such as matrix pricing or discounted cash flow method, in determining security values. These inputs are observable, which supports the Level 2 fair value hierarchy. One fixed income mortgage security is leveled at Level 3 based on the investment manager's pricing policy.

Global public equity include U.S. and international equity securities, and emerging markets equity securities. Global public equity securities classified in Level 1 of the fair value hierarchy are primarily common and preferred stock or real estate investment trusts. Fair value for these exchange traded securities is determined as of the close of the trading date in the primary market or agreed upon exchange. The last known price is used for listed securities that did not trade on a particular date. Fair value is obtained from third-party pricing sources for securities traded over-the-counter. Global public equity securities classified in Level 2 of the fair value hierarchy consist of institutional funds that are valued based on the fair value of underlying investments using pricing models or other valuation methodologies that use pricing inputs that are either directly or indirectly observable on the valuation date for the securities or assets held in the fund.

Real assets investments at fair value include a variety of real return investments in agriculture, real estate and timber resources, which are held directly. Real estate assets held directly are appraised by independent third-party appraisers in accordance with the Uniform Standards of Professional Appraisal Practice. Independent appraisals use professional judgment, which is unobservable input, to determine the fair value of the asset; therefore, these real estate investments are classified as Level 3. Agriculture and timber resources included in Level 3 are based on independent appraisals and/or the good faith estimates of management.

Other investments include two risk mitigation funds. These investments are classified in Level 2 of the fair value hierarchy and include primarily institutional mutual funds that are valued based on the fair value of underlying investments using pricing models or other valuation methodologies that use pricing inputs that are either directly or indirectly observable on the valuation date for the securities or assets held in the fund.

Derivative instruments classified as Level 2 are valued using a market approach with observable inputs from major indices as well as benchmark interest rates and foreign exchange rates.

Securities Lending represents cash collateral received for securities lent. The equity securities lent include U.S. equities and international and global equities in Level 1 of the fair value hierarchy, valued using a market approach for prices quoted in active markets for securities. Level 2 securities lent are core fixed income securities, which include U.S. government, federal agencies, and credit securities including municipal obligations along with corporate issuers.

The System uses the NAV to determine the fair value of the underlying investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company following the accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification ("ASC") Topic 946 Financial Services-Investment Companies.

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

The follow table represents the investments measured at NAV as of December 31, 2020.

	Fair Value Measured at NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible)*	Redemption Notice Period
<u>Investments measured at the net asset value (NAV):</u>				
Global Public Equity Investments:				
Domestic Equity	\$ 1,312	\$ --	S	60 days
International Equity	294,177	--	W	7 days
Emerging Markets Equity	900,810	--	M	30 days
	-	-		
Total equity investments measured at the NAV	<u>1,196,299</u>	<u>--</u>		
Real Assets:				
Agriculture	64,508	22,451	Q	60 days
Energy	472,625	529,018	N/A	N/A
Infrastructure	186,410	296,675	N/A	N/A
Real Estate	1,224,621	366,437	Q, N/A	45-90 days, N/A
Timber	-	-		
	-	-		
Total real assets measured at the NAV	<u>1,948,164</u>	<u>1,214,581</u>		
Other Investments:				
Absolute Return	480	--	N/A	N/A
Credit	(1)	53,079	M, Q, N/A	5-90 days, N/A
Private Credit	--	444,730	N/A	N/A
Credit (includes private credit)	1,268,100	497,809	M, Q, N/A	5-90 days, N/A
Private Debt	--		N/A	N/A
Private Equity	--		N/A	N/A
Private Equity	2,353,755	1,138,392	N/A	N/A
Risk Mitigation	1,226,962	--	D, W, M, Q	1-75 days
Unique Strategies	55,283	40,082	Q, N/A	60 days, N/A
	-	-		
Total other investments at the NAV	<u>4,904,580</u>	<u>1,676,283</u>		
Total investments measured at the NAV	<u>\$ 8,049,043</u>	<u>\$ 2,890,864</u>		

* D=Daily, W=Weekly, M=Monthly, S=Semi-Annually, Q=Quarterly

The investment types listed in the above table measured at the NAV as explained below:

Global public equity includes six institutional funds. One fund focuses primarily U.S. equity securities, two funds focus on international securities and three funds focus on emerging markets equities. The fair value of each fund has been determined using NAV per share or unit of the investments.

Real assets: Agriculture includes one fund that invests in a diversified portfolio of vegetable and permanent crop farmland in select major agricultural states. The fund is an open-end, infinite life, private real estate investment trust (REIT) subject to the redemption terms in the above schedule.

Real assets: Energy consists of 17 limited partnerships that invest primarily in oil and gas related investments. There are no redemption terms for any of these partnerships. These investments are considered illiquid. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using estimates provided by the underlying partnerships and are at NAV. One of the partnerships is considered a going concern, and is included at a zero value.

Real assets: Infrastructure consists of six limited partnerships that invest primarily in energy related renewable infrastructure. There are no redemption terms for any of these partnerships. These investments are considered illiquid. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using estimates provided by the underlying partnerships and are at NAV.

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

Real assets: Real estate investments include 16 funds consisting of primarily trust funds and limited partnerships. The purpose of these funds is to acquire, own, invest in real estate and real estate related assets with the intention of achieving current income, capital appreciation or both. These investments are valued through independent appraisals and other unobservable methods. The majority of these funds are closed-end funds with structured investment periods, and considered illiquid investments. All other funds have no redemption restrictions other than the restrictions noted above.

Absolute return: Direct hedge includes one limited partnership fund, which is winding down. No redemptions are available at this time. Proceeds will be distributed when liquidated.

Credit includes investments in 20 limited partnership funds. 14 of these funds are considered private credit investments, which are closed-end funds and are considered illiquid investments. These investments represent approximately 35% of the value. The remaining six funds allow for redemption based on the terms noted above. The fair value of these investments has been determined using NAV per share of the investments.

Private equity includes primarily investments in limited partnership funds, managed by various different investment managers. Generally, the partnership strategies are to maximize the return by participating in private equity and equity-related investments through a diversified portfolio of venture capital, growth equity, buyouts, special situation partnerships and other limited liability vehicles. Investments in these partnerships are typically for 10-12 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using NAV per share of the System's ownership interest in partners' capital.

Risk mitigation includes 10 limited partnership funds, which allow redemption with proper notification. The funds assist in diversifying the portfolio and protecting in an economic downturn of growth assets. The strategies are uncorrelated or negatively correlated to economic growth assets. The fair value of these investments has been determined using NAV per share.

Unique Strategies includes two limited partnership funds, one of the funds allows for redemptions and the other fund has no redemption terms and is considered an illiquid investment. This asset class provides additional diversification which can be used to mitigate risk and provide value to the OCERS portfolio. These investments are valued at NAV.

E. CalOptima's Cash and Investments

Cash and investments are reported in the statements of net position as follows:

	<u>2021</u>
Current Assets:	
Cash and Cash Equivalents	\$ 281,834
Investments	1,065,410
Board-Designated Assets and Restricted Cash:	
Cash and Cash Equivalents	60,145
Investments	585,534
Restricted Deposit	300
Total	<u>\$ 1,993,223</u>

4. DEPOSITS AND INVESTMENTS (Continued)

E. CalOptima's Cash and Investments (Continued)

Board-designated assets and restricted cash are available for the following purposes:

	2021
Board-Designated Assets and Restricted Cash:	
Contingency Reserve Fund	\$ 588,880
Homeless Health Initiative Fund	56,799
Restricted Deposits with DMHC	300
Total	\$ 645,979

Custodial Credit Risk Deposits

Custodial credit risk is the risk that, in the event of a bank failure, CalOptima may not be able to recover its deposits or collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under the state law. As of June 30, 2021, no deposits were exposed to custodial credit risk, as CalOptima has pledged collateral to cover the amounts.

Investments

CalOptima invests in obligations of the U.S. Treasury, other U.S. government agencies and instrumentalities, state obligations, corporate securities, money market funds, and mortgage or asset-backed securities.

Interest Rate Risk

In accordance with its annual investment policy (investment policy), CalOptima manages its exposure to decline in fair value from increasing interest rates by matching maturity dates to the extent possible with CalOptima's expected cash flow draws. Its investment policy limits maturities to five years, while also staggering maturities. CalOptima maintains a low-duration strategy, targeting a portfolio duration of three years or less, with the intent of reducing interest rate risk. Portfolios with low duration are less volatile because they are less sensitive to interest rate changes. As of June 30, 2021, CalOptima's investments, including cash equivalents, had the following modified duration:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
U.S. Treasury Notes	\$ 384,597	\$ 212,905	\$ 171,692
U.S. Agency Notes	145,971	46,409	99,562
Corporate Bonds	433,094	62,754	370,340
Asset-Backed Securities	205,797	933	204,864
Mortgage-Backed Securities	59,942	978	58,964
Municipal Bonds	197,208	50,269	146,939
Tax Exempt Municipal Bonds	7,757	4,000	3,757
Supranational	79,450	20,446	59,004
Commercial Paper	1,799	1,799	--
Certificates of Deposit	131,384	129,385	1,999
Cash Equivalents	281,461	281,461	--
Cash	5,852	5,852	--
Total	1,934,312	\$ 817,191	\$ 1,117,121
Accrued Interest Receivable	3,945		
	\$ 1,938,257		

4. DEPOSITS AND INVESTMENTS (Continued)

E. CalOptima's Cash and Investments (Continued)

Investment With Fair Values Highly Sensitive to Interest Rate Fluctuations

When interest rates fall, debt is refinanced and paid off early. The reduced stream of future interest payments diminishes the fair value of the investment. The mortgage-backed and asset-backed securities in the CalOptima portfolio are of high credit quality, with relatively short average lives that represent limited prepayment and interest rate exposure risk. CalOptima's investments include the following investments that are highly sensitive to interest rate and prepayment fluctuations to a greater degree than already indicated in the information provided above:

	June 30, 2021
Asset-Back Securities	\$ 205,797
Mortgage-Backed Securities	59,942
	<u>\$ 265,739</u>

Credit Risk

CalOptima's investment policy conforms to the California Government Code as well as to customary standards of prudent investment management. Credit risk is mitigated by investing in only permitted investments. The investment policy sets minimum acceptable credit ratings for investments from the three nationally recognized rating services: S&P, Moody's, and Fitch Ratings (Fitch). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F-1 (Fitch), while an issuer of long-term debt shall be rated no less than an "A."

As of June 30, 2021, following are the credit ratings of investments and cash equivalents:

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End					
				AAA	Aa & Aa+	Aa-	A+	A	A-
U.S. Treasury Notes	\$ 469,043	N/A	\$ 469,043	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
U.S. Agency Notes	191,616	N/A	191,616	--	--	--	--	--	--
Corporate Bonds	349,716	A-	--	1,006	28,927	56,253	69,946	92,779	100,805
Floating-Rate Note Securities	184,786	A-	--	91,501	26,294	6,289	20,563	15,290	24,849
Asset-Backed Securities	89,786	AAA	--	84,157	5,629	--	--	--	--
Mortgage-Backed Securities	158,921	AAA	--	158,921	--	--	--	--	--
Municipal Bonds	228,783	A	--	62,717	95,593	56,751	10,727	2,995	--
Supranational	29,796	AAA	--	29,796	--	--	--	--	--
Repurchase Agreement	53,007	N/A	53,007	--	--	--	--	--	--
Certificates of Deposit	89,203	A1/P1	--	89,203	--	--	--	--	--
Commercial Paper	87,748	A1/P1	--	66,749	20,999	--	--	--	--
Money Market Mutual Funds	5,852	AAA	--	5,852	--	--	--	--	--
Total	<u>\$ 1,938,257</u>			<u>\$ 713,666</u>	<u>\$ 589,902</u>	<u>\$ 177,442</u>	<u>\$ 119,293</u>	<u>\$ 101,236</u>	<u>\$ 111,064</u>
									<u>\$ 125,654</u>

4. **DEPOSITS AND INVESTMENTS (Continued)**

E. CalOptima's Cash and Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of CalOptima's investment in a single issuer. CalOptima's investment policy limits to no more than 5% of the total fair value of investments in the securities of any one issuer, except for obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises, and no more than 10% may be invested in one money market mutual fund unless approved by the governing board. The investment policy also places a limit of 35% of the amount of investment holdings with any one government-sponsored issuer and 5% of all other issuers. As of June 30, 2021, all holdings complied with the foregoing limitations. The following holdings exceeded 5% of the portfolio as of June 30, 2021:

<u>Investment Type</u>	<u>Issuer</u>	<u>Percentage of Portfolio June 30, 2021</u>
U.S. Treasury Notes	United States Treasury	24.30
U.S. Agency Notes	Federal Home Loan Bank	4.25

Fair Value Measurements

CalOptima categorizes its fair value investments within the fair value hierarchy established by U.S. GAAP. The hierarchy for fair value measurements is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3: Significant unobservable inputs.

The following is a description of the valuation methodologies used for instruments at fair value on a recurring basis and recognized in CalOptima's consolidated statements of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Marketable Securities: Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These securities are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

4. DEPOSITS AND INVESTMENTS (Continued)

E. CalOptima's Cash and Investments (Continued)

Marketable Securities (Continued)

The following table presents the fair value measurements of assets recognized in CalOptima's consolidated statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

Investment Assets at Fair Value as of June 30, 2021				
	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 384,597	\$ --	\$ --	\$ 384,597
U.S. Agency Notes	--	145,971	--	145,971
Corporate Bonds	--	433,094	--	433,094
Asset-Backed Securities	--	205,797	--	205,797
Mortgage-Backed Securities	--	59,942	--	59,942
Municipal Bonds	--	197,208	--	197,208
Tax Exempt Municipal Bonds	--	7,757	--	7,757
Supranational	--	79,450	--	79,450
Commercial Paper	--	1,799	--	1,799
Certificates of Deposits	--	131,384	--	131,384
	<u>\$ 384,597</u>	<u>\$ 1,262,402</u>	<u>\$ --</u>	<u>\$ 1,646,999</u>

5. CHANGES IN CAPITAL ASSETS

Increases and decreases in the County's capital assets for governmental and business-type activities during the fiscal year were as follows:

	Primary Government		
	Balance July 1, 2020	Increases	Decreases
			Balance June 30, 2021
Governmental Activities:			
Capital Assets Not Depreciable/Amortizable:			
Land	\$ 871,319	\$ 16	\$ (42)
Land Use Rights (Permanent)	6,439	--	--
Construction in Progress	182,788	264,584	(120,111)
Intangible in Progress	18,798	11,111	(2,539)
Total Capital Assets Not Depreciable/Amortizable	1,079,344	275,711	(122,692)
Capital Assets, Depreciable/Amortizable:			
Structures and Improvements	1,596,269	45,160	(2,691)
Land Improvements	4,256	2,762	--
Equipment	521,279	44,458	(44,906)
Software	142,877	2,259	--
Infrastructure:			
Flood Channels	1,317,390	57,404	--
Roads	436,122	21,158	--
Bridges	156,725	234	--
Trails	46,938	--	--
Traffic Signals	17,164	2,708	--
Harbors and Beaches	41,238	--	--
Total Capital Assets, Depreciable/Amortizable	4,280,258	176,143	(47,597)
Less Accumulated Depreciation/Amortization For:			
Structures and Improvements	(777,006)	(43,130)	2,465
Land Improvements	(1,179)	(289)	--
Equipment	(333,641)	(26,785)	48,024
Software	(108,304)	(7,062)	--
Infrastructure:			
Flood Channels	(386,192)	(18,331)	--
Roads	(192,557)	(18,147)	--
Bridges	(49,891)	(2,854)	--
Trails	(38,045)	(806)	--
Traffic Signals	(12,578)	(380)	--
Harbors and Beaches	(33,439)	(654)	--
Total Accumulated Depreciation/Amortization	(1,932,832)	(118,438)	50,489
Total Capital Assets, Depreciable/Amortizable (Net)	2,347,426	57,705	2,892
Governmental Activities Total Capital Assets, Net	\$ 3,426,770	\$ 333,416	\$ (119,800)
			\$ 3,640,386

5. CHANGES IN CAPITAL ASSETS (Continued)

	Primary Government			
	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Business-Type Activities:				
Capital Assets Not Depreciable/Amortizable:				
Land	\$ 38,379	\$ --	\$ --	\$ 38,379
Construction in Progress	39,934	39,429	(26,570)	52,793
Intangible in Progress	749	--	(442)	307
Total Capital Assets Not Depreciable/Amortizable	79,062	39,429	(27,012)	91,479
Capital Assets, Depreciable/Amortizable:				
Structures and Improvements	921,157	19,837	(2,871)	938,123
Land Improvements	611	--	--	611
Equipment	101,073	13,376	(3,230)	111,219
Software	5,635	821	--	6,456
Infrastructure	712,483	8,163	(3,920)	716,726
Total Capital Assets, Depreciable/Amortizable	1,740,959	42,197	(10,021)	1,773,135
Less Accumulated Depreciation/Amortization For:				
Structures and Improvements	(386,673)	(29,452)	2,870	(413,255)
Land Improvements	(8)	(19)	--	(27)
Equipment	(57,276)	(7,445)	4,113	(60,608)
Software	(2,908)	(779)	--	(3,687)
Infrastructure	(426,243)	(18,253)	250	(444,246)
Total Accumulated Depreciation/Amortization	(873,108)	(55,948)	7,233	(921,823)
Total Capital Assets, Depreciable/Amortizable (Net)	867,851	(13,751)	(2,788)	851,312
Business-Type Activities Total Capital Assets, Net	<u>\$ 946,913</u>	<u>\$ 25,678</u>	<u>\$ (29,800)</u>	<u>\$ 942,791</u>

Depreciation/Amortization expense was allocated among functions of the primary government as follows:

Government Activities:

General Government	\$ 11,082
Public Protection	47,256
Public Ways and Facilities	27,743
Health and Sanitation	3,238
Public Assistance	6,290
Education	1,789
Recreation and Cultural Services	7,835
Internal Service Funds' Depreciation Expense Allocated to Various Functions	13,205
Total Governmental Activities Depreciation/Amortization Expense	<u>118,438</u>

Business-Type Activities:

Airport	34,117
OC Waste & Recycling	21,831
Total Business-Type Activities Depreciation/Amortization Expense	<u>55,948</u>

Total Depreciation/Amortization Expense \$ 174,386

5. CHANGES IN CAPITAL ASSETS (Continued)

Capital Asset Impairments:

The OC Waste & Recycling business-type activity reported an impairment gain on the Statement of Activities and the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position related to the Frank R. Bowerman Landfill which had approximately 39.2% damage to its liner due to a local wild fire. The damage was estimated to be at \$3,670 net of accumulated depreciation and to date, the insurance recovery is \$3,828. This resulted in the OC Waste & Recycling business-type activity reporting a gain of \$158.

6. SERVICE CONCESSION ARRANGEMENTS

GASB Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*" (GASB Statement No. 60) defines the required criteria for which a public-private or public-public partnership arrangement qualifies as a SCA:

- The transferor must convey to the operator both the right and obligation to use one of its capital assets to provide services to the public
- The operator must provide significant consideration to the transferor
- The operator must be compensated from fees that it collects from third parties
- The transferor must either determine what services are provided to whom, and at what rate or price
- The transferor must retain a significant residual interest in the service utility of the facility

The County determined that the Dana Point Harbor arrangements met the criteria set forth in GASB Statement No. 60 (where the County is the transferor), and therefore included this SCA in the County's financial statements.

The Dana Point Harbor is held in trust by the County in accordance with the State Tidelands Grant. Pursuant to the State Tidelands Grant, the County must administer the use of the tidelands and submerged lands in a manner consistent with the tidelands trust and all applicable laws. This includes promoting the use of the harbor for navigation, fishing, public access, water-oriented recreations and the provision of coastal-dependent uses adjacent to the water in leasing or releasing of publicly owned land. Commercial uses, incidental to the above uses, are also allowed.

In addition, the Dana Point Harbor is located entirely within the Coastal Zone and is subject to regulation under the Coastal Act. The Coastal Act was enacted to protect and enhance the coastal environment and to guide and regulate local planning within the Coastal Zone to assure conformity with the statewide goals and policies. For example, the Coastal Act provides that lower cost visitor and recreational facilities shall be protected, encouraged, and where feasible, provided.

On October 29, 2018, the County entered into 66-year term lease agreements with Dana Point Harbor Partners, LLC (DPHP), and Dana Point Harbor Partners Drystack, LLC (DPHPD) to conduct due diligence regarding master lease and development of the Dana Point Harbor. The County must ensure that DPHP and DPHPD, as the Lessees, adhere to the tidelands trust and all applicable laws. The agreements include the reconstruction of the commercial core, the east and west marinas, two new hotels, and the rebuilding of docks. DPHP and DPHPD will fund and build the improvements, and then operate those portions of the harbor on a 66-year lease. DPHP and DPHPD are required to assume full responsibility for operation and maintenance of their lease premises, and make minimum rent payments to the County, in accordance with their respective agreements. Additionally, the agreements provide for the County to receive a percentage of the gross receipts generated from sales, subleases, or any activity permitted under the DPHP and DPHPD arrangements. After the leases end, the assets and improvements will be returned to the County. The current net book value of the Dana Point Harbor assets associated with these agreements is \$407 and it is reported in the County's government-wide financial statements.

6. SERVICE CONCESSION ARRANGEMENTS (Continued)

Under the terms of the agreement with DPHPD, the County is required to reimburse the Lessee for applicable redevelopment costs. The present value of this obligation, \$18,572, is reported as part of the accounts payable liability in the government-wide financial statements.

In April 2020, DPHP, and DPHPD entered into tolling agreements with the County due to the County State of Emergency, declared March 3, 2020, in connection with the COVID-19 pandemic. With the exception of the lease terms and due dates for the monthly minimum and percentage rents, dates and deadlines under existing Ground Leases are tolled. When the State of Emergency is lifted, project schedules will be revised to incorporate the new dates and deadlines.

As of June 30, 2021, the present value of the minimum rent payments under the contracts is estimated to be \$87,571 using a 2.5% discount rate. This amount is reported as a receivable in the government-wide financial statements. The total monthly minimum rent payments received in FY 2020-21 was \$1,511. In addition, \$69,000 is reported as deferred inflows of resources. As of June 30, 2021, the lease terms for Dana Point Harbor cover the remaining period of 63 years.

7. RECEIVABLES

GASB Statement No. 38, "*Certain Financial Statement Note Disclosures*," requires identification of receivable balances not expected to be collected within one year. The details of the receivables reported in the government-wide Statement of Net Position that are not expected to be collected within the next fiscal year are identified below:

Accounts Receivable

Accounts Receivable had a balance of \$46,820 as of June 30, 2021. Of this amount, \$3,682 is not expected to be collected within the next fiscal year. This primarily consists of \$2,992 for animal care delinquent invoices. Also, \$375 is for the Airport's rent deferment for tenants through the Minimum Annual Guarantee (MAG) Deferral Plan, and \$256 is for expected recoveries from the Airport's multi-year fixed-base operator lessee for pollution remediation costs.

Deposits Receivable

Deposits Receivable had a balance of \$899 as of June 30, 2021. Of this amount, \$855 is not expected to be collected within the next fiscal year. This primarily consists of a \$400 deposit required by the vendor per agreement with HCA, \$199 in deposits with the U.S. Army Corps of Engineers for regulatory permitting process on various maintenance projects and \$142 in operating funds deposited for payment of costs related to the Greenspot Property Management.

Leases Receivable

Leases Receivable had a balance of \$87,571 as of June 30, 2021. Of this amount, \$86,141 is not expected to be received within the next fiscal year. This represents the receivable for a 66-year term lease agreement for the renovation and operation of the Dana Point Harbor, as described in Note 6, Service Concession Arrangements.

Due from Other Governmental Agencies

Due from Other Governmental Agencies had a balance of \$552,231 as of June 30, 2021. Of this amount, \$19,960 is not expected to be received within the next fiscal year, which primarily consists of \$17,380, net of an allowance of \$6,405, owed by the State to the County for various mandated cost reimbursements for programs and services the State requires the County to provide. Also, \$1,439 is for expected reimbursement of the Santa Ana River Subvention claims that will be submitted to the State Department of Water Resources, and \$1,056 is for the expected reimbursement of Medi-Cal administrative activities.

7. RECEIVABLES (Continued)

Notes Receivable

Notes Receivable had a balance of \$61,127 as of June 30, 2021. Of this amount, \$29,021 is not expected to be received within the next fiscal year. This primarily consists of \$26,049 for loans made to developers to build affordable, low to moderate income, and senior housing. In addition, \$2,442 is for housing loans for MSHA programs and \$530 is for loans provided to first time home buyers.

8. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables may result from services rendered by one fund to another fund, or from interfund loans. "Due from" and "due to" balances are generally used to reflect short-term interfund receivables and payables whereas "advance from" and "advance to" balances are long-term.

The composition of interfund balances as of June 30, 2021 is as follows:

Due from/to other funds:

Payable Funds	Receivable Funds							Total
	General Fund	Flood Control District	Other Public Protection	Other Governmental Funds	Airport	OC Waste & Recycling	Internal Service Funds	
General Fund	\$ --	\$ 1,287	\$ 32,866	\$ 197,222	\$ 178	\$ 274	\$ 2,951	\$ 234,778
Flood Control District	7,224	--	--	566	--	196	12	7,998
Other Public Protection	5,731	--	--	430	--	--	7	6,168
Mental Health Services Act	44,744	--	--	--	--	--	--	44,744
Other Governmental Funds	38,219	894	1	2,530	--	638	493	42,775
Airport	1,871	--	2	70	--	--	411	2,354
OC Waste & Recycling	8,770	--	--	8	--	--	45	8,823
Internal Service Funds	3,579	11	--	3	--	--	51	3,644
Total	\$ 110,138	\$ 2,192	\$ 32,869	\$ 200,829	\$ 178	\$ 1,108	\$ 3,970	\$ 351,284

Interfund transactions between the Primary Government and Component Unit:

Receivable Entity	Payable Entity	Amount
Primary Government-General Fund	Component Unit-CFCOC	\$ 142
Component Unit-CFCOC	Primary Government-General Fund	929

The majority of the interfund balances resulted from the time lag between the time that: (1) goods and services were provided, (2) transactions were recorded in the accounting system, and (3) payments between the funds were made.

Advances to/from other funds:

Receivable Entity	Payable Entity	Amount
OC Waste & Recycling	Other Governmental Funds	\$ 55,000

The interfund loans represent an advance made by OC Waste & Recycling to Other Governmental Funds for the Sheriff-Coroner's James A. Musick Facility Expansion project and for the Probation Gym.

9. COUNTY PROPERTY ON LEASE TO OTHERS

The County has non-cancellable operating leases for certain buildings, which are not material to the County's general operations. The Airport Enterprise Fund derives a substantial portion of its revenues from non-cancellable operating leases with air carriers and concessionaires, and the OC Waste & Recycling Enterprise Fund derives revenue from landfill gas lease agreements, cell tower operators and a material recovery facility. The Enterprise Funds' property under operating leases, consisting primarily of structures and improvements, at June 30, 2021, approximates \$59,471 net of accumulated depreciation.

9. COUNTY PROPERTY ON LEASE TO OTHERS (Continued)

The County leases real property to others under operating lease agreements for recreational boating, retail, restaurants, and other commercial operations. Future minimum rentals to be received under these non-cancellable operating leases as of June 30, 2021 are as follows:

Fiscal Year Ending June 30	Governmental Activities	Business-Type Activities
2022	\$ 12,853	\$ 52,784
2023	9,522	52,437
2024	9,326	52,698
2025	8,970	53,720
2026	8,389	40,785
	<u>49,060</u>	<u>252,424</u>
2027-2031	38,233	92,946
2032-2036	32,193	40,239
2037-2041	21,374	19,901
2042-2046	5,249	19,901
2047-2051	3,793	19,692
2052-2056	3,847	16,055
2057-2061	3,893	--
2062-2066	3,940	--
2067-2071	4,008	--
2072-2076	4,067	--
2077-2081	1,908	--
	<u>122,505</u>	<u>208,734</u>
Total future minimum rentals	<u>\$ 171,565</u>	<u>\$ 461,158</u>

Total contingent rentals, which arise primarily from a percentage of lessee's gross revenues, amounted to approximately \$25,092 (Enterprise Funds), \$5,227 (Other Governmental Funds), \$499 (Internal Service Funds) and \$280 (Flood Control District) for the year ended June 30, 2021.

10. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 were as follows:

Transfer Out Funds	Transfer In Funds						Total
	General Fund	Flood Control District	Other Public Protection	Other Governmental Funds	OC Waste & Recycling	Internal Service Funds	
General Fund	\$ --	\$ --	\$ 34,284	\$ 251,843	\$ 19	\$ 4,497	\$ 290,643
Flood Control District	2,931	--	--	355	--	1,398	4,684
Other Public Protection	20,537	--	--	513	--	426	21,476
Mental Health Services Act	189,753	--	--	--	--	--	189,753
Other Governmental Funds	70,412	--	--	20,939	690	2,724	94,765
OC Waste & Recycling	8,215	--	--	3	--	--	8,218
Internal Service Funds	1,092	215	--	1	--	3	1,311
Total	<u>\$ 292,940</u>	<u>\$ 215</u>	<u>\$ 34,284</u>	<u>\$ 273,654</u>	<u>\$ 709</u>	<u>\$ 9,048</u>	<u>\$ 610,850</u>

Interfund transfers reflect a flow of assets between funds and blended component units of the primary government without an equivalent flow of assets in return. Recurring transfers were made in the current fiscal year to: (1) relay cash/resources from contributing County funds to various debt service funds for the retirement of long-term obligations, (2) transfer Measure H Tobacco Settlement revenues and Public Safety

10. INTERFUND TRANSFERS (Continued)

Sales Tax (PSST) excess revenue in compliance with the specific statutory requirements, (3) provide resources for services provided within the County's Wraparound Program, (4) contribute resources to comply with Prop 63 MHSA, (5) transfer waste importation revenue in accordance to the Waste Disposal Agreement, and (6) transfer excess unrestricted revenues to finance various County programs based on budgetary authorizations by the Board. Not all-inclusive, the summary below details some of the more significant transfers:

Recurring Transfers

From General Fund

- \$171,689 was transferred to Other Governmental Funds for various public health and public safety capital projects.
- \$25,852 was transferred to Other Governmental Funds for Countywide IT projects.
- \$24,115 was transferred to Other Governmental Funds to cover expenditures for Sheriff-Coroner construction and facility development projects.
- \$9,480 was transferred to Other Governmental Funds to finance the County's 60% share of the Wraparound Program.
- \$4,338 was transferred to Other Governmental Funds in connection with debt service payments for the CUF debt.
- \$3,988 was transferred to Other Governmental Funds for the maintenance and repair of various Probation Criminal Justice Facilities.
- \$3,118 was transferred to Internal Service Funds primarily for the purchase of Sheriff-Coroner vehicles.
- \$1,442 was transferred to Other Public Protection for the purchase, replacement, and maintenance of Sheriff-Coroner equipment.

From Flood Control District

- \$2,014 was transferred to the General Fund for the Watershed Management Program.
- \$1,398 was transferred to the Internal Service Funds for the purchase of OC Flood Vehicles.

From Other Public Protection

- \$7,416 was transferred to the General Fund to support the Sheriff-Coroner Department's operations.
- \$5,549 was transferred to the General Fund to fund various District Attorney programs, such as Prop 64 Consumer Protection Fund, Real Estate Fraud, Orange County Auto Theft Task Force, and Supplemental Law Enforcement Services Fund.
- \$4,823 was transferred to the General Fund to cover the qualifying public protection expenditures incurred by the Clerk-Recorder's Office for specific charges mandated by state law that includes modernization of the County's record keeping system, health statistics, micrographics, and security measures.
- \$2,058 was transferred to the General Fund to cover the shortfall of state and federal appropriations over department expenditures in Child Support Services.

From Mental Health Services Act

- \$189,753 was transferred to the General Fund to cover the qualifying Prop 63 MHSA expenditures.

From Other Governmental Funds

- \$32,462 was transferred to the General Fund to fund various County programs as follows:
 - \$12,188 for the County's Wraparound Program.
 - \$11,272 for the Homeless Emergency Aid Program and Crisis Stabilization Program.
 - \$6,103 for Emergency Medical Services.
 - \$2,899 for health disaster preparedness and the Center for Disease Control pandemic flu costs.

10. INTERFUND TRANSFERS (Continued)

Recurring Transfers (Continued)

- \$28,490 of tobacco settlement monies was transferred to the General Fund to finance HCA's various health care programs and Sheriff-Coroner Department's operational costs.
- \$1,069 was transferred to the Internal Service Funds for the purchase of OC Parks vehicles.

From Enterprise Funds

- \$7,358 was transferred to the General Fund for the County's portion of OC Waste & Recycling's net importation revenue.

In addition, the County had non-recurring transfers in the current fiscal year, which consisted of the following:

Non-Recurring Transfers

From General Fund

- \$24,906 was transferred to Public Protection for PSST excess revenue.
- \$7,295 was transferred to Other Public Protection for Clerk-Recorder restricted fee revenue.
- \$6,295 was transferred to Other Governmental Funds for the reimbursement of CAS, Building 16 debt service payments.
- \$3,414 was transferred to Other Governmental Funds for the Whole Person Care Pilot Program related to one-time housing funds.
- \$1,964 was transferred to Other Governmental Funds for loan payments related to the construction of the OC Animal Shelter.
- \$1,070 was transferred to the Internal Service Funds for the reimbursement of medical claims.

From Other Governmental Funds

- \$11,735 was transferred to Other Governmental Funds for Sheriff-Coroner capital projects.
- \$4,440 was transferred to Other Governmental Funds for the surplus construction funds of the CAS, Building 16.
- \$4,221 was transferred to the General Fund to fund capital projects including the System of Care Data Integration System, the Property Tax System, and the County's CUF project.
- \$3,308 was transferred to the General Fund for Environmental Health programs.
- \$3,072 was transferred to Other Governmental Funds for the HomeKey Program.

11. SHORT-TERM OBLIGATIONS

Taxable Pension Obligation Bonds, 2020 Series A

On January 14, 2020, the County issued Taxable Pension Obligation Bonds, 2020 Series A (the 2020 POBs) in the principal amount of \$463,895. The 2020 POBs were issued in order to take advantage of the discount offered by the OCERS Board of Retirement to prepay the County's FY 2020-21 pension contribution. The 2020 POBs were issued as standard bonds, with four fixed-rate tranches, and a final maturity date of April 30, 2021. The obligation of the County to pay principal and interest on the 2020 POBs is imposed by law and is absolute and unconditional. Pledged security for the bonds are any lawfully available funds of the County. If an event of default has occurred and is continuing, the trustee may proceed to protect or enforce its rights by a suit in equity or action at law. The County repaid in full the outstanding balance of the bonds on April 30, 2021.

Taxable Pension Obligation Bonds, 2021 Series A

On January 14, 2021, the County issued Taxable Pension Obligation Bonds, 2021 Series A (the 2021 POBs) in the principal amount of \$484,800. The 2021 POBs were issued in order to take advantage of the discount offered by the OCERS Board of Retirement to prepay the County's FY 2021-22 pension contribution. The 2021 POBs were issued as standard bonds, with four fixed-rate tranches, and a final maturity date of April 29, 2022.

11. SHORT-TERM OBLIGATIONS (Continued)

Taxable Pension Obligation Bonds, 2021 Series A (Continued)

The obligation of the County to pay principal and interest on the 2021 POBs is imposed by law and is absolute and unconditional. Pledged security for the bonds are any lawfully available funds of the County. If an event of default has occurred and is continuing, the trustee may proceed to protect or enforce its rights by a suit in equity or action at law. As of June 30, 2021, the outstanding principal amount of the 2021 POBs reported in the General Fund was \$484,800. Refer to Note 4, Deposits and Investments and Note 19, Retirement Plans for additional information.

Description	Balance July 1, 2020	Issuances & Discount/ Premium Amortization	Retirements	Balance June 30, 2021	Amounts Due within One Year
<u>County of Orange</u>					
<u>Taxable Pension Obligation</u>					
<u>Bonds, 2020 Series A</u>					
Date Issued: January 14, 2020					
Interest Rate: 1.770% to 1.820%					
Original Amount: \$463,895					
Maturing in installments through April 30, 2021	\$ 463,895	\$ --	\$ (463,895)	\$ --	\$ --
<u>County of Orange</u>					
<u>Taxable Pension Obligation</u>					
<u>Bonds, 2021 Series A</u>					
Date Issued: January 14, 2021					
Interest Rate: 0.374% to 0.418%					
Original Amount: \$484,800					
Maturing in installments through April 29, 2022	--	484,800	--	484,800	484,800
Total	\$ 463,895	\$ 484,800	\$ (463,895)	\$ 484,800	\$ 484,800

12. LONG-TERM OBLIGATIONS

General Bonded Debt

General Obligation Bonded Debt

The amount of general obligation bonded indebtedness the County can incur is limited by law to 1.25% of the last equalized assessment property tax roll. At June 30, 2021, the County had no net general obligation bonded debt. The County's legal debt limit for the year was \$8,290,515. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIII A, Section 1 requires the approval of 2/3 of the voters voting on the proposition.

Revenue Bonds Payable

Central Utility Facility Lease Revenue Bonds, Series 2016

On June 2, 2016, the South Orange County Public Financing Authority (SOCPFA) issued its \$56,565 Lease Revenue Bonds, Series 2016 at a premium of \$11,724 with an interest rate range of 3.00% to 5.00%. The Lease Revenue Bonds, payable through April 2036, were issued to finance the acquisition, construction and installation of certain capital improvements to be owned by the County and to pay costs relating to the issuance of the bonds. As of June 30, 2021, the outstanding principal amount, including the premium of the Series 2016 Bonds, and interest were \$57,420 and \$20,735 respectively.

12. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable (Continued)

Central Utility Facility Lease Revenue Bonds, Series 2016 (Continued)

The bonds are special obligations of the SOCPFA payable from and secured by the base rental payments to be made by the County pursuant to and as required under the lease agreement and the amounts held in all funds and accounts (other than the rebate fund) under the indenture. The Central Utility Facility is pledged as collateral for the debt. In the event of default, the SOCPFA or the trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Lease.

Lease Revenue Bonds, Series 2017A

On June 22, 2017, the CMFA issued its \$152,400 Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program-Phase I) at a premium of \$22,940, with an interest rate range from 4.00%-5.00%. As the debt was issued by CMFA, this does not constitute debt for the County. Pursuant to a loan agreement, CMFA loaned the bond proceeds totaling \$175,340 to the Capital Facilities Development Corporation (Corporation), a component unit of the County, to construct the County Administration South (CAS) located at 601 N. Ross Street. As of June 30, 2021, the outstanding principal amount, including the premium of the Series 2017 Bonds, and interest were \$172,129 and \$109,874, respectively.

The County's payment obligation commenced on November 12, 2019 when the building's Certificate of Substantial Completion was delivered to the trustee. County departments occupying CAS will be responsible for making base rental payments. The County's base rental payments, under the Facility Lease, began in FY 2020-21 and will be used to repay the loan to the CMFA. Loan repayments are scheduled to conclude when the bonds mature, in June 2047. In the event of default, the trustee may exercise any remedies available under the Indenture, the Loan Agreement and the Facility Lease.

Lease Revenue Bonds, Series 2018A

On December 13, 2018, CMFA issued its \$185,705 Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program-Phase II) at a premium of \$26,599, with an interest rate coupon of 5%. As the debt was issued by CMFA, this does not constitute debt for the County. Pursuant to a loan agreement, CMFA loaned the bond proceeds totaling \$212,304 to the Corporation, a component unit of the County, to construct County Administration North (CAN) located at 645 N. Ross Street.

The County's payment obligation will commence once the building's Certificate of Substantial Completion is delivered to the trustee. County departments occupying CAN will be responsible for making base rental payments. The County's base rental payments, under the Facility Lease, are scheduled to begin in FY 2022-23 and will be used to repay the loan to the CMFA. Loan repayments are scheduled to end when the bonds mature, in June 2048. In the event of default, the trustee may exercise any remedies available under the Indenture, the Loan Agreement and the Facility Lease.

Taxable Refunding Pension Obligation Bonds, Series 1997A

In September 1994, the County issued its Taxable Pension Obligation Bonds, Series 1994A in the aggregate principal amount of \$209,840 and Series 1994B in the aggregate principal amount of \$110,200 (Series 1994 Pension Bonds). The Series 1994 Pension Bonds were partially refunded with proceeds of the County's Taxable Refunding Pension Obligation Bonds, Series 1996A and Series 1997A.

On May 11, 2000, a cash tender offer of certain outstanding Pension Obligation Bonds was completed. The County purchased and canceled \$288,290 (maturity value) of Pension Obligation Bonds for a cost of \$179,016. On June 22, 2000, the debt service on the outstanding Pension Obligation Bonds was provided for through the deposit with the trustee of \$175,492 principal amount of "AAA" rated debt securities issued by Fannie Mae, along with \$9,151 in debt service funds already being held by the trustee. In accordance with irrevocable

12. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable (Continued)

Taxable Refunding Pension Obligation Bonds, Series 1997A (Continued)

instructions, these securities, together with other cash amounts and investments held by the trustee, will be used solely to retire the remaining Pension Obligation Bonds as they mature. Because this was an economic defeasance and not a legal defeasance, this debt continues to be reported in the County's financial statements until it is fully redeemed. As of June 30, 2021, the outstanding principal amount, interest accretion, and unaccreted interest of the Series 1997A Pension Obligation Bonds were \$516, \$2,890, and \$136 respectively.

Airport Revenue Refunding Bonds, Series 2019A and 2019B

On July 9, 2009, the Airport issued the Airport Revenue Bonds, Series 2009A and 2009B (2009A and 2009B Bonds) in the aggregate principal amount of \$233,115, with an original issue net premium of \$288. The 2009A and 2009B Bonds were issued to finance a portion of the Airport Improvement Program (AIP), fund the debt service requirement for the bonds, fund capitalized interest on a portion of the bonds and pay costs relating to the issuance of the bonds. The AIP consist of numerous direct improvements to the Airport facilities such as construction of Terminal C, Parking Structure C and two commuter/regional holdrooms at the north and south ends of the extended Terminal.

On May 14, 2019, the Airport issued the Airport Revenue Refunding Bonds, Series 2019A and 2019B (2019A and 2019B Bonds) in the principal amount of \$85,030, with a premium of \$13,404. The 2019A and 2019B Bonds were issued to refund and defease the 2009A and 2009B Bonds, fund a debt service reserve subaccount for the bonds, and pay certain expenses in connection with the issuance of the bonds. As of June 30, 2021, the outstanding principal amount, including premium, of the 2019A and 2019B Bonds were \$34,861 and \$45,049, respectively.

The 2019 Bonds are secured by a pledge of (1) operating revenues, net of specified operating expenses, (2) interest earnings, (3) other miscellaneous revenue and (4) available PFC revenue. In the event of default, the trustee may exercise any remedies available under the bond indentures and under state and federal law.

Fiscal Year 2020-21 Debt Obligation Activity

During FY 2020-21, the following events concerning County debt obligations occurred:

Direct Placement Obligations

Teeter Plan Notes

On July 16, 2018, the County issued its three-year taxable Teeter Plan Notes, Series B with Wells Fargo Bank, National Association as a direct placement under the Amended and Restated Note Purchase and Reimbursement Agreement. The Teeter Plan Notes were authorized for a total amount of \$100,000 and certain delinquent taxes (excluding penalties and interest) were pledged revenues for the Teeter Plan Notes. The Teeter Plan Notes were issued for \$61,107 in taxable Teeter Plan Obligation Notes, Series B to refund the June 30, 2018 outstanding Teeter balance of \$27,247 and finance the purchase of \$33,860 for the delinquent property tax receivables associated with the Teeter Plan. Proceeds of this issuance, associated with the purchase of delinquent property tax receivables, paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll. In the event of default, the Purchaser may exercise any and all remedies available under the Trust Agreement or pursuant to law. There is an acceleration clause that allows the Purchaser to declare the principal and accrued interest to be due and payable immediately, in the event of default.

On December 23, 2019, the County used all of the accumulated base taxes to redeem \$26,337 of the Teeter Plan Obligation Notes for a new outstanding balance of \$43,439.

12. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year 2020-21 Debt Obligation Activity (Continued)

Direct Placement Obligations (Continued)

Teeter Plan Notes (Continued)

Due to the anticipated economic impact of the COVID-19 pandemic, on April 21, 2020, the Board approved an increase in the authorized amount from \$100,000 to \$150,000. On June 24, 2020, the County used accumulated base taxes to redeem \$8,778 of the Teeter Plan Obligation Notes. As of June 30, 2020, the outstanding principal amount of the Teeter Plan Obligation Notes was \$34,661 and the authorized, unused available commitment under the First Amendment to Amended and Restated Note Purchase and Reimbursement Agreement was \$115,339. At the time of the increase in authorized amount, the prior notes in the amount of \$43,439 were paid off, and new notes in the amount of \$43,439 were issued.

On July 14, 2020, additional Teeter Plan Notes were issued in the amount of \$50,725 to finance the delinquent property tax receivables associated with the Teeter Plan for a new outstanding balance of \$85,386.

On December 30, 2020 and June 28, 2021, the County used all of the accumulated base taxes to redeem \$32,756 and \$15,224, respectively, of the Teeter Plan Obligation Notes. As of June 30, 2021, the outstanding principal amount of the Teeter Plan Obligation Notes was \$37,406.

12. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2020-21

The table below summarizes the revenue bonds and direct placement obligations outstanding and related activity for the year ended June 30, 2021.

Description	Balance July 1, 2020	Loans/Debt Issuances and Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2021	Amounts Due within One Year
Governmental Activities:						
Revenue Bonds and POBs:						
<u>South Orange County Public Financing Authority</u>						
<u>Central Utility Facility Lease Revenue Bonds,</u>						
<u>Series 2016</u>						
Date Issued: June 2, 2016						
Interest Rate: 3.00% to 5.00%						
Original Amount: \$56,565						
FY 2020-21 Principal and Interest: \$4,487						
FY 2020-21 Total Pledged Revenues: \$4,338						
Maturing in installments through April 1, 2036	\$ 59,837	\$ (363)	\$ --	\$ (2,054)	\$ 57,420	\$ 2,600
<u>California Municipal Finance Authority</u>						
<u>Lease Revenue Bonds, Series 2017A</u>						
<u>(Orange County Civic Center Infrastructure</u>						
<u>Improvement Program-Phase I)</u>						
Date Issued: June 22, 2017						
Interest Rate: 4.00% to 5.00%						
Original Amount: \$152,400						
FY 2020-21 Principal and Interest: \$9,981						
Maturing in installments through June 1, 2047	175,340	(406)	--	(2,805)	172,129	3,459
<u>California Municipal Finance Authority</u>						
<u>Lease Revenue Bonds, Series 2018A</u>						
<u>(Orange County Civic Center Infrastructure</u>						
<u>Improvement Program-Phase II)</u>						
Date Issued: December 13, 2018						
Interest Rate: 5.00%						
Original Amount: \$185,705						
FY 2020-21 Interest: \$9,285						
Maturing in installments through June 1, 2048	212,304	--	--	--	212,304	--
County of Orange						
<u>Taxable Refunding Pension</u>						
<u>Obligation Bonds, Series 1997 A</u>						
Date Issued: January 1, 1997 - Current Interest						
Rate Bonds (CIB)						
Date Issued: January 14, 1997 - Capital Appreciation						
Bonds (CAB)						
To Refund the Taxable POBs Series 1994 A						
Interest Rate: CIB - 5.71% to 7.36%						
Interest Rate: CAB - 7.33% to 7.96%						
Original Amount: CIB - \$71,605						
Original Amount: CAB - \$65,318						
FY 2020-21 Principal and Interest: \$15,500						
Maturing in installments through September 1,						
2010 (CIB) and September 1, 2021 (CAB)	2,967	--	--	(2,451)	516	516
Interest Accretion on CAB	15,090	--	849	(13,049)	2,890	2,890
Subtotal-Revenue Bonds and POBs	465,538	(769)	849	(20,359)	445,259	9,465

12. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2020-21 (Continued)

Description	Balance July 1, 2020	Loans/Debt Issuances and Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2021	Amounts Due within One Year
<u>Direct Placement Obligations:</u>						
<u>County of Orange</u>						
<u>Teeter Plan Notes</u>						
Date of Issuance: April 27, 2020						
Interest Rate: LIBOR Index rate + 50 basis points						
Original Amount: \$43,439						
FY 2020-21 Principal and Interest: \$49,169						
FY 2020-21 Total Pledged Revenues: \$10,477						
Maturing on July 30, 2021						
	\$ 34,661	\$ 50,725	\$ --	\$ (47,980)	\$ 37,406	\$ 37,406
Subtotal-Direct Placement Obligations	<u>34,661</u>	<u>50,725</u>	<u>--</u>	<u>(47,980)</u>	<u>37,406</u>	<u>37,406</u>
Subtotal-Governmental Activities	<u>500,199</u>	<u>49,956</u>	<u>849</u>	<u>(68,339)</u>	<u>482,665</u>	<u>46,871</u>
<u>Business-Type Activities:</u>						
<u>Airport Revenue Refunding Bonds-</u>						
<u>Series 2019A and 2019B</u>						
Date Issued: May 14, 2019						
Interest Rate: 5.00%						
Original Amount: \$85,030						
FY 2020-21 Principal and Interest: \$15,127						
FY 2020-21 Total Pledged Revenues: \$40,548						
Maturing in installments through July 1, 2030						
	93,462	--	--	(13,552)	79,910	13,720
Subtotal-Business-Type Activities	<u>93,462</u>	<u>--</u>	<u>--</u>	<u>(13,552)</u>	<u>79,910</u>	<u>13,720</u>
Total	<u>\$ 593,661</u>	<u>\$ 49,956</u>	<u>\$ 849</u>	<u>\$ (81,891)</u>	<u>\$ 562,575</u>	<u>\$ 60,591</u>

12. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Service Requirements to Maturity

The following is a schedule of all long-term debt service requirements to maturity by activity type on an annual basis.

Fiscal Year(s) Ending June 30	Governmental Activities				Business-Type Activities		
	Revenue Bonds and POBs		Direct Placement Obligations		Revenue Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 5,623	\$ 21,676	\$ 37,406	\$ 55	\$ 11,815	\$ 3,295	\$ 79,870
2023	8,990	18,394	--	--	6,750	2,832	36,966
2024	9,440	17,946	--	--	7,095	2,486	36,967
2025	9,915	17,474	--	--	8,845	2,087	38,321
2026	10,410	16,977	--	--	11,135	1,588	40,110
2027-2031	60,400	76,540	--	--	26,185	2,486	165,611
2032-2036	77,070	59,854	--	--	--	--	136,924
2037-2041	73,570	40,919	--	--	--	--	114,489
2042-2046	93,369	21,116	--	--	--	--	114,485
2047-2048	33,615	2,200	--	--	--	--	35,815
Total	382,402	293,096	37,406	55	71,825	14,774	799,558
Add: Premium/(Discount)	59,967	--	--	--	8,085	--	68,052
Add: Interest Accretion on CAB	2,890	--	--	--	--	--	2,890
Total	\$ 445,259	\$ 293,096	\$ 37,406	\$ 55	\$ 79,910	\$ 14,774	\$ 870,500

Changes in Long-Term Liabilities

Long-term liability activities, for the year ended June 30, 2021, were as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within One Year
Governmental Activities:					
Revenue Bonds	\$ 386,745	\$ --	\$ (4,859)	\$ 381,886	\$ 5,107
Pension Obligation Bonds	2,967	--	(2,451)	516	516
Teeter Plan Notes (Direct Placement)	34,661	50,725	(47,980)	37,406	37,406
Add: Premium/(Discount) on Bonds Payable	60,736	--	(769)	59,967	952
Total, Net	485,109	50,725	(56,059)	479,775	43,981
Interest Accretion on CAB	15,090	849	(13,049)	2,890	2,890
Other Long-Term Liabilities:					
Compensated Employee Absences Payable	179,804	147,236	(141,502)	185,538	113,588
Capital Lease Obligations Payable *	31,702	12,349	(11,058)	32,993	7,155
Insurance Claims Payable	223,675	139,144	(125,337)	237,482	60,633
Estimated Liability-Litigation and Claims	--	2,124	--	2,124	--
Intangible Assets Obligations Payable	1,895	49	(1,230)	714	607
Total Other Long-Term Liabilities	437,076	300,902	(279,127)	458,851	181,983
Total Long-Term Liabilities **					
For Governmental Activities	\$ 937,275	\$ 352,476	\$ (348,235)	\$ 941,516	\$ 228,854

* Includes amount of \$9,388 from an Internal Service Fund. For additional information, refer to Note 14, Leases.

** The total long-term liabilities do not include Net Pension Liability or Net OPEB Liability. Refer to Note 19 for additional information on the Net Pension Liability and Note 20 for the Net OPEB Liability.

12. LONG-TERM OBLIGATIONS (Continued)

Changes in Long-Term Liabilities (Continued)

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within One Year
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 83,080	\$ --	\$ (11,255)	\$ 71,825	\$ 11,815
Add: Premium (Discount) on Bonds Payable	10,382	--	(2,297)	8,085	1,905
Total Bonds Payable, Net	93,462	--	(13,552)	79,910	13,720
 Other Long-Term Liabilities:					
Compensated Employee Absences Payable	4,246	3,873	(4,091)	4,028	2,512
Capital Lease Obligations Payable	--	1,161	(167)	994	331
Landfill Site Closure/Postclosure Liabilities *	184,381	6,373	(3,920)	186,834	3,920
Pollution Remediation Obligation **	16,185	--	(1,523)	14,662	610
Intangible Assets Obligations Payable	74	--	(74)	--	--
Total Other Long-Term Liabilities	204,886	11,407	(9,775)	206,518	7,373
Total Long-Term Liabilities ***					
For Business-Type Activities	\$ 298,348	\$ 11,407	\$ (23,327)	\$ 286,428	\$ 21,093

* Refer to Note 15 for additional information regarding the increase in Landfill Site Closure/Post Closure Liabilities.

** Refer to Note 18 for additional information regarding the decrease in Pollution Remediation Obligation.

*** The total long-term liabilities do not include Net Pension Liability or Net OPEB Liability. Refer to Note 19 for additional information on the Net Pension Liability and Note 20 for Net OPEB Liability.

For Governmental activities, the General Fund has been typically primarily used to liquidate the pension and OPEB liability.

Compensated Employee Absences

The estimated compensated employee absences payable recorded at June 30, 2021 is \$189,566. Employees are entitled to be paid annual leave, compensated time, and in some cases vacation and sick time depending on job classification, length of service, and other factors. For the governmental funds, most of the compensated absences liability will ultimately be paid from the General Fund.

Special Assessment District Bonds

Special Assessment District Bonds consist of Assessment District Bonds and Community Facilities District Bonds.

Assessment District Bonds are issued pursuant to provisions of the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code). Proportionate shares of principal and interest installments sufficient in aggregate to meet annual bond debt service requirements are included on the regular County tax bills sent to owners of property against which there are unpaid assessments. Neither the faith and credit nor the taxing power of the County, the State, or any political subdivision thereof is pledged to the payment of the bonds. Assessment District Bonds represent limited obligations of the County payable solely from special assessments paid by property owners within each district. Accordingly, such obligations are not included in the accompanying basic financial statements.

Community Facilities District Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, and are payable from a portion of certain special taxes to be levied on property within the boundaries of the Community Facilities District. Except for the special taxes, no other taxes are pledged to the payment of the bonds. The bonds are not general or special obligations of the County nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the special tax fund. Accordingly, such obligations are not included in the accompanying basic financial statements.

12. LONG-TERM OBLIGATIONS (Continued)

Special Assessment District Bonds (Continued)

The County is acting as an agent of the assessment and community facilities districts in collecting the assessments and special taxes, forwarding the collections to other paying agents or directly to bondholders, and initiating any necessary foreclosure proceedings. Because of the County's limited obligation in connection with special assessment district and community facilities district debt, related transactions are reflected in Custodial Departmental Funds. Major capital outlay expenditures relating to these bonds are accounted for in the "Service Areas, Lighting Maintenance and Assessment Districts" Special Revenue Fund. Special assessment district and community facilities district bonds outstanding as of June 30, 2021, amounted to \$488,751.

13. CONDUIT DEBT OBLIGATIONS AND SUCCESSOR AGENCY DEBT

Single and Multi-Family Housing Bonds

From 1980 through 2013, the County issued bonds under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California. The purpose of the bonds is to finance the purchase of single-family homes and the construction of multi-family units to benefit low and moderate income families.

The bonds are secured by the property financed and are payable solely from revenue of the projects and payments received on the underlying mortgage loans.

The bonds do not constitute a liability of the County. Neither the County, the State of California, nor any political subdivisions thereof are obligated in any manner for the repayment of the bonds. In no event shall the bonds be payable out of any funds or properties of the County. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2021, there were 13 series of bonds outstanding with an aggregate principal amount payable of \$73,370.

Orange County Development Agency (OCDA) Successor Agency Bond Debt

On December 29, 2011, the California Supreme Court issued an opinion in California Redevelopment Association (CRA) v. Matosantos, upholding the constitutionality of ABX1 26, eliminating RDA statewide effective February 1, 2012. Under ABX1 26, a successor agency was created for each dissolved RDA, including OCDA, and charged with winding down the dissolved RDA's operations and performing enforceable obligations (as defined in the law). The OCDA Successor Agency assumed the dissolved RDA's enforceable obligations, which include bond debt obligations. The Neighborhood Development and Preservation Project and Santa Ana Heights Project Refunding Bonds debt service obligations for FY 2020-21 appeared on the OCDA Successor Agency Recognized Obligation Payment Schedule and were approved by the Successor Agency Oversight Board, the State Department of Finance, and were paid to bondholders according to the debt service schedule.

Effective with OCDA's dissolution on February 1, 2012, the assets and liabilities (including bond debt) were transferred to and reported in a Private-Purpose Trust Fund of the County. This transfer and reporting structure reflects the custodial role accepted by the successor agency. As of June 30, 2021, the outstanding principal amount, including the premium of the OCDA Successor Agency bonds and remaining interests were \$9,331 and \$548, respectively.

The bonds do not constitute a liability of the County. Neither the County, the State of California nor any political subdivisions thereof are obligated in any manner for the repayment of the bonds. In no event shall the bonds be payable out of any funds or properties of the County. Accordingly, the bonds are reported as liabilities in the Private-Purpose Trust Fund.

14. LEASES

Operating Leases

The County is committed under various operating leases, primarily for office buildings, office equipment and other equipment. The following is a schedule of future minimum payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2021:

<u>Fiscal Year Ending June 30</u>	<u>Equipment</u>	<u>Real Property</u>	<u>Total</u>
2022	\$ 4,968	\$ 37,840	\$ 42,808
2023	191	36,680	36,871
2024	63	36,924	36,987
2025	29	34,920	34,949
2026	14	33,034	33,048
2027-2031	1	162,779	162,780
2032-2036	--	82,431	82,431
2037-2041	--	10,935	10,935
2042-2046	--	31	31
2047	--	7	7
Total	<u>\$ 5,266</u>	<u>\$ 435,581</u>	<u>\$ 440,847</u>

Total expenditures for equipment rentals and building and improvements incurred for FY 2020-21 was \$90,449.

Capital Leases

This year, the County entered into lease agreements as lessee for financing the acquisition of various networking equipment valued at \$12,349 in the Internal Service Funds and \$2,717 in the Airport. The equipment has up to a 7-year estimated useful life. This year, \$678 was included in depreciation expense for Internal Service Funds and \$22 for the Airport. These lease agreements qualify as capital leases for accounting purposes.

The following is a schedule of property the County has leased under capital leases by major classes, which includes \$15,536 of equipment for Internal Service Funds, at June 30, 2021:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 14,831	--
Equipment	15,584	2,717
Less: Accumulated Depreciation	(1,228)	(22)
Structures & Improvements	65,121	--
Less: Accumulated Depreciation	(45,897)	--
Total	<u>\$ 48,411</u>	<u>\$ 2,695</u>

14. LEASES (Continued)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of the net minimum lease payments as of June 30, 2021:

<u>Fiscal Year Ending June 30</u>	Governmental Activities	Business-type Activities
2022	\$ 8,666	331
2023	9,546	331
2024	9,623	332
2025	6,881	--
2026	1,209	--
2027-2029	490	--
Total Minimum Lease Payments	36,415	994
Less: Amount Representing Interest	(3,422)	--
Present Value of Net Minimum Lease Payments	<u>\$ 32,993</u>	<u>\$ 994</u>

15. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS

State laws and regulations require OC Waste & Recycling to place final covers on its landfill sites when the landfills stop accepting waste, and to perform certain postclosure maintenance and monitoring functions at the site for a minimum of 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date each respective landfill stops accepting waste, OC Waste & Recycling will report a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of the Statement of Net Position date.

OC Waste & Recycling owns or operates the following waste disposal sites:

- Frank R. Bowerman (FRB) (Irvine-Active)
- Olinda Alpha (Brea-Active)
- Prima Deshecha (San Juan Capistrano-Active)
- Santiago Canyon (Orange-Ceased accepting waste in 1996, final closure certification in 2005)
- Coyote Canyon (Newport Beach-Ceased accepting waste in 1990, final closure certification in 1995)

The total landfill closure and postclosure care liability at June 30, 2021 was \$186,834. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (38.61% for FRB, 87.23% for Olinda Alpha and 22.83% for Prima Deshecha), less actual costs paid related to both closure and postclosure of the Santiago and Coyote Canyon landfills. OC Waste & Recycling will recognize the remaining estimated cost of closure and postclosure care of \$180,896 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020 dollars (using the 2020 inflation factor of 1.012). OC Waste & Recycling has enough landfill capacity to operate the system for a minimum of 25 years. However, OC Waste & Recycling estimates that it intends to operate the landfills well beyond this period as a result of approved and planned expansions.

In compliance with Title 27-Environmental Protection of California Code of Regulations, OC Waste & Recycling makes cash contributions as required to its escrow funds to provide financial assurance for estimated future landfill closure costs based on the GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", formula which is adjusted annually by the Cal Recycle-provided CPI factor. Also, in compliance with regulations, OC Waste & Recycling has executed pledge-of-revenue agreements to provide financial assurance for estimated future landfill postclosure maintenance costs. The agreements state that OC Waste & Recycling pledges revenue from future gate fees deposited to pay for estimated postclosure maintenance or shall obtain alternative coverage within sixty (60) days if OC Waste &

15. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS (Continued)

Recycling ceases at any time to retain control of its ability to allocate pledged revenue to pay postclosure maintenance costs. OC Waste & Recycling has proactively pre-funded this cost based on the State mandated formula that computes landfill capacity as a percentage of the total landfill capacity times the total estimated cost for postclosure maintenance. The estimated costs for future closure and postclosure maintenance are annually adjusted based on State provided inflation factors. The State mandated formula under which contributions to both closure and postclosure funds are calculated would provide for the accumulation of sufficient cash to cover all estimated costs when each landfill site reaches maximum capacity. If additional costs for closure or postclosure maintenance are determined due to changes in technology or higher regulatory requirements, these costs may need to be covered by increasing the amount charged to landfill customers.

As of June 30, 2021, a total of \$97,755 has been set aside for estimated closure and postclosure costs and is included in the accompanying Statement of Net Position as Restricted Pooled Cash and Investments-Closure and Postclosure Care Costs.

Regulations governing solid waste management are promulgated by government agencies on the federal, state and local levels. These regulations address the design, construction, operation, maintenance, closure and postclosure maintenance of various types of facilities, acceptable and prohibited waste types, and inspection, permitting, environmental monitoring and solid waste recycling requirements. Regulations at both the state and federal levels could impose retroactive liability, particularly with respect to cleanup activities relating to any landfill site ever operated by the County, whether or not owned by the County. Refer to Note 18, Pollution Remediation, for additional discussion regarding pollution remediation liabilities.

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Encumbrances

The County has established a procedure for encumbering appropriations for purchase orders, contracts, and other commitments authorizing delivery of merchandise or rendering of services. An encumbrance system reduces the possibility of commitments being made in excess of budgeted appropriations due to the lag time between issuance of purchase orders, contracts, and other obligations, and the actual provision of services or goods and subsequent receipt of invoices and billings from the vendors and contractors. Depending on the source(s) of funding, encumbrances are reported as part of restricted or assigned fund balance on the governmental funds balance sheet. In accordance with GASB Statement No. 54, the County's total significant encumbrances for governmental funds in the aggregate are reported at June 30, 2021, as follows:

General Fund	\$ 54,388
Flood Control District	106,898
Other Public Protection	1,839
Other Governmental Funds	107,342
Total Encumbrances for Governmental Funds	<u>\$ 270,467</u>

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Construction Commitments

At June 30, 2021, the County's total commitments for major contracts entered into for equipment, intangible assets, land and structures and improvements were as follows, listed by fund within governmental or business-type activities:

Project Title	Significant Commitments
Governmental Activities:	
General Fund	
Property Tax System Re-platforming Project	\$ 1,053
	<u>1,053</u>
Flood Control District	
East Garden Grove-Wintersburg Channel U/S Warner	45,511
Huntington Beach and Talbert Channels	30,941
Fullerton Creek Channel, D/S Western Ave to U/S Beach Blvd Improvement Project	2,754
Santa Ana River Interceptor Line Construction	2,421
Santa Ana River Parkway Extension	1,124
	<u>82,751</u>
Other Governmental Funds	
Civic Center Facilities Master Plan, Building 14	92,208
OC Zoo-Large Mammal Exhibit	7,359
Katella Range Facility Upgrade	3,786
James A. Musick Facility Expansion Phase I	2,913
Intake Release Center facility modifications-Mental Health Upgrade	2,485
Yorba Regional Park Replace Restroom 2, 3, 4, 6	2,371
James A. Musick Facility Expansion Phase II	2,317
Jail Security Electronic Control Systems Upgrade	2,152
Mile Square Park-Replace Various Picnic Shelters	2,035
Central Jail Complex/Theo Lacy Facility CCTV Infrastructure	1,584
Brea Boulevard Corridor Improvement Project	1,558
Laguna Canyon Road Segment 4, Phase 2 to 4	1,532
Juvenile Hall Replace Air Handling Units Phase II	1,419
North Youth Reporting Center Relocation and Improvements	1,402
El Cajon Segment H	1,367
Loma Ridge Emergency Generator Replacement	1,306
CCTV Central Jail Complex Power Upgrade Project	1,292
Westminster Library-Tenant Enhancements	1,135
Oso Parkway at Antonio Parkway, Intersection Improvements	1,004
	<u>131,225</u>
Internal Service Funds	
Purchase of Various Vehicles	9,472
Redundant Bus and ATS Installation and Upgrade	2,801
	<u>12,273</u>
Business-Type Activities:	
Airport	
Rental Car Reconfiguration	6,801
Terminal Building Curtain Wall Modifications	2,648
	<u>9,449</u>
Total Commitments	<u>\$ 236,751</u>

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Construction Commitments (Continued)

In addition, the County is involved in the Santa Ana River Mainstem Project (SARMP). The SARMP is a major flood control project implemented and funded by the Federal government and three local sponsors—the OCFCD, San Bernardino County Flood Control District, and Riverside County Flood Control and Water Conservation District. A component of the initial project has been re-designated as the Prado Dam Project (Project), which is being implemented and funded by the Federal Government and the OCFCD through a separate Project Cooperation Agreement (PCA). The purpose of the SARMP is to prevent devastating damage caused by large-scale flooding of the Santa Ana River flood plain. When the SARMP was initiated in 1989, the U.S. Army Corps of Engineers (COE) considered this flood plain to constitute the worst flood threat west of the Mississippi River as to potential impacts to population and property. The Project involves a combination of flood channel improvements and constructing new channels in Orange, San Bernardino, and Riverside counties, construction of the Seven Oaks Dam in San Bernardino County, construction of improvements and protection at the Santiago retention basin and along the creek, raising the existing Prado Dam and increasing its flood flow outlet gates and reservoir capacity, along with several environmental mitigation-related studies, habitat restoration and protection activities, recreation amenities, and preservation of historical sites and records.

The COE's estimated combined cost of all project components is \$2,830,419. OCFCD's combined cost share is estimated to be \$944,539 for the entire Santa Ana River Project. As of June 30, 2021, the OCFCD has expended about \$700,176 on the entire Santa Ana River Project.

The construction of Seven Oaks Dam and most channel improvements in Riverside, San Bernardino, and Orange counties have been completed. The relocation and protection of State Route (SR) 71 adjacent to Prado Dam (a joint OCFCD and Caltrans project) and construction to raise the Prado Dam embankments and install new outlet gates is complete. Landscaping along the Santa Ana River in Orange County was completed in May 2010. Design for the construction of interior dikes in the Prado Dam reservoir, and for improvements to the spillway are also ongoing. The COE completed construction of National Housing Tract Dike and Sewage Treatment Plant in 2008. Landscaping for these dikes began in September 2009 and were completed in June 2011. Several environmental mitigation studies and restoration/preservation projects are underway in all three counties. All property right acquisitions for the Seven Oaks Dam and along the lower Santa Ana River in Orange County up to Weir Canyon Road are completed. The Green River Golf Course was acquired in September 2006. This property is required for construction of protection along SR-91 and nearby mobile homes, open space/recreation mitigation, and to accommodate increased flooding when the Prado Dam outlet gates are constructed and operational. The first phase of SR-91 protection (Reach 9 Phase 2B Project) was completed in September 2014. The second phase (Reach 9 Phase 3) started construction in January 2014 and was completed in March 2015. As continuation to the ongoing Reach 9 Project, the COE determined that bank improvements needed to continue east on the south side of the Santa Ana River along SR-91. As such, the Reach 9 Phase 4 Project was developed and the project was awarded on April 13, 2016 at an estimated cost of \$15,300. Completion of the Reach 9 Phase 4 Project occurred in February 2020. The COE is also constructing bank improvements on the north side of the Santa Ana River adjacent to La Palma Avenue from Weir Canyon Road to the railroad (Reach 9 Phase 5A and Phase 5B). Phase 5A was awarded on September 28, 2015 at a cost of \$22,500 and was completed in January 2019. The construction contract for Phase 5B was awarded in September 2016 with an estimated cost of \$25,500, but it was ultimately terminated in FY 2019-20. A new contract was awarded in September 2020 with completion expected in May 2022. The OCFCD awarded the construction contract on August 9, 2011 for the four miles of Santa Ana River Interceptor Line (SARI) relocation project, which was completed by August 2014. Phase I of the Auxiliary Embankment (an extension of Prado Dam) was completed in September 2012 and Phase II was completed in July 2019. A contract for the construction of the Yorba-Slaughter Adobe Dike was awarded in December of 2012 at a cost of \$6,000 and was completed in July 2017. The Women's Prison Dike (to protect the California Institute of Women) was awarded September 2014 for \$12,700 and a \$3,400 modification which was awarded in August 2015. This feature was completed in April 2016. The OCFCD continues to acquire property rights for the Prado Dam Project, subject to the availability of funding. OCFCD has also commenced the relocation of utilities that will be impacted by the expanded inundation area due to the raising of the Prado Spillway crest.

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Construction Commitments (Continued)

The Santa Ana River Mainstem Project has been authorized by the State Legislature for reimbursement of up to 70% of the Local Sponsors' expenses through the State Flood Control Subvention Fund, which is administered by the Department of Water Resources (DWR). As of June 30, 2021, OCFCD has submitted \$443,210 in claims, and received \$431,399 in reimbursements. An additional \$2,717 in claims is in the process of being prepared for submittal to the DWR. Of the total amount outstanding, \$5,654 was reported as deferred inflows of resources at the fund level and recognized as revenue in the government-wide financial statements. Once a claim is reviewed and approved by DWR, 90% of the eligible expenditures can be paid, subject to available funding, with the remaining 10% paid after an audit by the State Controller's Office.

The Prado Dam Project, a separate element of the Santa Ana River Mainstem Project, has been authorized for reimbursement of up to 100% of the Non-Federal Sponsors' expenses through the Bipartisan Budget Act (BBA) of 2018, which is administered by the Department of the Army. As of June 30, 2021, OCFCD has submitted \$6,330 in claims, and received no reimbursement. An additional \$29,672 in claims is in the process of being prepared for submittal to the Department of the Army. Of the total amount outstanding, \$35,842 was reported as deferred inflows of resources at the fund level and recognized as revenue in the government-wide financial statements. Once a claim is reviewed and approved by Department of the Army, 100% of the eligible expenditures can be paid, subject to available funding. The BBA funded projects include River Road Dike, Alcoa Dike Phase 2, Norco Bluffs Slope Stabilization and Prado Spillway. The construction contract for the Prado Dike and Alcoa Dike Phase 2 have been advertised for bidding. The Norco Bluffs contract has been awarded and construction will begin in September 2021. The Spillway design is ongoing and will be advertised for construction in October 2022.

17. SELF-INSURANCE

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; unemployment; salary continuance; and providing health benefits to employees, retirees and their dependents. The County has chosen to establish ISFs where assets are set aside for claim settlements and judgments associated with such losses.

The Workers' Compensation ISF addresses the risks related to employee injury through its Safety Program, which is responsible for injury and illness prevention. The Workers' Compensation program ensures that all benefits are properly provided and administers the contract for the third-party workers' compensation claims administration. Workers' compensation claims are self-funded up to \$20,000.

The Property and Casualty Risk ISF is responsible for managing losses related to torts; theft of, damage to and destruction of assets, errors and omissions, civil rights claims, and natural disasters. Tort liability is also self-funded, up to \$5,000. Commercial insurance is purchased for property and other risk exposures. Excess liability insurance provides up to an additional \$55,000 in liability coverage. There were no losses that impacted the County's excess insurance coverage for the last three fiscal years.

Independent actuarial studies are prepared annually for the Workers' Compensation and Property and Casualty Risk ISFs. The reported unpaid claims liabilities are based on the results of those annual actuarial studies and include case reserves, development of known claims, incurred but not reported claims, allocated loss adjustment expenses and unallocated loss adjustment expenses. Unpaid claims liabilities are calculated considering inflation, claims cost trends, including frequency and payout of settlements and judgments, interest earnings, and changes in legal and economic factors. Unpaid claims liabilities have been discounted at a rate of 2.50% in the Workers' Compensation ISF and 1.50% in the Property and Casualty Risk ISF to reflect anticipated future investment earnings.

All County departments and other governmental agencies authorized by the Board to participate in the Workers' Compensation ISF are charged for their pro-rata share of costs based upon employee classification rates,

17. SELF-INSURANCE (Continued)

claims experience, and funding for the Workers' Compensation program. All County departments participate in the Property and Casualty Risk self-insurance program and are charged for their pro-rata share based upon claims experience, actual number of positions from a biweekly County payroll report, and funding for the Property and Casualty Risk program. The rate calculations for Workers' Compensation and Property and Casualty Risk ISFs are based upon guidelines established by the State Controller's Office for cost plan allocations.

The County has established the Unemployment Insurance ISF, which covers all employees and is paid through the State of California; the County self-insured PPO Health Plans ISF, which provides health plan benefits; and the Health and Other Self-Insured Benefits ISF, which provides dental and short-term disability benefits for a portion of the County's employees and accidental death and dismemberment (AD&D) benefit for Reserve Deputy Sheriffs.

The County's Wellwise Choice, Wellwise Retiree, Sharewell Choice, and Sharewell Retiree PPO plans have no lifetime coverage maximum limitations. The dental insurance coverage is up to \$1,500 (absolute dollars) annually for each covered employee or dependent. The short-term disability insurance coverage is up to 12 months or when the employee returns to work, whichever occurs first. In FY 2020-21 the CARES Act, ARPA and Federal-State Extended Duration benefits program (FED-ED), and Continued Assistance Act (CAA) provided up to an extra 73 weeks of additional benefit. Unemployment benefits covered by State and Federal law were up to 99 weeks per individual or when the employee returns to work or no longer meets the requirements for the benefit. The maximum weekly benefit was \$1,050 (absolute dollars) per week. The County was not subject to \$300 (absolute dollars) of Federal weekly benefit. The self-insured AD&D benefit is for Reserve Deputy Sheriffs only and has a maximum benefit of \$5,000 (absolute dollars).

Changes in the balances of claims liabilities during the past two fiscal years for these self-insurance funds are as follows:

	Workers' Compensation	Property & Casualty Risk	Unemployment Insurance	Health & Other Self-Insured Employee Benefits	Total
Unpaid Claims, Beginning of FY 2019-20	\$ 149,508	\$ 54,741	\$ 937	\$ 14,886	\$ 220,072
Claims and Changes in Estimates	42,246	19,998	376	68,644	131,264
Claim Payments	(35,453)	(19,227)	(753)	(72,228)	(127,661)
Unpaid Claims, End of FY 2019-20	156,301	55,512	560	11,302	223,675
Claims and Changes in Estimates	36,238	27,426	2,181	73,299	139,144
Claim Payments	(33,003)	(15,649)	(2,072)	(74,613)	(125,337)
Unpaid Claims, End of FY 2020-21	<u>\$ 159,536</u>	<u>\$ 67,289</u>	<u>\$ 669</u>	<u>\$ 9,988</u>	<u>\$ 237,482</u>

18. POLLUTION REMEDIATION

GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," requires state and local governments to disclose to the public information about the financial impact of environmental cleanup and identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. The County has identified several environmental sites at the Airport and OC Waste & Recycling for which a pollution remediation liability has been recorded in the County's financial statements. The following describes the nature of the obligating events and the estimated liability as they relate to the Airport and OC Waste & Recycling.

John Wayne Airport (Airport)

In 1988, the Airport was named as a responsible party in a cleanup and abatement order (CAO) issued by the Regional Water Quality Control Board (RWQCB). The CAO identified four sites on Airport property as having chemical impacts to soil and groundwater. Site investigation and remedial action activities were completed, and in 2003, the RWQCB issued No Further Action letters to the Airport for the sites except the Old Fuel Farm site.

18. POLLUTION REMEDIATION (Continued)

John Wayne Airport (Airport) (Continued)

At the Old Fuel Farm, site investigation activities were completed, and on-going remedial activities include removal of residual free hydrocarbon product and monitored natural attenuation of groundwater. Annual groundwater sampling and reporting is currently conducted at the Old Fuel Farm, and the reports are prepared and submitted to the RWQCB.

In 1993, hydrocarbon-impacted soils were documented following removal of two 1,000-gallon underground storage tanks (USTs) at Former Fire Station #33. Following over-excavation and off-site disposal of hydrocarbon-impacted soils, the Orange County Health Care Agency issued a Completion of Corrective Action Letter to the Airport in 1994 related to the UST removal activities. During geotechnical assessment activities conducted at Former Fire Station #33 in 1999, soils appearing to be impacted with hydrocarbons were encountered and the soil boring logs were submitted to the RWQCB. In 2002, the RWQCB requested that the Airport assess the presence and distribution of chemical impacts to soil and groundwater. Site investigation activities were conducted between 2002 and 2006, and on-going remedial activities include monitored natural attenuation of groundwater. Currently, semi-annual groundwater sampling and reporting is conducted at Former Fire Station #33, and the reports prepared are submitted to the RWQCB.

In 2009, a new estimated pollution remediation liability was calculated based on a more active method of remediation for each of the Old Fuel Farm and Former Fire Station #33 sites. Active remediation has been delayed pending further guidance from the RWQCB, which could possibly affect the estimated pollution remediation liability, as well as cause changes to the remedial technologies used to remediate the sites. As of June 30, 2021, the Airport has a liability of \$994 based on management's assessment and the results of the consultant's evaluation of potential remediation costs. The liability is not expected to decrease until active remediation begins or a closure plan is accepted by the RWQCB.

In 1995, the Airport entered into a Memorandum of Understanding (MOU) with one of its fixed-base operators (FBO) lessees to address the remediation of the Old Fuel Farm. The FBO was identified as the operator of the site and the other responsible party. The lessee agreed to be obligated to pay 50% of the remediation costs associated with the Old Fuel Farm site. Reported in the Proprietary Funds Statement of Net Position as part of accounts receivable, the total expected recovery for the Old Fuel Farm site is \$256 as of June 30, 2021.

The estimated pollution remediation obligation as of June 30, 2021, is:

Old Fuel Farm Site	\$	785
Former Fire Station #33 Site		692
Less: Remediation Activity		(483)
Airport Pollution Remediation Obligation	\$	<u>994</u>

OC Waste & Recycling

Six closed sites were identified and the remediation costs and time periods were calculated for each of these sites based upon the type of remediation needed and historical trend data for closed landfill sites. The combined pollution remediation obligation as of June 30, 2021, after deducting actual pollution remediation expenses incurred during fiscal year 2021 is \$13,668.

Cannery Former Refuse Disposal Station A park owned by the City of Huntington Beach (Huntington Beach), California and an elementary school playground are located on a site that was formerly used as a refuse disposal station operated by the County from 1957 to 1969. Levels of methane gas that exceed regulatory limits were detected on the property.

18. **POLLUTION REMEDIATION (Continued)**

OC Waste & Recycling (Continued)

Cannery Former Refuse Disposal Station (Continued)

The Local Enforcement Agency (LEA) issued a Notice and Order to Huntington Beach, requiring Huntington Beach to remedy the landfill gas exceedances and to control potential offsite migration of landfill gases. In response to the LEA's Notice and Order, Huntington Beach and the Huntington Beach City School District (Huntington Beach School District) issued the Notices of Intent to Sue under the Resource and Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation, and Liability Act to the County in 2004. Under an agreement with the County, Huntington Beach, and Huntington Beach School District claims were tolled until June 2006.

The County, Huntington Beach, and Huntington Beach School District entered into a Settlement Agreement in 2007 whereby Huntington Beach would be responsible for maintaining the cover of the former disposal site and the County would assume responsibility for the collection and control of landfill gas.

Based on engineering estimates and existing contracts for the operation and maintenance of other disposal sites of a similar size, the age of the site, the length of time waste has been buried and other factors, the County anticipates that the landfill gas collection system will operate fully for 15 years from beginning of the obligation date. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$27.

Lane Road Former Refuse Disposal Station The site, located in the City of Irvine, California and owned by NGP Realty Sub, L.P. and others, was leased and operated by the County as a refuse disposal facility from 1961 until its closure in 1964. An investigation revealed that landfill gas was present above regulatory limits in close proximity to residential housing units. The LEA issued a Notice and Order to the property owner requiring them to remedy the landfill gas exceedances, and to control potential offsite migration of landfill gases. In response to the LEA's Notice and Order, a claim was filed with CEO Risk Management. The County entered into a Settlement Agreement with the property owner in 2005. Per terms of that Settlement Agreement, the County funded the construction of a landfill gas collection and control system, including a carbon treatment element, for the eastern portion of the site. After verification that the system was operating as planned, the County assumed ownership of the system and responsibility for its operation, maintenance and monitoring in 2008. Also in 2008, it was discovered that landfill gas was elevated in the northern portion of the site. Pursuant to the Settlement Agreement, the County designed and constructed an upgrade and enhancement to the existing landfill gas system to control landfill gas migration on the northern portion of the site.

Based on engineering estimates and existing contracts for the operation and maintenance of other similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 25 years from beginning of the obligation date, then will most likely either no longer be required or will be converted to a passive system. The cost for the operation, maintenance and monitoring of the system was highest in the first full year of operation when the carbon canisters needed more regular replacement. For each subsequent year of operation, the cost will be reduced due to less frequent carbon swapping and due to anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation is \$273. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$816.

San Joaquin Former Refuse Disposal Station The site, owned by the University of California at Irvine (UC Irvine), was leased and operated by the County as a refuse disposal facility from 1954 to 1961. In 1996, a portion of the site was sold to the U.S. Food and Drug Administration. Levels of methane gas that exceed regulatory limits were detected on the property. As both parties expressed an interest in avoiding costly litigation, the County entered into negotiations to cooperatively address site concerns, resulting in a Cooperative Agreement with UC Irvine that was approved by the Board in May 2008. Pursuant to the Cooperative Agreement, the County constructed a landfill gas collection and control system, including a carbon treatment element.

18. POLLUTION REMEDIATION (Continued)

OC Waste & Recycling (Continued)

San Joaquin Former Refuse Disposal Station (Continued)

The County retains responsibility for the operation, maintenance, and monitoring of that system. Based on engineering estimates and existing contracts for the operation and maintenance of similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 15 years from beginning of the obligation date. The cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation is \$114. The remaining obligation for landfill gas remediation at the San Joaquin site over the anticipated operational period is \$238.

Forster Former Refuse Disposal Station The site, located in the City of San Juan Capistrano (San Juan Capistrano), California, was formerly leased and operated as a refuse disposal station by the County from 1958 to 1976. The current owner, Advanced Group 99-SJ, is proposing a change in land use for the property and has notified the County of its position that the County is responsible for re-closure of the site to meet current commercial and redevelopment requirements. The County disputes responsibility for site development related costs. In early 2010, San Juan Capistrano approved the proposed project and certified the Environmental Impact Report (EIR). The EIR was a subject of a citizen's referendum that ultimately resulted in affirmation of the proposed project. Subsequent to San Juan Capistrano approval of the proposed development plan, Advanced Group 99-SJ and the County entered into negotiations to resolve issues related to environmental responsibility at the site. These negotiations resulted in a settlement agreement and release of claims, brought about by a threat of litigation over the CEQA approvals. The settlement and release will permit the development of the site, with monies paid by the County for environmental controls to be installed at the site, an operation and maintenance fund and for environmental insurance, subject to conditions such as obtaining grading permits for the site for its actual development. In exchange, indemnification and environmental releases were provided by the developer to the County.

The obligation by the County for environmental infrastructure and controls at the site as agreed upon in the Settlement Agreement is \$7,500. The entire sum is anticipated to be released within five years from the approval of the project grading permits, but is dependent upon actions by the owner and regulatory approvals for the project. The County will continue to incur additional costs for work related to the County's current obligation to monitor the groundwater underlying the site. This responsibility will be transferred to the site owner upon completion of one of the settlement agreement milestones, but due to the uncertainty of specific timing, the County is unable to fully estimate the remaining ground water obligations as of June 30, 2021.

The remaining balance for landfill gas remediation at the Forster site is \$7,500 as of June 30, 2021. Distribution of these funds will occur over time, based on specific milestones in the development of the site.

Yorba Refuse Disposal Station The site, located in Orange, California (Orange), was owned and operated as a solid waste disposal site by the County. After disposal operations ceased, the site was sold to Orange for use as a city park. Park deed restrictions were later lifted from the property at the request of the city, which then began investigation into some form of commercial application or development at the site. In 2010, the Orange Redevelopment Agency filed suit against the City of Orange. The Complaint alleged various causes of action, including those for private nuisance, public nuisance, dangerous condition of property and statutory contributions for hazardous substances, and a Porter-Cologne contribution and for Polanco Redevelopment Act cost recovery. The relief sought is for unknown costs and damages. In turn, Orange filed a cross-complaint against the County. The causes of action alleged include indemnity and/or contribution, declaratory relief, hazardous substance account act indemnity and remedies under the Porter-Cologne Act.

The County and Orange entered into negotiations to resolve the issues brought forth by Orange. The negotiations resulted in a settlement agreement and release of claims executed on November 5, 2015. This settlement agreement and release of claims provides a remedy for the differential settlement or subsidence, to replace the irrigation system, and for costs associated with site maintenance with monies paid for by the

18. POLLUTION REMEDIATION (Continued)

OC Waste & Recycling (Continued)

Yorba Refuse Disposal Station (Continued)

County. In addition, effective on the date of the agreement, the County assumed responsibility and ownership of the landfill gas control system at the site. In exchange, indemnification has been provided by Orange to the County. Based on engineering estimates and existing contracts for the operation and maintenance of other similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 30 years from beginning of the obligation date, then will most likely either no longer be required or will be converted to a passive system. The cost for the operation, maintenance and monitoring of the system was highest in the first full year of operation when the system needed upgrades and relocation of critical equipment. For each subsequent year of operation, the cost will be reduced due to less frequent carbon swapping and due to anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation will be \$219. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$5,087 as of June 30, 2021.

The estimated pollution remediation obligation as of June 30, 2021 is:

Cannery Former Refuse Disposal Station	\$	27
Lane Road Former Refuse Disposal Station		816
San Joaquin Former Refuse Disposal Station		238
Forster Former Refuse Disposal Station		7,500
Yorba Refuse Disposal Station		5,087
OC Waste & Recycling Pollution Remediation Obligation	<u>\$</u>	<u>13,668</u>

19. RETIREMENT PLANS

The County participates in a number of pension plans. The OCERS plan and Extra-Help Defined Benefit plan are cost-sharing multiple-employer defined benefit pension plans. The County of Orange 401(a) and County of Orange 1.62% at 65 Retirement 401(a) plans are defined contribution plans. A summary of pension amounts for the County's defined benefit plans at June 30, 2021 is presented below:

	OCERS	Extra-Help Defined Benefit Plan	Total
Deferred Outflows of Resources Related to Pension	\$ 1,032,810	\$ --	\$ 1,032,810
Net Pension Liability/(Asset)	3,547,851	(149)	3,547,702
Deferred Inflows of Resources Related to Pension	1,068,568	399	1,068,967
Pension Expense/(Credit)	220,230	(125)	220,105

Orange County Employees Retirement System (OCERS)

Plan Description: Substantially all County employees participate in OCERS, a cost-sharing multiple-employer public employee retirement system established by the voters of Orange County in 1945 pursuant to the County Employees Retirement Law of 1937, CGC Section 31451 et. seq. (the Retirement Law). OCERS is an independent defined benefit retirement plan in which employees of the County, Orange County Superior Court, and employees of certain cities and special districts within the County participate. OCERS is governed by the Board of Retirement (the OCERS Board). Certain attributes of independence of OCERS are guaranteed under the California Constitution. The OCERS Board consists of nine regular members and one alternate. Four OCERS Board members are appointed by the Board, three members plus one alternate are elected from active County employees, one member is elected from retirees, and the County Treasurer-Tax Collector is elected by registered voters in the County, serves as an Ex-Officio member.

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Plan Description (Continued)

The OCERS Board supervises the investment of OCERS assets and the distribution of benefits to retired employees. The OCERS Board also determines the annual contributions required of the County and other participating local governmental entities to fund OCERS.

The Retirement Law requires an actuarial valuation to be performed at least once every three years. OCERS' practice has been to conduct an actuarial valuation annually as of December 31, which is OCERS' year end.

OCERS operates as a cost-sharing multi-employer defined benefit pension plan for the County, Orange County Superior Court of California, City of San Juan Capistrano, and ten special districts: Orange County Cemetery District, Orange County Children and Families Commission, Orange County Department of Education, Orange County Employees Retirement System, Orange County Fire Authority, Orange County In-Home Supportive Services Public Authority, Orange County Local Agency Formation Commission (LAFCO), Orange County Public Law Library, Orange County Sanitation District, Orange County Transportation Authority, Transportation Corridor Agencies and the University of California, Irvine Medical Center and Campus. The Orange County Department of Education and the University of California, Irvine Medical Center and Campus are closed to new member participation. Capistrano Beach, Cypress Recreation & Parks District, Orange County Mosquito and Vector Control and City of Rancho Santa Margarita are no longer active plan sponsors, but retired members and their beneficiaries, as well as deferred members, remain in the System. OCERS is legally and fiscally independent of the County. However, it is presented as a fiduciary component unit of the County based on the GASB 84 guidelines.

Benefits Provided: OCERS provides for retirement, death, disability, and cost-of-living benefits. Under OCERS, each County employee receives a defined-benefit pension at retirement, that is, a specific amount per month determined in accordance with the Retirement Law, which amount is not dependent upon the amount of money credited to the employee's account at the time of retirement. An OCERS member may be eligible for a Disability Retirement allowance. The member will be asked to designate a beneficiary or beneficiaries, who may be entitled to receive lifetime and/or lump sum benefits that may be payable upon a member's death. OCERS also provides two types of disability benefits, a nonservice-connected disability retirement or service-connected disability retirement. Under each type, the eligibility requirements are different. More information can be found on www.ocers.org. The OCERS Board does not set the benefit amounts. OCERS administers benefits that are set by the County Board through the collective bargaining process with County employees in accordance with the Retirement Law.

Effective June 28, 2002, Safety members, including Probation Services employees, became eligible for an annual annuity equal to a retirement benefit formula of 3% of the member's "final compensation" for each year of service rendered at age 50. Law enforcement management, which includes executives in the Sheriff-Coroner and District Attorney departments, and employees represented by the Association of Orange County Deputy Sheriffs hired after April 9, 2010, receive an annual annuity equal to a retirement benefit formula of 3% of the member's "final compensation" for each year of service rendered at age 55.

Effective July 1, 2005, as part of collective bargaining agreements with County employees, most General members who work for the County (approximately 14,000) became eligible for an enhanced annual annuity equal to a retirement benefit formula of 2.7% of the member's "final compensation" for each year of service rendered at age 55. In collective bargaining agreements with General members, the employee associations agreed to pay the increased retirement costs related to the difference between the prior retirement benefit formulas and the new 2.7% at age 55 enhanced formula, as well as the annual amortization of the unfunded liability created by the retroactive application of the increased benefit. Members of the American Federation of State, County and Municipal Employees (AFSCME) did not elect the 2.7% at age 55 retirement formula and remain at the previous benefit formulas. The benefit formulas for AFSCME are an annual annuity equal to 2% of the "final compensation" for each year of service rendered at age 57 for Tier I General members and 1.667% of

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Benefits Provided (Continued)

the member's "final compensation" for each year of service rendered at age 57.5 for Tier II General members. Due to the passage of the Public Employees' Pension Reform Act (PEPRA) of 2013, most new employees hired on or after January 1, 2013, except for Safety members and members represented by AFSCME and the Orange County Attorneys Association (OCAA), will receive an annual annuity equal to a retirement benefit formula of 1.62% of the member's "final compensation" for each year of service rendered at age 65. The 1.62% at age 65 retirement formula includes a voluntary defined contribution component with an employer match.

Non-vested Supplemental Targeted Additional Retiree Cost of Living Adjustment (STAR COLA) benefits are also paid by OCERS to eligible retirees and survivors. Pursuant to Government Code Section 31874.3 of the Retirement Law, the OCERS Board has the sole authority to grant STAR COLA each year. The OCERS Board understands that granting STAR COLA may increase the Unfunded Actuarial Accrued Liability (UAAL); and therefore, asks for comments from plan sponsors prior to voting on approval of the annual benefit.

Retirees who have lost more than 20% of their purchasing power since retirement are eligible for this benefit, and currently, approximately 186 retirees (of which 183 are County retirees) who retired on or before April 1, 1980, and their survivors receive the STAR COLA. The STAR COLA benefits are excluded from the actuarial valuation and are funded annually through current employer contributions. Benefits are considered immaterial to the plan.

Contributions: In accordance with various Board resolutions, the County's funding policy is to make periodic contributions to OCERS in amounts such that, when combined with employee contributions and investment income, will fully provide for member benefits by the time they retire. Covered employees are required to contribute a percentage of their annual compensation to OCERS as a condition of employment. Base employee contributions are calculated using a formula defined in the Retirement Law. The California Supreme Court's 1997 Ventura decision stated that, for the purpose of calculating pension benefits, "final compensation" means not only base salaries, but also other components. The County employee contributions under current contracts are calculated on base salary, eligible premium pay, and some categories of overtime as defined in the 1997 Ventura decision.

Employer contributions are based on what is needed to properly fund the system. The law, however, does allow employers and employees to negotiate some variation in who pays the contributions. OCERS' responsibility is to make certain the total required contribution is paid, regardless of how the employers and employees share the cost. For FY 2020-21, employer's contributions for funding purpose, as a percentage of covered payrolls, were 37.36% for General members, 65.24% for Safety-Law Enforcement members and 55.37% for Safety-Probation members, as determined by the December 31, 2018, actuarial valuation. The County's total contribution to OCERS for the year ended June 30, 2021 was \$513,799.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: At June 30, 2021, the County reported a liability of \$3,547,851 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined using actuarial valuation results. At December 31, 2020, the County's proportion was 84.21%, which was an increase of 2.94% from its proportion measured as of December 31, 2019.

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

For the year ended June 30, 2021, the County recognized pension expense of \$220,230. At June 30, 2021, the County 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>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ --	\$ 845,032
Differences Between Expected and Actual Experience in the Total Pension Liability	106,689	117,094
Changes of Assumptions or Other Inputs	350,696	102,629
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	22,256	3,813
County Contributions Subsequent to the Measurement Date	280,883	--
County Prepaid Pension Contribution	272,286	--
Total	<u>\$ 1,032,810</u>	<u>\$ 1,068,568</u>

\$280,883 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

The County reported the full amount of prepaid pension contribution as a part of the prepaid cost at the fund level. However, due to the difference in the County's fiscal year end date and the net pension liability measurement date, half of the prepaid pension contribution of \$272,286 is recognized as deferred outflows of resources related to pension, and the other half will remain as a prepaid cost on the government-wide statement.

In September 1994, the County issued \$320,000 of pension obligation bonds, of which \$318,000 in proceeds were paid to OCERS. OCERS maintains the proceeds in a County Investment Account. Amounts in the County Investment Account have been used to fund a portion of the County's contributions over time, pursuant to agreements between OCERS and the County, which allows the County significant discretion in applying the credit. As of June 30, 2021, \$148,764 of such proceeds remains in the County Investment Account available for future credits to the County's pension obligations. For the year ended June 30, 2021, the County utilized \$20,000 of funds available in the County Investment Account to pay a portion of the prepayment described below.

On January 14, 2021, the County issued its short-term Taxable Pension Obligation Bonds, 2021 Series A in the amount of \$484,800. Of the \$484,800 bond proceeds, \$484,718 was combined with \$39,854 in contributions from certain County departments and the \$20,000 from funds available in the County Investment Account to prepay the estimated FY 2021-22 actuarially required contribution related to both the amortization of the UAAL and the normal annual contribution to OCERS. In return, the County received a 5.80% discount or \$30,489 on the required employer contribution amount. The discount, combined with the interest and issuance costs, resulted in a net savings of \$28,721 to the County. Refer to Note 4, Deposits and Investments, and Note 11, Short-term Obligations, for additional information.

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Amounts provided by OCERS' actuarial study reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Year ending June 30:	
2022	\$ (187,747)
2023	8,250
2024	(336,417)
2025	(112,569)
2026	39,556
Total	<u>\$ (588,927)</u>

Actuarial Assumptions: The actuarial assumptions included a 2.50% inflation rate, 4.00% to 11.00% projected salary increases to general members and 4.60% to 15.00% to safety members, and a 7.00% investment rate of return, net of investment expense. The mortality assumptions used were based on the results of the actuarial experience study for the period of January 1, 2017 through December 31, 2019, using the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019.

Discount Rate: The discount rate used to measure the total pension liability was 7.00%, the long-term expected rate of return on pension plan investments. 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 the employer contributions will be made at rates equal to the actuarially determined contribution rates.

According to paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expenses. The 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 13 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. The difference is not material to the County's financial statements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of 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 adding expected inflation and deducting expected investment expenses and a risk margin.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Discount Rate (Continued)

Asset class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private)	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA - Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	2.50%	2.50%
Total	100.00%	

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:
The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 5,968,368	\$ 3,547,851	\$ 1,574,757

Pension Plan Fiduciary Net Position: OCERS issues an audited stand-alone annual financial report for each year ending December 31. Detailed information about the pension plan's fiduciary net position is available and can be obtained online at www.ocers.org, in writing to the Orange County Employees Retirement System, P.O. Box 1229, Santa Ana, CA 92702, or by calling (714) 558-6200.

County Administered Plans

Extra-Help Defined Benefit Plan

Plan Description: The plan is a cost-sharing multiple-employer defined benefit retirement plan for employees working less than half-time or as extra-help for the County and six (6) other cost-sharing agencies. Eligible

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Plan Description (Continued)

employees of this plan are not covered by OCERS or Social Security. Initially, the normal retirement benefits for a participant who retired on or after the normal retirement date was a monthly amount equal to one-twelfth of 2% of the participant's career earnings during the final 30 years of service credited under the Plan. There are no automatic cost-of-living adjustment (COLA) increases and no ad hoc COLAs have ever been granted. The current benefit for a participant who terminates or retires after November 20, 2008 is a lump sum payment, which is the greater of the actuarial equivalent of the participant's frozen accrued monthly benefit or the participant's contribution plus interest earnings. The normal retirement date is the first day of the month coinciding with or immediately preceding a participant's 65th birthday.

The plan was adopted to comply with the Omnibus Budget Reconciliation Act of 1990. The Board has full authority to amend or establish plan or benefit provisions at any time in accordance with the plan. The County is the named fiduciary and has the duty and full power to administer the plan. The Chief Financial Officer of the County is the trustee of the plan and has authority over the management and investment of plan assets.

The plan was adopted in January 1992 and was closed to new participants as of February 28, 2002. This plan subsequently froze benefit accruals and stopped collecting employee contributions effective November 21, 2008. As of that date, the normal retirement benefit was changed to a single lump sum distribution equal to the greater of the participant's account balance or the present value of their normal retirement benefit. As of June 30, 2021, the plan consists of 15 active plan participants, 164 terminated plan participants entitled to but not yet receiving benefits, and 36 retirees receiving benefits.

The plan financial statements are prepared using the accrual basis of accounting. County contributions are recognized in the period in which contributions are due, pursuant to the plan documentation and as may be required by statutory requirements. The benefits paid to participants and refunds of prior contributions are recognized when due and payable, in accordance with the terms of the plan.

The County charges a benefits administration fee to County agencies, which funds the cost of administering all of the County benefit programs, including the Extra-Help Defined Benefit Retirement Plan. The Empower Retirement Investment management fee is an annual asset-based fee of 8.5 basis points (each basis point is one hundredth of a percent).

Contributions: The County has the authority to determine plan contributions. GASB Statement No. 67 requires the County to have an actuarial valuation performed at least biennially to determine the plan's total pension liability. This valuation is currently performed biennially. The plan's total pension liability was calculated using the data as of July 1, 2019, rolled forward to June 30, 2021 using actual benefit payments for FY 2020-21. In both the 2019 valuation and the 2021 roll forward calculations the actuarial assets are valued at market value. Because plan benefits are frozen, the actuary has determined the County's actuarially determined contribution using the projected unit credit method and a 5-year rolling amortization of the Unfunded Actuarial Accrued Liability. Based on the plan actuary's advice, the County determines the amount necessary for contribution to the plan. Since the plan's inception, the County and six (6) cost-sharing agencies have contributed \$7,810. For the year ended June 30, 2021, the County and six (6) cost-sharing agencies contributed \$114. The County's proportionate share of the contribution was \$112.

Plan participants do not contribute to the fund effective November 21, 2008 (the date of the freeze). Note that effective November 21, 2008, there is no normal cost due to the plan freeze.

Investment policy: The County has sole authority for establishing and amending the plan's investment policy and allocation of the invested assets. The plan's policy in regard to the allocation of invested assets may be established and amended by the plan's Trustee. The plan may invest in bonds, mortgages, notes, common or

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Investment Policy (Continued)

preferred stock, mutual funds, or other securities, policies of life insurance, annuity contracts, or property (real, bank deposits, or retain in cash or other property). The allocation policy with the target asset class and allocation is set forth in the investment policy.

Concentrations: The plan is invested 100% with Empower Retirement. The plan has stated its assets at fair value based on information provided by Empower Retirement.

Discount Rate: For the year ended June 30, 2021, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expense, was 16.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The discount rate used to measure the total pension liability was 5.25%, the same as the long-term expected rate of return on plan assets.

In accordance with paragraph 30 of GASB Statement No. 68, the long-term discount rate was determined without reduction for pension plan administrative expense.

The long-term expected rate of return on plan investments was determined using a building-block method equal to the expected future real rate of return on the investment with Empower Retirement plus expected inflation, rounded to the nearest 0.25%. The target investment allocation is 33% equities and 67% fixed income. The best estimate of the long-term expected geometric real rate of return for the equities and fixed income (net of investment expense and inflation) are 4.53% U.S. equity, 4.60% non-U.S. equity, 1.47% U.S. fixed income, and 0.35% global fixed income.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to Pensions: The components of the collective net pension liability of the County and the six (6) cost-sharing agencies at June 30, 2021 were as follows:

Total Pension Liability	\$ 4,966
Plan's Fiduciary Net Position	(5,118)
Plan's Net Pension Liability	<u>\$ (152)</u>

Plan Fiduciary Net Position as a percentage of the Total Pension Liability	103.06%
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The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and rolled forward to the measurement date of June 30, 2021. The County's proportionate share of the June 30, 2021 net pension liability/(asset) is (\$149). The County's proportion of 98.12% is based on an employer contribution allocation and has not changed since June 30, 2015.

For the year ended June 30, 2021, the County recognized pension expense/(credit) of (\$125). At June 30, 2021, the County reported deferred inflows of resources of \$399, which represents the aggregated net difference between projected and actual earnings on plan investments.

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to Pensions (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ --	\$ 399
Total	<u>\$ --</u>	<u>\$ 399</u>

The deferred outflows and inflows of resources related to this pension plan will be recognized as pension expense for the County as follows:

Year ending June 30:	
2022	\$ (102)
2023	(109)
2024	(87)
2025	(101)
Total	<u>\$ (399)</u>

Actuarial Assumptions: The total pension liability based on the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement: (a) 2.75% inflation, (b) 5.25% investment return, (c) the 417(e) lump sum mortality table used for ERISA-governed plans and the 30-year Treasury rate with a look-back month of November grading into the long-term assumption of 4.75%, and (d) RPH-2014 Healthy Annuitant Mortality Table projected generationally with mortality improvement Scale MP-2016. This plan does not have a salary increase assumption or post-retirement benefit increase assumption as these factors do not impact the benefits of this frozen plan.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the collective plan and the County's proportionate share, calculated using the discount rate of 5.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Collective plan	\$ 71	\$ (152)	\$ (338)
County's proportionate share	\$ 70	\$ (149)	\$ (332)

Extra-Help Defined Contribution Plan

Plan Description: Effective March 1, 2002, as amended and restated on February 10, 2015, the Board established the Extra-Help Defined Contribution Plan to replace the Extra-Help Defined Benefit Retirement Plan for (a) new employees hired on or after March 1, 2002, and supplements the benefits of the Extra-Help Defined Benefit Retirement Plan for employees hired prior to March 1, 2002 and (b) effective February 10, 2015, employees hired on or after such date (i) who attained age 60 by such hire date, (ii) who waive membership in the OCERS, do not have funds on deposit with OCERS and otherwise meet the requirements under OCERS' regulations and state law to waive membership in OCERS, (iii) whose employer has signed

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Extra-Help Defined Contribution Plan (Continued)

Plan Description (Continued)

the OCERS Employer's Concurrence-Waiver of Membership form or any other documents that may be required by OCERS, and (iv) who sign the OCERS Employees' Waiver of Membership form and provide any other documents required by OCERS to waive membership. Eligible employees of this plan are not covered by OCERS or Social Security. This plan is a tax-deferred retirement plan, established in accordance with IRC Sections 457 and 3121 and is intended to comply with the Omnibus Budget Reconciliation Act of 1990 and meet the requirements to be a Social Security replacement plan. The Board has the authority to amend the plan. As of June 30, 2021, there were 6,655 participants with a balance in the plan, with 1,853 participants actively contributing to the plan as of the end of June payroll.

The plan is intended for retirement and funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the normal retirement date will be dependent upon the accumulated value of individual contributions and investment return.

If a participant's employment status changes from a part-time or extra-help employee to a permanent full-time employee or a part-time employee working 20 hours or more per week, those participants may elect to transfer the balance to the County's Section 457 Defined Contribution Plan or leave the balance in the plan until they are no longer employed with the County.

Funding Policy: Participants in the plan are required to contribute 7.5% of compensation each pay period. The contributions are invested in the County's Stable Value Fund offered through Empower Retirement, which is designed to protect principal and maximize earnings. Empower Retirement serves on behalf of the County as the third party administrator of the plan. The County established a trust to hold the plan assets, and Empower Retirement administers the plan at the will and approval of the County. In the current fiscal year, there was no additional contribution made by the County and total employee contributions were \$1,333. As of June 30, 2021, total plan assets were \$9,794.

Administrative Cost: There is an annual administrative fee of 0.16% charged to participants (at a monthly rate of 0.013%), which is capped for account balances at \$125. Each month participant fees are based on the average daily balance of their account(s) over a 30-day period, and are reflected on participants' quarterly statements. No employer-level fees are charged for the plan.

County of Orange 401(a) Defined Contribution Plan

Plan Description: Effective January 1, 1999, as amended and restated on March 24, 2015, the Board established the County 401(a) Plan for the benefit of eligible employees, elected officials, which includes members of the Board, certain executive managers, certain administrative managers once classified as confidential and grandfathered into the plan, attorneys represented by the Orange County Attorney's Association, and certain other employee classifications as defined in the plan document. The Board also has the authority to amend the plan. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to new administrative managers and all grandfathered administrative managers effective June 23, 2016 and December 28, 2012, respectively. The plan is intended for retirement and funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2021, the plan had 614 participants with a balance in the plan, with 316 participants actively contributing to the plan as of the end of June payroll.

Funding Policy: This plan is a defined contribution plan funded entirely by employer contributions. County contributions to the plan vary according to employee classification and range from 4% to 8% of bi-weekly

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

County of Orange 401(a) Defined Contribution Plan (Continued)

Funding Policy (Continued)

compensation. Total contributions for the fiscal year ended June 30, 2021, were \$1,191 by the County and zero by the employees.

As previously described, Empower Retirement serves on behalf of the County as the third party administrator of the plan. The plan is reported as a fiduciary activity as the County has control of the assets. Contribution to the plan defaults to the County's Stable Value Fund upon initial enrollment, which is offered through Empower Retirement and designed to generate a stable yield while preserving the investor's principal. Once enrolled, plan participants may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2021, total plan assets were \$22,802.

Administrative Cost: There is an annual administrative fee of 0.16% charged to participants (at a monthly rate of 0.013%) which is capped for account balances at \$125. There is an additional \$9 (absolute dollars) flat fee per year, which is a monthly fee \$0.75 (absolute dollars) charged to each participant. Each month participant fees are based on the average daily balance of their account(s) over a 30-day period and are reflected on participants' quarterly statements. No employer-level fees are charged for the plan.

County of Orange - 1.62% at 65 Retirement, 401(a) Defined Contribution Plan

Plan Description: On April 20, 2010, the Board approved and adopted the resolution implementing the "1.62% at 65" OCERS retirement formula for certain eligible employees. Effective May 7, 2010, as amended and restated on July 1, 2011, the Board approved the County 1.62% Defined Contribution Plan for the benefit of employees in the "1.62% at 65" OCERS retirement formula. The 1.62% Defined Contribution Plan is a combination governmental 457(b) and 401(a) retirement plan. Employee contributions are deposited into a 457(b) plan and employer-matching contributions are deposited into a 401(a) plan. Participation in the 1.62% Defined Contribution Plan is strictly voluntary and is designed to supplement the "1.62% at 65" OCERS retirement formula. Only employees in the "1.62% at 65" OCERS retirement formula are eligible to participate in the 1.62% Defined Contribution Plan.

On September 12, 2012, the Governor signed the PEPRA of 2013. PEPRA created a new pension retirement formula, commonly referred to as 2% at 62 retirement formula, for all new non-safety public employees hired on or after January 1, 2013. PEPRA also allowed a public employer to continue to offer another retirement formula, if offered before December 31, 2012, to new public employees if the retirement formula has a lower benefit factor at normal retirement age and results in a lower normal cost than the 2% at 62 PEPRA retirement formula. On December 18, 2012, the Board approved and adopted the "1.62% at 65" OCERS retirement formula for certain general (non-safety) public employees hired on or after January 1, 2013.

The Board has the authority to amend the plan. The plan is intended to comply with the requirements of IRC Section 401(a) and is intended for retirement. Matching employer contributions are determined by the County and approved by the Board, as stipulated in the Participants' bargaining units Memorandum of Understanding (MOU) or Personnel and Salary Resolution, as applicable. Employer contributions vest on employees' behalf after five years of continuous service with the County. For the purposes of eligibility and vesting, year of service means a 12-consecutive-month period during which the employee completes at least 2,080 hours of service, exclusive of overtime. If the employee leaves employment with the County prior to the vesting period, the employee will only be entitled to the employee contributions to the plan.

Funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the early or normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

County of Orange - 1.62% at 65 Retirement, 401(a) Defined Contribution Plan (Continued)

Plan Description (Continued)

June 30, 2021, the plan had 4,096 participants with a balance in the plan, with 3,481 participants actively contributing to the plan as of the end of June payroll.

Funding Policy: This plan is a defined contribution plan funded entirely by employer contributions. As of July 1, 2020, the County provides up to a 2% match per pay period of the employee's voluntary contribution to the IRC Section 457 element of the 1.62% Defined Contribution Plan. Employer contributions are deposited into the 401(a) Plan. Total contributions for the fiscal year ended June 30, 2021, were \$4,081 by the County and zero by the employees.

As previously described, Empower Retirement serves on behalf of the County as the third party administrator of the plan. The plan is reported as a fiduciary activity as the County has control of the assets. Contribution to the plan defaults to the age-appropriate target-date fund upon initial enrollment. Once enrolled, plan participants may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2021, total plan assets were \$18,876.

Administrative Cost: There is an annual administrative fee of 0.16% charged to participants (at a monthly rate of 0.013%), which is capped for account balances at \$125. Each month participant fees are based on the average daily balance of their account(s) over a 30-day period and are reflected on participants' quarterly statements. No employer-level fees are charged for the plan.

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Condensed Financial Statements

In lieu of separately issued financial statements for the County administered retirement funds, condensed financial statements are presented below as of and for the fiscal year ended June 30, 2021:

Statement of Fiduciary Net Position

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan	1.62% at 65 Retirement, 401(a) Defined Contribution Plan
<u>Assets</u>					
Pooled Cash/Investments	\$ 233	\$ 232	\$ 1	\$ --	\$ --
Restricted Cash and Investments					
Restricted Investments with Trustee	56,126	4,886	9,756	22,760	18,724
Due from Other Governmental Agencies	231	--	37	42	152
Total Assets	<u>56,590</u>	<u>5,118</u>	<u>9,794</u>	<u>22,802</u>	<u>18,876</u>
<u>Net Position</u>					
Restricted for Pension	56,590	5,118	9,794	22,802	18,876
Total Net Position	<u>\$ 56,590</u>	<u>\$ 5,118</u>	<u>\$ 9,794</u>	<u>\$ 22,802</u>	<u>\$ 18,876</u>

Statement of Changes in Fiduciary Net Position

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan	1.62% at 65 Retirement, 401(a) Defined Contribution Plan
Additions:					
Contributions to Pension Trust:					
Employer	\$ 5,386	\$ 114	\$ --	\$ 1,191	\$ 4,081
Employee	1,333	--	1,333	--	--
Interest and Investment Income	8,990	766	168	3,984	4,072
Less: Investment Expense	(67)	(6)	(8)	(22)	(31)
Total Additions	<u>15,642</u>	<u>874</u>	<u>1,493</u>	<u>5,153</u>	<u>8,122</u>
Deductions:					
Benefits Paid to Participants	2,177	1,040	510	589	38
Total Deductions	<u>2,177</u>	<u>1,040</u>	<u>510</u>	<u>589</u>	<u>38</u>
Change in Net Position	13,465	(166)	983	4,564	8,084
Net Position at Beginning of Year	43,125	5,284	8,811	18,238	10,792
Net Position at End of Year	<u>\$ 56,590</u>	<u>\$ 5,118</u>	<u>\$ 9,794</u>	<u>\$ 22,802</u>	<u>\$ 18,876</u>

20. POSTEMPLOYMENT HEALTH CARE BENEFITS

County of Orange Retiree Medical Plan

Plan Description: The County of Orange Third Amended Retiree Medical Plan (the Retiree Medical Plan) is a cost-sharing multiple-employer defined benefit OPEB plan, intended to assist career employees in maintaining health insurance coverage following retirement from County and participating employers' service. The Retiree Medical Plan was established by the Board. The Board is also the authority for amending the Retiree Medical Plan. The Retiree Medical Plan is not required by the County Employees Retirement Law of 1937 ("CERL")—the statute governing County employee retirement benefits. Eligible retired County employees receive a monthly grant (the Grant), which helps offset the cost of monthly County-offered health plans and/or Medicare A and/or B premiums. The Retiree Medical Plan specifically states that it does not create any vested right to the benefits. The Plan is reported in the County's financial statements since it administers the Plan. The Plan is reported as of December 31, 2020.

Plan Membership: As of June 30, 2021, seven employers, the County, Orange County Public Law Library, Superior Courts of Orange County, Orange County Local Agency Formation Commission, Orange County Employees Retirement System, Children and Families Commission of Orange County, and Orange County Cemetery District have elected to participate in the plan. As of April 30, 2021, the membership consisted of the following:

Inactive plan members currently receiving benefit payments	9,565
Inactive plan members entitled to but not yet receiving benefit payments	53
Active plan members	14,333
	<u>23,951</u>

Benefits Provided: In order to be eligible to receive the Grant upon retirement, the employee must have completed at least 10 years of continuous County and/or participating employers' service (although exceptions for disability retirements exist), be enrolled in a County sponsored health plan and/or Medicare, qualify as a retiree as defined by the Retiree Medical Plan and be able to receive a monthly benefit payment from OCERS. To qualify as a retiree as defined by the Retiree Medical Plan, the employee upon retirement must be at least 50 years of age or have at least 20 years of service for a safety member of OCERS or at least 30 years of service for a general member of OCERS.

The monthly Grant amount is determined by a formula that multiplies a base number by the number of years of qualifying County employment up to a maximum of 25 years. The base number for calendar year 2020 was \$24.14 (absolute dollars) per year of County service, and the maximum base monthly Grant was \$603.50 (absolute dollars). The base number for calendar year 2021 is \$24.62 (absolute dollars) per year of County service, and the maximum monthly Grant is \$615.50 (absolute dollars). The amount of the Grant is netted against the monthly health plan premium and/or reimburses Medicare premiums paid by the retiree for retiree and dependent coverage with the retiree obligated to pay the remaining balance. In no case shall the Grant exceed the actual cost to a retiree for the Qualified Health Plan and Medicare premiums.

The plan was amended in 2007. Certain plan provisions were changed as of effective dates that varied by labor group. The Grant is reduced by 50% once the retiree becomes Medicare Parts A and B eligible. Retirees who were age 65 and/or Medicare Parts A and B eligible on the effective date are not subject to the Medicare reduction. For employees retiring after the effective date, the Grant is reduced or increased by 7.5% based on the employee's age at retirement, such that the Grant is reduced 7.5% for each year under age 60 and increased by 7.5% for each year of age worked after age 60 up to age 70. Safety employees and disability retirements are exempt from the age adjustment.

The base number for the Grant is adjusted annually based on a formula defined in the Retiree Medical Plan document with a maximum increase/decrease of 3%. Surviving dependents of a deceased employee or retiree eligible for the Grant are entitled to receive 50% of the Grant that the employee/retiree was eligible to receive.

In addition to the Grant, the Retiree Medical Plan provides a frozen lump sum payment to terminated employees

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Benefits Provided (Continued)

not eligible for the Grant. The qualifying hours of service for calculation of the lump sum payment is frozen and the effective date varies by labor agreement. The frozen lump sum payment is equal to 1% of the employee's final average hourly pay (as defined in the Retiree Medical Plan) multiplied by the employee's qualifying hours of service (as defined) since the Retiree Medical Plan's effective date.

Employees represented by AFSCME who retired before September 30, 2005 are not subject to the Medicare reduction or age adjustment to the Grant. The base number for these retirees is adjusted annually with a maximum increase/decrease of 5%. AFSCME employees who were employed on or after September 30, 2005 are not eligible for the Grant or the lump sum payment. They may participate in the County-offered health plans at their own cost.

Employees represented by the Association of Orange County Deputy Sheriffs (AOCDS) who were hired on or after October 12, 2007 are not eligible for the Grant or lump sum payment. Service hour accruals for the Grant and lump sum calculations for employees represented by AOCDS who were hired before October 12, 2007 were frozen. A Defined Contribution Plan Health Reimbursement Arrangement (HRA) was established to replace the Grant for new employees, and to supplement the frozen grants for current employees.

Association of County Law Enforcement Management (ACLEM) employees who were hired on or after June 19, 2009 are not eligible for the Grant or lump sum payment. Service hour accruals for the Grant calculations for ACLEM employees who were hired before June 19, 2009 were frozen. The qualifying hours of service for calculation of the lump sum payment for law enforcement management employees were frozen as of June 23, 2006. A Defined Contribution Plan HRA was established to replace the Grant for new employees, and to supplement the frozen grants for current employees.

Effective January 1, 2008, health insurance premium rates were separately pooled for the active and retired employees, except for employees represented by the AOCDS. Effective July 1, 2008, retiree health insurance premium rates for retired AOCDS and ACLEM employees enrolled in the AOCDS health plans must be 10% higher than active employees. Because retirees as a group have higher medical costs than active employees, the pooling of active and pre-Medicare retiree premiums in the AOCDS health plans results in "blended rates". Blending the premiums rates provides the pre-Medicare retirees the benefit of lower rates, while increasing the rates for active employees. The blended rates benefit for pre-Medicare retirees reflects the difference between the true cost of retiree benefits and the blended premium charged. GASB requires the cost of this blended rates benefit be included in the total OPEB liability.

Effective July 8, 2016, all active OCAA employees are no longer eligible for the Retiree Medical Grant or Lump Sum. A Defined Contribution Plan HRA was established to replace the Grant or Lump Sum for all active employees.

Effective July 3, 2020 the Retiree Medical Grant was frozen for all employees of the AOCDS Public Safety General and Public Safety Supervisory Unit. Employees shall not accumulate toward the eligibility for Retiree Medical Grant. Only employees with ten or more credited service years as of the effective date are eligible for a Grant. Cost of living and age adjustments ceased in the calculation of the Grant. A Defined Contribution Plan HRA was established to replace the Grant or Lump Sum for all active employees.

All AOCDS Public Safety employees who retired on or after January 4, 2019 were enrolled in AOCDS retiree health plans. Employees who retired before this date remained in County retiree health plans.

Effective July 15, 2020 through October 8, 2020, the County implemented the Voluntary Incentive Program (VIP). Retirees who were eligible for the Grant and retired during the effective period could choose one of the following options rather than activating their Grant.

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Benefits Provided (Continued)

Option 1: Opt out of the Retiree Medical Plan at retirement with the option to opt back in at any open enrollment or within 30 days of a qualifying life event subject to the terms and conditions of the applicable insurance plans at the time the retiree opts back into health coverage. The retiree will be ineligible to receive their Grant during the period the retiree has opted out of the Retiree Medical Plan but their Grant will be effective the first day of the month following the date the retiree elects to opt back into the Retiree Medical Plan. When the Grant is received, the Grant will be calculated based on retiree medical years of service and age at original date of retirement, including any other adjustments required by Retiree Medical Plan provisions. While not participating in the Retiree Medical Plan and the Grant is suspended, retiree must maintain minimum essential coverage under California state law, Federal law and Medicare (if applicable), and provide proof of coverage upon County request, to be eligible to enroll in the County Retiree Medical Plan and receive the Grant. This option does not apply to retirees participating in AOCDS health plans.

Option 2: Permanently waive the right to participate in the Retiree Medical Plan and the right to receive the Grant, including a Medicare Part B reimbursement once Medicare eligible. A retiree who chose this option received a contribution to an HRA in lieu of participation in the Retiree Medical Plan.

On July 13, 2021 the Board approved a one-time voluntary opt out of the Retiree Medical Plan at retirement with the same terms and conditions as option 1 of VIP. The voluntary opt out will be effective January 1, 2022.

Contributions: The County implemented a policy to make an employer contribution in an amount equal to the Actuarially Determined Contribution (ADC) for the affected labor groups except ACLEM. In FY 2019-20, to ensure adequate funding of the Grant, the ADC included normal cost and amortization of liabilities for the Grant, Lump Sum and blended rates. In addition to contributing the ADC for the blended rates of retired employees enrolled in the AOCDS health plans, the County funded the blended rates benefit on a pay-as-you-go basis. Beginning in 2021, the employer contribution will only include the Grant and Lump Sum benefit. The blended rates benefit will be funded on a pay-as-you-go basis.

In order to more adequately fund benefits under the Retiree Medical Plan, on June 19, 2007, the Board adopted the County of Orange Retiree Medical Trust (Trust) effective July 2, 2007. The Trust is an IRC Section 115 trust for which the County Chief Financial Officer is the Trustee. In addition, OCERS has established an IRC Section 401(h) account to invest monies and acts as Trustee for the 401(h) account which is used to pay the Grant. The combined Trust and 401(h) represent the fiduciary net position of the Plan and are reported in the County's Comprehensive Annual Financial Report.

During the current fiscal year, the County set aside contributions of 0.2% of payroll for AFSCME, 0.3% for OCAA, 1.6% for AOCDS, 3.1% for law enforcement management, 2.9% for the Probation Department safety personnel and 3.4% of payroll for all other labor groups, which is the estimated employer contribution for those groups calculated by an actuary. Additionally, ACLEM employees covered under the "3%@50" safety retirement formula contributed 1.6% of base pay.

For the Plan year ended December 31, 2020, the total Plan contributions were \$45,989. The County's contribution was \$42,047 (91.43%), Superior Court was \$3,509 (7.63%), OCERS was \$293 (0.64%), CFCOC was \$37 (0.08%), Law Library was \$37 (0.08%), Cemetery District was \$51 (0.11%), and LAFCO was \$15 (0.03%). The County's contribution for the fiscal year ended June 30, 2021 was \$39,393.

Funds were initially deposited into the Trust in December 2007, with subsequent deposits made throughout each fiscal year. The administrative expenses for the Trust are paid from the Trust.

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The components of the collective net OPEB liability of the participating employers as of June 30, 2021 were as follows:

Collective OPEB Liability	\$ 748,708
Collective Plan's Fiduciary Net Position	(414,656)
Collective Net OPEB Liability	<u>\$ 334,052</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	55.38%

The Collective OPEB Liability of \$748,708 includes \$663,005 for the Grant and Lump Sum benefits and \$85,704 for the blended rates benefit. GASB requires the blended rates benefit be included in the Net OPEB liability, but the County's funding policy of only contributing towards the Grant and Lump Sum benefits means the County intends to use the Trust assets only to pay for Grant and Lump Sum benefits. If the funded percent were calculated reflecting the County's funding policy rather than GASB requirements, it would be larger than that shown above. Excluding the OPEB liability for the blended rates benefit, which are funded on a pay-as-you-go basis, from the Collective OPEB Liability, the Plan Fiduciary Net Position as a percentage of the total OPEB liability for the Grant and Lump Sum benefit is 62.54%.

At June 30, 2021, the County reported a liability of \$305,411 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The County's proportion of the collective net OPEB liability was based on the 2020 share of employer contributions to the OPEB plan relative to the projected contributions of all participating employers. At December 31, 2020, the County's proportion was 91.43%, which was a decrease of 0.88% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the County recognized OPEB expense of \$28,318. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	\$ --	\$ 16,376
Differences Between Expected and Actual Experience	--	7,352
Changes in Assumptions	--	12,122
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,103	2,999
Employer Contributions after Measurement Date	20,274	--
Total	<u>\$ 24,377</u>	<u>\$ 38,849</u>

Deferred outflow of resources of \$20,274 related to OPEB resulting from County's contributions subsequent to the measurement date will be included as a reduction of the collective net OPEB liability in the following fiscal year. Other deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

in the County's OPEB expense as follows:

Year ending June 30:		
2022	\$	(7,792)
2023		(4,681)
2024		(9,615)
2025		(5,619)
2026		(2,833)
Thereafter		(4,206)
Total	\$	<u>(34,746)</u>

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial valuations involve estimates of the values of reported amounts and assumptions about the probability of events far into the future and will be subject to continual revision as they reflect a long-term perspective.

Actuarial Methods and Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2019. The County contracts with an outside actuarial consultant to prepare a biennial actuarial valuation in conformance with GASB requirements and is based on established pattern of practice. The actuarial methods and significant actuarial assumptions used in the June 30, 2019 actuarial valuation are:

- The entry age normal actuarial cost method
- 7.00% long-term expected rate of return, net of investment expenses, on funds held in the Trusts
- 3.25% per annum payroll increase assumption
- 2.75% per annum general inflation rate assumption
- Assumed annual increases in the monthly grant of 3% for non-AFSCME employees and 5% for AFSCME employees. The healthcare trend was assumed to be greater than or equal to the annual increase to the Grant in almost all future years. Therefore, it is the Grant annual increase rather than the healthcare trend that has the largest impact on the projected benefits and the net OPEB liability.
- Grant participation rate was 50% to 95%, determined by employee group and Grant service at retirement, based on the April 2019 participation study

Medical trend used for pre-Medicare members was 7.25% for 2021, decreasing to 4.00% for 2026 and later; for Medicare eligible members, 6.3% was used for 2021, decreasing to 4.00% for 2026 and later. Mortality rates were based on the Headcount-Weighted RP-2014 Mortality Tables with separate tables for males and females. Mortality improvement was projected fully generational with Society of Actuaries mortality improvement Scale MP-2016.

Discount Rate: The discount rate used to measure the total OPEB liability was 7.00%, the long-term expected rate of return on plan assets, net of investment expenses. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current negotiated contribution rate and that the employer contributions will be made at rates equal to the actuarially determined contribution rates for the Grant and lump sum benefits (with blended rates benefit paid on a pay-as-you-go basis). Based on actuarial assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Discount Rate (Continued)

The target allocation and long-term expected real rate of return for each asset class are summarized in the following table:

Asset class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Coporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private)	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA-Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	2.50%	2.50%
Total	100.00%	
Assumed Long Term Rate of Inflation		2.50%
Expected Long Term Net Rate of Return		7.00%

Rate of Return: For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 11.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For further information on the investment policy of OCERS refer to Note 4, Deposits and Investments.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate: The following presents the Net OPEB liability of the collective plan and the County's proportionate share, calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Collective plan	\$ 421,208	\$ 334,052	\$ 260,868
County's proportionate share	\$ 385,102	\$ 305,411	\$ 238,506

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Net OPEB liability of the collective plan and the County's proportionate share, as well as what they would be calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25%/5.3% decreasing to 3.0%) or 1-percentage-point higher (8.25%/7.3% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (6.25%/5.30% decreasing to 3.00%)	Current Healthcare Cost Trend Rates (7.25%/6.30% decreasing to 4.00%)	1% Increase (8.25%/7.30% decreasing to 5.00%)
Collective plan	\$ 322,890	\$ 334,052	\$ 345,602
County's proportionate share	\$ 295,212	\$ 305,411	\$ 315,977

OPEB Plan Fiduciary Net Position: As previously described, the 401(h) assets are held with OCERS. The underlying investments are presented in the Combining Statement of Fiduciary Net Position. OCERS issues a Comprehensive Annual Financial Report for each year ending on December 31, which includes the 401(h) assets. The Comprehensive Annual Financial Report can be obtained online at www.ocers.org by request, or in writing, to the Orange County Employees Retirement System, P.O. Box 1229, Santa Ana, CA 92702, or by calling (714) 558-6200.

County of Orange Health Reimbursement Arrangement (HRA)

Plan Description: On October 23, 2007, the Board approved and adopted a MOU agreement with the AOCDS. The MOU restructured the Retiree Medical Plan and established a Defined Contribution Plan Health Reimbursement Arrangement to replace the Retiree Medical Plan for new employees, and to supplement the current employees' frozen service hour accruals for the Grant.

The HRA is intended to comply with the requirements of IRC Sections 105 and 106 and meets the requirements of a health reimbursement arrangement as defined under IRS Notice 2002-45. The contributions made to reimbursement accounts, any investment gains and qualified medical expenses reimbursed under this plan are intended to be eligible for exclusion from the gross income of eligible employees, participants, and retired participants (including the spouses and dependents of each) under IRC Section 105(b). The HRA may be amended by the Board or the plan administrator to comply with federal, state, or local laws, statutes, regulations, or guidance from regulatory agencies.

On June 24, 2008, the Board approved the County of Orange Health Reimbursement Arrangement (HRA) Plan Document. The HRA Plan is not required by the Retirement Law; it is intended to fund the reimbursement accounts of eligible employees on a pre-tax basis and reimburse the eligible unreimbursed and substantiated qualified medical expenses of retired participants.

On March 10, 2009, the Board approved the restructuring of the Retiree Medical Plan and establishment of a Defined Contribution Plan HRA for employees represented by ACLEM effective June 19, 2009. The HRA replaces the Retiree Medical Plan for new employees and supplements the current ACLEM employees' frozen service hour accruals for the Grant.

On May 12, 2015, the Board approved the restructuring of the Retiree Medical Plan and establishment of a Defined Contribution Plan HRA for employees represented by OCAA effective July 8, 2016. The HRA replaces the Retiree Medical Plan for all active attorney employees.

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Health Reimbursement Arrangement (HRA) (Continued)

Plan Description (Continued)

The Plan Document was amended and restated on June 1, 2016 to provide for the transition of the OCAA to the HRA Plan in July 2016. Prior employee contributions for employees represented by OCAA to the retiree Medical program and the interest earnings thereon through July 5, 2016 were transferred as a lump sum deposit for eligible employees to their HRA accounts.

On January 4, 2019, the Board approved the restructuring of the Retiree Medical Plan and establishment of a Defined Contribution Plan HRA for employees of Public Safety General Unit and Public Safety Supervisory Unit effective the first day of the first full pay period in July 2020. The HRA replaces the Retiree Medical Plan for all active employees of Public Safety units.

On July 14, 2020, the Board approved and enacted the VIP, which offered the incentives to eligible employees who volunteered to separate by resignation or retirement between July 15, 2020 through October 8, 2020. Employees who were eligible for a Service Retirement Allowance received the employer contribution to the HRA at retirement. A one-time County contribution, in the amount equal to the pre-tax amount approved by the Board, or contribution equal to the Board approved percentage of base annual salary (whichever is greater), was contributed to the County's HRA. In addition, employees eligible for a Grant in the Retiree Medical Insurance Program were offered an HRA contribution in lieu of a Grant. The value contributed to the HRA was \$655 (absolute dollars) multiplied by an employee's total years of County service.

Administration of the HRA by the third party administrator began in August 2009. The Plan Document was amended and restated on January 1, 2011 to reflect changes to the definition of dependent due to healthcare reform.

As of June 30, 2021, the plan had 3,590 active and 1,486 inactive participants.

Funding Policy: Employer and mandatory employee contributions were effective October 12, 2007 for employees represented by AOCDS, effective June 19, 2009 for employees represented by ACLEM, and effective July 8, 2016 for OCAA represented employees. All contributions made to the HRA are deemed to be employer contributions. Employee contributions for employees represented by each of the bargaining units are mandatory pursuant to their bargaining unit MOU and mandatory pursuant to Board action.

For employees represented by AOCDS, the County contributes 5.0% of base salary each pay period. For employees represented by ACLEM, the County contributes 4.0% of base salary each pay period. For employees represented by OCAA, the County contributes 1.0% of base salary each pay period and employees are also required to contribute 1.0% of base salary each pay period. For employees represented by AOCDS Public Safety, the County contributes 3.0% of base salary each pay period.

Contributions to the HRA Plan default to the age-appropriate target-date fund upon initial enrollment. Once enrolled, HRA participants may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the HRA. As of June 30, 2021, the value of the HRA assets was \$214,867.

Administrative Cost: Prior to April 1, 2019, annual administrative fees included a plan asset fee of 0.40% and an annual account fee of \$80 (absolute dollars). Beginning on April 1, 2019, the administrative fee was reduced to 0.195% with no annual account fee. Each quarter, 25% of the fees are assessed to participant accounts and are reflected on participants' quarterly statements. No employer-level fees are charged for the Plan.

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Condensed Financial Statements

In lieu of separately issued financial statements for the County administered postemployment health care benefit trust funds, condensed financial statements are presented below as of and for the year ended June 30, 2021:

<u>Statement of Fiduciary Net Position</u>		Orange County Employees Retirement System- 401(h)*	Retiree Medical Plan 115 Trust *	Health Reimbursement Arrangement Plan
	Total			
<u>Assets</u>				
Pooled Cash/Investments	\$ 429,074	\$ 426,206	\$ 2,816	\$ 52
Restricted Cash and Investments				
Restricted Investments with Trustee	214,304	--	--	214,304
Investment Receivable	2,462	2,462	--	--
Interest/Dividend Receivable	27	--	27	--
Due from Other Governmental Agencies	511	--	--	511
Total Assets	<u>646,378</u>	<u>428,668</u>	<u>2,843</u>	<u>214,867</u>
<u>Liabilities</u>				
Accounts Payable	2,538	2,538	--	--
Salaries and Employee Benefits Payable	9,169	5,123	4,046	--
Investment Obligations	5,148	5,148	--	--
Total Liabilities	<u>16,855</u>	<u>12,809</u>	<u>4,046</u>	<u>--</u>
<u>Net Position</u>				
Restricted for OPEB Benefits	629,523	415,859	(1,203)	214,867
Total Net Position	<u>\$ 629,523</u>	<u>\$ 415,859</u>	<u>\$ (1,203)</u>	<u>\$ 214,867</u>

<u>Statement of Changes in Fiduciary Net Position</u>		Orange County Employees Retirement System- 401(h)*	Retiree Medical Plan 115 Trust *	Health Reimbursement Arrangement Plan
	Total			
Additions:				
Employer Contributions	\$ 70,228	\$ 41,351	\$ 4,638	\$ 24,239
Employee Contributions	930	208	--	722
Interest and Investment Income	90,836	43,050	127	47,659
Less: Investment Expense	(2,673)	(2,325)	(5)	(343)
Total Additions	<u>159,321</u>	<u>82,284</u>	<u>4,760</u>	<u>72,277</u>
Deductions:				
Benefits Paid to Participants	48,665	36,784	6,127	5,754
Administrative Expense	22	22	--	--
Total Deductions	<u>48,687</u>	<u>36,806</u>	<u>6,127</u>	<u>5,754</u>
Change in Net Position	110,634	45,478	(1,367)	66,523
Net Position-Beginning of Year	518,889	--	370,545	148,344
Adjustment Due to Change in Accounting Principle	--	370,381	(370,381)	--
Net Position-Beginning of Year, as Restated	518,889	370,381	164	148,344
Net Position-End of Year	<u>\$ 629,523</u>	<u>\$ 415,859</u>	<u>\$ (1,203)</u>	<u>\$ 214,867</u>

*The Plan assets are a combination of the assets held by OCERS-401(h) and the County's Retiree Medical Plan 115 Trust. These are presented as of 12/31/20 in accordance with the plan year.

21. CONTINGENCIES

Estimated Liability for Litigation and Claims

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued and at this time an estimate cannot be made. For information regarding claim payments and unpaid claims balance for self-insurance claims, refer to Note 17, Self-Insurance.

Deferral of Rent

In April and July 2020, the Airport took measures to respond to the COVID-19 crisis and offered a deferment of rents or MAG to tenants, including airlines, rental cars, and concessions from March 1, 2020 through September 30, 2020, expecting payments in full by June 30, 2021. As of June 30, 2021, the Airport reported a receivable balance of \$3,745 for rent deferrals.

Federal Assistance

On May 21, 2021, the County received \$308,420, which is the first tranche of the County's \$616,842 allocation from the Coronavirus State and Local Fiscal Recovery Fund under ARPA. These funds are required to be used for allowable costs within the period between March 3, 2021 and December 31, 2024. As of June 30, 2021, the County has spent \$11,029 with the remaining \$297,391 reported as part of the unearned revenues. On May 21, 2020, the Airport received an allocation of \$44,910 of CARES Act grant funds to be claimed for allowable costs incurred from January 20, 2020 through May 24, 2024. As of June 30, 2021, the Airport claimed and received reimbursements in the amounts of \$4,782 and \$10,077 for the years ended June 30, 2020 and 2021, respectively. The grant balance as of June 30, 2021 is \$30,051.

22. SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2021:

Teeter Plan Notes: On July 14, 2021, the County issued \$79,978 in taxable Teeter Plan Obligation Notes, Series B to refund outstanding Teeter Plan Obligation Notes and to finance the purchase of delinquent property tax receivables associated with the Teeter Plan. The Teeter Notes were issued pursuant to a Second Amended and Restated Note Purchase and Reimbursement Agreement, dated between the County and Wells Fargo Bank, National Association. Teeter Notes may be issued from time to time by the County provided that the total principal amount of Teeter Notes outstanding at any one time shall not exceed \$150,000. The Teeter Notes mature on July 18, 2022 and bear interest at the rate of 0.43% per annum. As of July 14, 2021, the authorized unused available commitment was \$70,022. For additional information regarding the Teeter Notes, refer to Note 12, Long-Term Obligations.

American Rescue Plan Act (ARPA): On July 27, 2021, the Board approved an allocation of \$20,000 for the site development of an Orange County Veterans Cemetery in Anaheim Hills. On September 28, 2021, the Board approved the use of the remaining \$188,464 in ARPA funding received from the distribution of the first tranche previously identified as revenue replacement for the following uses:

- Establish a new Orange County Emergency Medical Services Operations Facility (\$75,000) which will co-locate the Public Health Laboratory, Emergency Medical Services, Health Disaster Management, and their supporting administrative staff, as well as increase capacity for storage of emergency medical supplies and equipment.
- Establish the second of three planned Be Well Campus facilities, referred to as Be Well South (\$40,000), at identified property in Irvine at the former El Toro Marine Base. Similar to the Be Well North site in Orange, the Be Well South will include co-located behavioral health services and be easily accessible to the community.

22. SUBSEQUENT EVENTS (Continued)

American Rescue Plan Act (ARPA) (Continued)

- Fund identified and strategic budgetary needs for the County as identified through the mid-year budget reports, annual budget process, or other Board-directed uses (\$73,464).

COVID-19 Extension of Full FEMA Funding: On August 17, 2021, FEMA approved a three-month extension for full federal funding for FEMA eligible costs incurred to December 31, 2021. Subsequently, on November 9, 2021, FEMA further extended the reimbursement date for eligible costs to April 1, 2022. The County continues to claim for eligible costs primarily related to vaccination efforts and is analyzing the potential impact of continued claiming up to April 1, 2022.

2021 Redistricting: Every 10 years, the Board of Supervisors is responsible for redrawing its district boundaries due to population shifts reflected in the most recent census. This cycle's process was condensed due to delays in the release of the 2020 census data due to the COVID-19 pandemic. The County conducted numerous public workshops and public hearings to gather public feedback on communities of interest and proposed maps. On December 7, 2021, the Board approved the redistricting ordinance with the new district boundaries which are effective January 6, 2021.



Probation Department Distributing Meals



Required Supplementary Information
(Dollar Amounts in Thousands)

Orange County Employees Retirement System (OCERS)

Schedule of County's Proportionate Share of the Net Pension Liability ⁽¹⁾

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	84.21%	81.27%	79.39%	80.46%	77.91%	76.83%	76.68%
County's proportionate share of the net pension liability	\$ 3,547,851	\$ 4,124,932	\$ 4,919,675	\$ 3,984,401	\$ 4,044,638	\$ 4,391,967	\$ 3,897,223
Covered payroll ⁽²⁾	1,404,516	1,313,952	1,272,895	1,247,616	1,200,243	1,118,395	1,198,458
County's proportionate share of the net pension liability as a percentage of its covered payroll ⁽²⁾	<u>252.60%</u>	<u>313.93%</u>	<u>386.49%</u>	<u>319.36%</u>	<u>336.98%</u>	<u>392.70%</u>	<u>325.19%</u>
Plan fiduciary net position as a percentage of the total pension liability ⁽⁴⁾	81.69%	76.67%	70.03%	74.93%	71.16%	67.10%	69.42%

Schedule of County Contributions ⁽³⁾

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 481,791	\$ 440,042	\$ 419,159	\$ 401,323	\$ 386,138	\$ 358,103	\$ 340,626
Contributions in relation to the actuarially determined contribution	513,799	475,676	440,634	433,098	405,494	411,426	397,044
Contribution deficiency (excess)	<u>\$ (32,009)</u>	<u>\$ (35,634)</u>	<u>\$ (21,475)</u>	<u>\$ (31,775)</u>	<u>\$ (19,356)</u>	<u>\$ (53,323)</u>	<u>\$ (56,418)</u>
Covered payroll ^{(2) (5)}	\$ 1,323,013	\$ 1,359,234	\$ 1,293,424	\$ 1,260,255	\$ 1,223,930	\$ 1,159,319	\$ 1,158,427
Contributions as a percentage of covered payroll	38.84%	35.00%	34.07%	34.37%	33.13%	35.49%	34.27%

(1) Information is from OCERS' actuary report for OCERS' fiscal year ended December 31.

(2) The numbers for 2014-2015 were for covered-employee payroll, prior to GASB Statement No. 82 implementation.

(3) For the 12-month period ending on June 30, fiscal year end.

(4) In FY 2019-20, the presentation of the percentages was changed from the Employer percentage to the Plan percentage.

(5) Current year is estimated based on an average of the preceding years. The actual number will be updated in the subsequent year when data is available.

The schedules are presented to show information for 10 years. However, a full 10-year trend is currently not available; the County will be adding years in the future.

Orange County Extra-Help Defined Benefit Plan

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

	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%
County's proportionate share of the net pension liability (asset)	\$ (149)	\$ 440	\$ 1,382	\$ 1,962	\$ 1,995	\$ 2,845	\$ 3,163
Covered payroll ⁽¹⁾	\$ 3,169	\$ 3,613	\$ 3,906	\$ 4,298	\$ 4,725	\$ 1,747	\$ 1,829
County's proportionate share of the net pension liability as a percentage of its covered payroll ⁽¹⁾	(4.71%)	12.18%	35.38%	45.65%	42.22%	162.85%	172.94%
Plan fiduciary net position as a percentage of the total pension liability	103.06%	92.18%	81.06%	76.76%	76.24%	65.89%	61.35%

Schedule of Collective Plan Contributions

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 114	\$ 114	\$ 555	\$ 555	\$ 784	\$ 784	\$ 421	\$ 421
Contributions in relation to the actuarially determined contribution	114	114	565	545	784	784	421	421
Contribution deficiency (excess)	\$ -	\$ -	\$ (10)	\$ 10	\$ --	\$ --	\$ --	\$ --
Covered payroll ⁽¹⁾	\$ 3,169	\$ 3,613	\$ 3,906	\$ 4,298	\$ 4,725	\$ 1,747	\$ 1,829	\$ 1,876
Contributions as a percentage of covered payroll	3.60%	3.16%	14.46%	12.68%	16.59%	44.88%	23.02%	22.44%

Schedule of County Contributions

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 112	\$ 112	\$ 544	\$ 545	\$ 769	\$ 769	\$ 413	\$ 421
Contributions in relation to the actuarially determined contribution	112	112	554	535	769	769	413	421
Contribution deficiency (excess)	\$ -	\$ -	\$ (10)	\$ 10	\$ --	\$ --	\$ --	\$ --
Covered payroll ⁽¹⁾	\$ 3,169	\$ 3,613	\$ 3,906	\$ 4,298	\$ 4,725	\$ 1,747	\$ 1,829	\$ 1,876
Contributions as a percentage of covered payroll	3.53%	3.10%	14.19%	12.45%	16.28%	44.02%	22.58%	22.44%

(1) The numbers for 2014 and 2015 were for covered-employee payroll, prior to GASB Statement No. 82 implementation.

The schedules are presented to show information for 10 years. However, a full 10-year trend is currently not available; the County will be adding years in the future.

Orange County Extra-Help Defined Benefit Plan (Continued)

**Schedule of Changes in the Collective Plan Net Pension Liability
and Related Ratios**

	2021	2020	2019	2018
Total Pension Liability				
Service cost	\$ --	\$ --	\$ --	\$ --
Interest	274	362	411	448
Changes of benefit terms	--	--	--	--
Difference between expected and actual experience	--	(879)	--	(127)
Changes of assumptions	--	(90)	--	480
Benefit payments, including refunds of member contributions	(1,040)	(1,101)	(1,572)	(762)
Net change in total pension liability	(766)	(1,708)	(1,161)	39
Total Pension Liability-beginning	5,732	7,440	8,601	8,562
Total Pension Liability-ending (a)	\$ 4,966	\$ 5,732	\$ 7,440	\$ 8,601
Plan Fiduciary Net Position				
Contributions-employer	\$ 114	\$ 114	\$ 565	\$ 545
Contributions-member	--	--	--	--
Net investment income	760	239	436	295
Investment Expense	--	--	(7)	(7)
Benefit payments, including refunds of member contributions	(1,040)	(1,101)	(1,572)	(762)
Administrative expense ⁽¹⁾	--	--	--	--
Other	--	1	7	3
Net change in Plan Fiduciary Net Position	(166)	(747)	(571)	74
Plan Fiduciary Net Position-beginning	5,284	6,031	6,602	6,528
Plan Fiduciary Net Position-ending (b)	\$ 5,118	\$ 5,284	\$ 6,031	\$ 6,602
Plan Net Pension Liability-ending (a)-(b)	\$ (152)	\$ 448	\$ 1,409	\$ 1,999
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	103.06%	92.18%	81.06%	76.76%
Covered payroll ⁽²⁾	\$ 3,169	\$ 3,613	\$ 3,906	\$ 4,298
Plan Net Pension Liability as a percentage of covered payroll ⁽²⁾	(4.80%)	12.40%	36.07%	46.51%

(1) Administrative expense does not round up to \$1 in thousands.

(2) The numbers for 2014 and 2015 were for covered-employee payroll, prior to GASB Statement No. 82 implementation.

The schedule is presented to show information for 10 years. However, a full 10-year trend is currently not available; the County will be adding years in the future.

2017	2016	2015	2014	
--	\$ --	\$ --	\$ --	Total Pension Liability
436	435	271	282	Service cost
--	--	--	--	Interest
--	73	--	--	Changes of benefit terms
--	73	--	--	Difference between expected and actual experience
(372)	(424)	(522)	(695)	Changes of assumptions
64	157	(251)	(413)	Benefit payments, including refunds of member contributions
8,498	8,341	8,592	9,005	Net change in total pension liability
8,562	\$ 8,498	\$ 8,341	\$ 8,592	Total Pension Liability-beginning
				Total Pension Liability-ending (a)
				Plan Fiduciary Net Position
784	\$ 784	\$ 421	\$ 421	Contributions-employer
--	--	--	--	Contributions-member
527	123	17	15	Net investment income
(5)	(4)	--	--	Investment Expense
(372)	(428)	(522)	(695)	Benefit payments, including refunds of member contributions
--	--	--	--	Administrative expense ⁽¹⁾
(5)	7	--	--	Other
929	482	(84)	(259)	Net change in Plan Fiduciary Net Position
5,599	5,117	5,201	5,460	Plan Fiduciary Net Position-beginning
6,528	\$ 5,599	\$ 5,117	\$ 5,201	Plan Fiduciary Net Position-ending (b)
2,034	\$ 2,899	\$ 3,224	\$ 3,391	Plan Net Pension Liability-ending (a)-(b)
				Plan Fiduciary Net Position as a percentage of the Total Pension Liability
76.24%	65.89%	61.35%	60.53%	
4,725	\$ 1,747	\$ 1,829	\$ 1,876	Covered payroll ⁽²⁾
				Plan Net Pension Liability as a percentage of covered ⁽²⁾ payroll
43.05%	165.94%	176.27%	180.76%	

Orange County Extra-Help Defined Benefit Plan (Continued)

Schedule of Investment Returns

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actual money-weighted rate of return, net of investment expense	16.38%	4.56%	6.90%	4.53%	8.51%	2.22%	0.35%	0.26%

Notes to Schedule

**Methods and assumptions used to determine actuarially
determined contribution:**

Valuation date	July 1, 2019
Actuarial cost method	Projected Unit Credit (all plan benefits frozen)
Amortization method	Level dollar
Amortization period	5 years rolling (open)
Asset valuation method	Market Value of assets
Discount rate	5.25%
General Inflation	2.75%
Mortality	RPH-2014, projected generationally with mortality improvement Scale MP-2016
All Other	Same as used in determining total pension liability

The schedule is presented to show information for 10 years. However, a full 10-year trend is currently not available; the County will be adding years in the future.

Orange County Retiree Medical Plan

**Schedule of Changes in the Collective Plan Net OPEB Liability
and Related Ratios**

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 14,912	\$ 16,501	\$ 15,982	\$ 15,479
Interest	50,385	50,298	48,442	46,589
Changes of benefit terms	-	5,508	--	--
Difference between expected and actual experience	-	(10,635)	--	--
Changes of assumptions	-	(17,535)	--	--
Benefit payments, including refunds of member contributions	(42,911)	(39,719)	(37,118)	(35,111)
Net change in Total OPEB Liability	22,386	4,418	27,306	26,957
Total OPEB Liability-beginning	726,322	721,904	694,598	667,641
Total OPEB Liability-ending (a)	\$ 748,708	\$ 726,322	\$ 721,904	\$ 694,598
Plan Fiduciary Net Position				
Contributions-employer	\$ 45,989	\$ 58,807	\$ 54,229	\$ 60,721
Contributions-employee	208	505	2,103	2,193
Net investment income	40,847	43,720	(5,746)	34,217
Benefit payments, including refunds of member contributions	(42,911)	(39,719)	(37,118)	(35,111)
Administrative expense	(22)	(20)	(21)	(22)
Net change in Plan Fiduciary Net Position	44,111	63,293	13,447	61,998
Plan Fiduciary Net Position-beginning	370,545	307,252	293,805	231,807
Plan Fiduciary Net Position-ending (b)	\$ 414,656	\$ 370,545	\$ 307,252	\$ 293,805
Plan Net OPEB Liability-ending (a)-(b)	\$ 334,052	\$ 355,777	\$ 414,652	\$ 400,793
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	55.38%	51.02%	42.56%	42.30%
Covered payroll ⁽¹⁾	\$ 1,426,003	\$ 1,368,521	\$ 1,346,440	\$ 1,313,217
Plan Net OPEB Liability as a percentage of covered payroll	23.43%	26.00%	30.80%	30.52%

Schedule of Investment Returns

	2020	2019	2018	2017
Actual money-weighted rate of return, net of investment expense	11.22%	14.81%	(1.31%)	14.74%

(1) For the 12 month period ending on December 31 (measurement date and plan year).

The schedule is presented to show information for 10 years. However, a full 10-year trend is currently not available; the County will be adding years in the future.

Orange County Retiree Medical Plan (Continued)

**Schedule of County's Proportionate Share of the
Net OPEB Liability**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability	91.43%	92.31%	91.78%	90.84%
County's proportionate share of the net OPEB liability	\$ 305,411	\$ 328,412	\$ 380,581	\$ 364,071
Covered payroll ⁽¹⁾	\$ 1,306,964	\$ 1,254,780	\$ 1,234,558	\$ 1,203,106
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>23.37%</u>	<u>26.17%</u>	<u>30.83%</u>	<u>30.26%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	55.38%	51.02%	42.56%	42.30%

Schedule of Collective Plan Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 48,525	\$ 50,037	\$ 52,554	\$ 47,006
Contributions in relation to the actuarially determined contribution	45,989	58,807	54,229	60,721
Contribution deficiency (excess)	<u>\$ 2,536</u>	<u>\$ (8,770)</u>	<u>\$ (1,675)</u>	<u>\$ (13,715)</u>
Covered payroll ⁽¹⁾	\$ 1,426,003	\$ 1,368,521	\$ 1,346,440	\$ 1,313,217
Contributions as a percentage of covered payroll	3.23%	4.30%	4.03%	4.62%

Schedule of County Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 44,577	\$ 45,698	\$ 48,101	\$ 42,716
Contributions in relation to the actuarially determined contribution	39,393	50,466	52,349	46,005
Contribution deficiency (excess)	<u>\$ 5,184</u>	<u>\$ (4,768)</u>	<u>\$ (4,248)</u>	<u>\$ (3,289)</u>
Covered payroll ⁽²⁾	\$ 1,310,629	\$ 1,293,186	\$ 1,254,706	\$ 1,220,638
Contributions as a percentage of covered payroll	3.01%	3.90%	4.17%	3.77%

(1) For the 12 month period ending on December 31 (measurement date and plan year).

(2) For the 12 month period ending on June 30, fiscal year end.

The schedule is presented to show information for 10 years. However, a full 10-year trend is currently not available; the County will be adding years in the future.

Orange County Retiree Medical Plan (Continued)

Notes to Schedule

**Methods and assumptions used to determine
actuarially determined contributions:**

Valuation date	June 30, 2019
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Level percent of pay
Amortization period	15-year average fixed period for 2020/21
Asset valuation method	Investment gains/losses spread over 5-year
Discount rate	7.00%
General inflation	2.75%
Grant increases	AFSCME: lesser of 5% and medical trend Non-AFSCME: lesser of 3% and medical trend
Medical Trend	Non-medicare-7.25% for 2021,decreasing to an ultimate rate of 4% in 2076 Medicare-6.3% for 2021, decreasing to an ultimate rate of 4% in 2076
Mortality	OCERS 2014-2016 Experience Study projected
Mortality improvement	Mortality projected fully generational with Society of Actuaries Scale MP-2016





Juvenile Court



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These Funds are used to account for the proceeds of specific revenue sources (other than the Permanent Fund or for major capital projects) that have either legal or operational requirements to restrict expenditures for specified purposes.

Parking Facilities

This Fund is used to account for revenues and expenditures related to parking facilities. This includes costs to lease parking spaces for County staff, costs and revenue from the Manchester lot, interest revenue, and the County's operating and maintenance costs.

Service Areas, Lighting, Maintenance and Assessment Districts

This group of Funds is used to account for the construction of public facilities from the proceeds of various Mello-Roos districts (also known as Community Facilities Districts) bond issues, special assessment district bond issues, and interfund transfers from County Service Area operating funds. Upon completion of construction, the public facilities are transferred to the Special Assessment and Community Facilities Districts. It is also used to account for local park and recreation facilities, highway lighting, and street sweeping services within unincorporated areas of the County. Revenues consist primarily of property taxes and State grants.

Other Environmental Management

This group of Funds is used to account for Local Redevelopment Authority activities, fees from violations of fish and game laws, usage of various State tidelands held in trust by the County, registration of off-highway vehicles, and motor vehicle fees levied by the South Coast Air Quality Management District.

Tobacco Settlement

This Fund accounts for Tobacco Settlement monies allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 States (including California), the District of Columbia and four U.S. Territories. On November 7, 2000, Orange County voters passed Measure H. This measure requires the County to utilize its share of the national tobacco litigation settlement revenues in the following percentages:

- 80% for specified health care services
- 20% for public safety

Community and Welfare Services

This group of Funds is used to account for the Orange County Workforce Innovation and Opportunity Act, Welfare-to-Work, Shelter Care Facilities, In Home Supportive Services, Housing and Community Development, Substance Abuse Treatment, and Other Community and Welfare Social Programs. Revenues consist primarily of Federal grants passed through the State, as well as State grants.

OC Parks

This Fund accounts for the development and maintenance of County tidelands and related aquatic recreational facilities, as well as the acquisition, operation and maintenance of County beaches, inland, regional park facilities and community park sites in the unincorporated areas. Revenues consist primarily of property taxes, State aid, lease and concession revenues, and park and recreation fees.

OC Dana Point Harbor

This Fund accounts for monies received primarily through rent and concession revenues which are dedicated to providing public coastal access, environmental stewardship, and a diverse regional recreational facility so users and visitors may experience the Dana Point Harbor resource in a safe and enjoyable way. The Board approved a lease agreement with Dana Point Harbor Partners to renovate and operate the Dana Point Harbor. For additional information regarding Dana Point Harbor, refer to Note 6, Service Concession Arrangements.

Housing Asset

The Orange County Development Agency (OCDA) was dissolved effective February 1, 2012 in accordance with Health and Safety Code 34172. The Orange County Housing Authority assumed the housing functions previously performed by OCDA. The Housing Asset Fund was established and the housing assets from the OCDA Low and Moderate Income Housing Fund were transferred into the Fund.

OC Public Libraries

This Fund accounts for library services for the unincorporated areas as well as some of the incorporated areas within the County. Property taxes provide most of the Fund's revenue. Licenses, permits, Federal and State aid, and charges for services make up the remaining revenue.

Health Care Programs

This group of Funds is used to account for Board-approved Realignment Reserves for Health Care, Medi-Cal Mental Health Managed Care programs, Medi-Cal Administrative Activities and Targeted Case Management, Bioterrorism Preparedness grant funds, Emergency Medical Services allocations, and other purpose-restricted revenues related to health care programs. Revenues consist primarily of State grants and allocations, and Federal grants passed through the State.

Roads

This Fund accounts for proceeds restricted for the maintenance and construction of roadways, and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of State highway users' taxes, and SB1 related transportation taxes and fees, Federal funds, and charges for engineering services provided.

Orange County Housing Authority

This Fund is used to account for revenues received from the Federal Government for Section 8 Rental Assistance Program expenditures. This program assists low-income families to obtain decent, safe, and sanitary housing through a system of rental subsidies.

Other Governmental Resources

This group of Funds is used to account for fees charged for property characteristics information that are purpose-restricted for technological and capital acquisitions and/or improvements.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUNDS

These Funds are used to account for the accumulation and disbursement of taxes and other revenues for the periodic payment of principal and interest on general long-term debt that includes general obligation, revenue, and demand bond issues.

Teeter Plan Notes

This Fund accounts for the financing of the County's purchase of delinquent taxes receivable pursuant to the Teeter Plan. The Teeter Plan is an alternate secured property tax distribution plan, whereby, the County distributes 100% of the local secured levy to the taxing agencies participating in the Teeter Plan and in exchange receives the right to keep the delinquent taxes, penalties and interest.

Pension Obligation Bonds

This Fund is used to account for the debt service expenditures for the Orange County Taxable Pension Obligation Bonds. The Taxable Refunding Pension Obligation Bonds, Series 1997A are economically defeased and the outstanding debt service is paid through debt securities issued by Fannie Mae, along with Debt Service Funds already being held by the Trustee.

Capital Facilities Development Corporation

This non-budgeted Fund was established to account for the Civic Center Facilities Master Plan project and will facilitate financings, acquisitions of property, and other property related transactions for the benefit of Orange County, California.

South Orange County Public Financing Authority

This non-budgeted Fund was established to account for the debt service expenditures for the South Orange County Public Financing Authority (SOCPFA). On June 2, 2016, SOCPFA issued the Central Utility Facility Lease Revenue Bonds, Series 2016 to finance the acquisition, construction and installation of certain capital improvements.

CAPITAL PROJECTS FUNDS

These Funds are used to account for the acquisition and construction of major capital facilities (other than those financed by the Proprietary Funds).

Criminal Justice Facilities

This group of Funds is used to account for monies received from surcharges and penalty assessments on offenses used for capital improvements to court and other criminal justice facilities.

Countywide Capital Projects Non-General Fund

This Fund was established to budget and account for the multi-year approved capital projects funded primarily with Net County Cost or general purpose revenue.

Capital Facilities Development Corporation Construction

This non-budgeted Fund was established for the Civic Center Facilities Master Plan project and to account for the related construction.

PERMANENT FUND

A Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Regional Park Endowment

This Fund is used to account for costs associated with the repair and maintenance of a mitigation area in Limestone Regional Park.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

		Special Revenue		
	Total Nonmajor Governmental Funds	Parking Facilities	Service Areas, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
<u>ASSETS</u>				
Pooled Cash/Investments	\$ 960,713	\$ 4,212	\$ 5,878	\$ 12,727
Imprest Cash Funds	45	--	--	--
Restricted Cash and Investments with Trustee	138,286	--	9,403	--
Deposits In-Lieu of Cash	2,362	--	--	1,992
Receivables				
Accounts	3,384	124	--	1
Taxes	29,655	--	14	--
Interest/Dividends	972	8	7	15
Deposits	51	--	--	--
Allowance for Uncollectible Receivables	(322)	(3)	--	--
Due from Other Funds	200,829	480	--	21
Due from Other Governmental Agencies	48,711	548	--	46
Prepaid Costs	20,640	79	--	--
Notes Receivable, Net	61,127	--	--	--
Total Assets	<u>\$ 1,466,453</u>	<u>\$ 5,448</u>	<u>\$ 15,302</u>	<u>\$ 14,802</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 40,591	\$ 313	\$ --	\$ --
Retainage Payable	2,159	6	--	109
Salaries and Employee Benefits Payable	3,267	14	--	--
Interest Payable	55	--	--	--
Deposits from Others	54,875	--	467	7
Due to Other Funds	42,775	267	179	2,611
Due to Other Governmental Agencies	56,247	643	75	--
Unearned Revenue	51,434	--	--	1,997
Advances from Other Funds	55,000	--	--	--
Total Liabilities	<u>306,403</u>	<u>1,243</u>	<u>721</u>	<u>4,724</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue-Intergovernmental Revenues	9,934	--	--	--
Unavailable Revenue-Property Taxes	801	--	--	--
Total Deferred Inflows of Resources	<u>10,735</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>FUND BALANCES</u>				
Nonspendable	20,840	79	--	--
Restricted	751,247	2,863	14,581	2,108
Assigned	377,228	1,263	--	7,970
Total Fund Balances	<u>1,149,315</u>	<u>4,205</u>	<u>14,581</u>	<u>10,078</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,466,453</u>	<u>\$ 5,448</u>	<u>\$ 15,302</u>	<u>\$ 14,802</u>

Special Revenue				
Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor	
				ASSETS
\$ 25,458	\$ 121,411	\$ 130,034	\$ 67,172	Pooled Cash/Investments
--	45	--	--	Imprest Cash Funds
--	--	--	--	Restricted Cash and Investments with Trustee
--	--	352	18	Deposits In-Lieu of Cash
--	1,181	1,336	174	Receivables
--	--	964	--	Accounts
--	131	153	78	Taxes
--	--	7	--	Interest/Dividends
--	--	--	--	Deposits
--	4,439	2,136	--	Allowance for Uncollectible Receivables
--	3,589	459	--	Due from Other Funds
--	380	7,258	--	Due from Other Governmental Agencies
--	34,342	--	--	Prepaid Costs
\$ 25,458	\$ 165,518	\$ 142,699	\$ 67,442	Notes Receivable, Net
				Total Assets
				LIABILITIES
\$ --	\$ 3,309	\$ 6,355	\$ --	Accounts Payable
--	--	373	1	Retainage Payable
--	46	1,201	--	Salaries and Employee Benefits Payable
--	--	--	--	Interest Payable
--	4	3,069	381	Deposits from Others
2,916	8,460	2,779	1,134	Due to Other Funds
--	29,354	133	--	Due to Other Governmental Agencies
--	4,070	629	--	Unearned Revenue
--	--	--	--	Advances from Other Funds
2,916	45,243	14,539	1,516	Total Liabilities
				DEFERRED INFLOWS OF RESOURCES
--	899	6	--	Unavailable Revenue-Intergovernmental Revenues
--	--	505	--	Unavailable Revenue-Property Taxes
--	899	511	--	Total Deferred Inflows of Resources
				FUND BALANCES
--	380	7,258	--	Nonspendable
22,542	84,653	107,718	65,926	Restricted
--	34,343	12,673	--	Assigned
22,542	119,376	127,649	65,926	Total Fund Balances
\$ 25,458	\$ 165,518	\$ 142,699	\$ 67,442	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue			
	Housing Asset	OC Public Libraries	Health Care Programs	Roads
<u>ASSETS</u>				
Pooled Cash/Investments	\$ 4,710	\$ 83,194	\$ 99,700	\$ 220,946
Imprest Cash Funds	--	--	--	--
Restricted Cash and Investments with Trustee	--	--	--	--
Deposits In-Lieu of Cash	--	--	--	--
Receivables				
Accounts	--	85	--	140
Taxes	--	601	--	--
Interest/Dividends	8	99	59	256
Deposits	--	--	--	44
Allowance for Uncollectible Receivables	--	--	--	(98)
Due from Other Funds	--	176	--	1,244
Due from Other Governmental Agencies	--	--	4,753	12,241
Prepaid Costs	--	6,568	--	4,212
Notes Receivable, Net	25,510	--	--	--
Total Assets	<u>\$ 30,228</u>	<u>\$ 90,723</u>	<u>\$ 104,512</u>	<u>\$ 238,985</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 7	\$ 1,790	\$ --	\$ 5,899
Retainage Payable	--	207	--	317
Salaries and Employee Benefits Payable	--	1,005	--	678
Interest Payable	--	--	--	--
Deposits from Others	13	412	--	50,522
Due to Other Funds	95	949	12,350	2,951
Due to Other Governmental Agencies	--	--	25,981	60
Unearned Revenue	--	26	18,519	22,869
Advances from Other Funds	--	--	--	--
Total Liabilities	<u>115</u>	<u>4,389</u>	<u>56,850</u>	<u>83,296</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue-Intergovernmental Revenues	--	--	113	4,086
Unavailable Revenue-Property Taxes	--	296	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>296</u>	<u>113</u>	<u>4,086</u>
<u>FUND BALANCES</u>				
Nonspendable	--	6,568	--	4,212
Restricted	30,113	79,470	33,961	147,391
Assigned	--	--	13,588	--
Total Fund Balances	<u>30,113</u>	<u>86,038</u>	<u>47,549</u>	<u>151,603</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 30,228</u>	<u>\$ 90,723</u>	<u>\$ 104,512</u>	<u>\$ 238,985</u>

Special Revenue		Debt Service		
Orange County Housing Authority	Other Governmental Resources	Teeter Plan Notes	Pension Obligation Bonds	
				<u>ASSETS</u>
\$ 8,803	\$ 2,069	\$ 68,881	\$ 3	Pooled Cash/Investments
--	--	--	--	Imprest Cash Funds
12,851	--	55	3,326	Restricted Cash and Investments with Trustee
--	--	--	--	Deposits In-Lieu of Cash
343	--	--	--	Receivables
--	--	28,076	--	Accounts
10	2	91	--	Taxes
--	--	--	--	Interest/Dividends
(221)	--	--	--	Deposits
--	--	--	--	Allowance for Uncollectible Receivables
1,288	--	9,588	--	Due from Other Funds
2,143	--	--	--	Due from Other Governmental Agencies
1,275	--	--	--	Prepaid Costs
\$ 26,492	\$ 2,071	\$ 106,691	\$ 3,329	Notes Receivable, Net
				Total Assets
				<u>LIABILITIES</u>
\$ 617	\$ --	\$ 29	\$ --	Accounts Payable
--	--	--	--	Retainage Payable
323	--	--	--	Salaries and Employee Benefits Payable
--	--	55	--	Interest Payable
--	--	--	--	Deposits from Others
2,382	--	1	--	Due to Other Funds
1	--	--	--	Due to Other Governmental Agencies
3,324	--	--	--	Unearned Revenue
--	--	--	--	Advances from Other Funds
6,647	--	85	--	Total Liabilities
				<u>DEFERRED INFLOWS OF RESOURCES</u>
--	--	--	--	Unavailable Revenue-Intergovernmental Revenues
--	--	--	--	Unavailable Revenue-Property Taxes
--	--	--	--	Total Deferred Inflows of Resources
				<u>FUND BALANCES</u>
2,143	--	--	--	Nonspendable
17,702	2,071	28,076	3,329	Restricted
--	--	78,530	--	Assigned
19,845	2,071	106,606	3,329	Total Fund Balances
\$ 26,492	\$ 2,071	\$ 106,691	\$ 3,329	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Debt Service		Capital Projects
	Capital Facilities Development Corporation	South OC Public Financing Authority	Criminal Justice Facilities
<u>ASSETS</u>			
Pooled Cash/Investments	\$ --	\$ --	\$ 39,663
Imprest Cash Funds	--	--	--
Restricted Cash and Investments with Trustee	16,299	--	--
Deposits In-Lieu of Cash	--	--	--
Receivables			
Accounts	--	--	--
Taxes	--	--	--
Interest/Dividends	--	--	54
Deposits	--	--	--
Allowance for Uncollectible Receivables	--	--	--
Due from Other Funds	--	--	22,316
Due from Other Governmental Agencies	--	--	16,199
Prepaid Costs	--	--	--
Notes Receivable, Net	--	--	--
Total Assets	<u>\$ 16,299</u>	<u>\$ --</u>	<u>\$ 78,232</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ --	\$ --	\$ 13,594
Retainage Payable	--	--	1,031
Salaries and Employee Benefits Payable	--	--	--
Interest Payable	--	--	--
Deposits from Others	--	--	--
Due to Other Funds	--	--	7
Due to Other Governmental Agencies	--	--	--
Unearned Revenue	--	--	--
Advances from Other Funds	--	--	55,000
Total Liabilities	<u>--</u>	<u>--</u>	<u>69,632</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue-Intergovernmental Revenues	--	--	4,830
Unavailable Revenue-Property Taxes	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>4,830</u>
<u>FUND BALANCES</u>			
Nonspendable	--	--	--
Restricted	16,299	--	3,770
Assigned	--	--	--
Total Fund Balances	<u>16,299</u>	<u>--</u>	<u>3,770</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,299</u>	<u>\$ --</u>	<u>\$ 78,232</u>

Capital Projects		Permanent	
Countywide Capital Projects Non-General Fund	Capital Facilities Development Corporation Construction	Regional Park Endowment	
			<u>ASSETS</u>
\$ 65,485	\$ --	\$ 367	Pooled Cash/Investments
--	--	--	Imprest Cash Funds
--	96,352	--	Restricted Cash and Investments with Trustee
--	--	--	Deposits In-Lieu of Cash
--	--	--	Receivables
--	--	--	Accounts
--	--	--	Taxes
--	--	1	Interest/Dividends
--	--	--	Deposits
--	--	--	Allowance for Uncollectible Receivables
170,017	--	--	Due from Other Funds
--	--	--	Due from Other Governmental Agencies
--	--	--	Prepaid Costs
--	--	--	Notes Receivable, Net
<u>\$ 235,502</u>	<u>\$ 96,352</u>	<u>\$ 368</u>	Total Assets
			<u>LIABILITIES</u>
\$ 832	\$ 7,846	\$ --	Accounts Payable
115	--	--	Retainage Payable
--	--	--	Salaries and Employee Benefits Payable
--	--	--	Interest Payable
--	--	--	Deposits from Others
5,694	--	--	Due to Other Funds
--	--	--	Due to Other Governmental Agencies
--	--	--	Unearned Revenue
--	--	--	Advances from Other Funds
<u>6,641</u>	<u>7,846</u>	<u>--</u>	Total Liabilities
			<u>DEFERRED INFLOWS OF RESOURCES</u>
--	--	--	Unavailable Revenue-Intergovernmental Revenues
--	--	--	Unavailable Revenue-Property Taxes
<u>--</u>	<u>--</u>	<u>--</u>	Total Deferred Inflows of Resources
			<u>FUND BALANCES</u>
--	--	200	Nonspendable
--	88,506	168	Restricted
228,861	--	--	Assigned
<u>228,861</u>	<u>88,506</u>	<u>368</u>	Total Fund Balances
<u>\$ 235,502</u>	<u>\$ 96,352</u>	<u>\$ 368</u>	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

		Special Revenue		
	Total Nonmajor Governmental Funds	Parking Facilities	Service Area, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
Revenues				
Taxes	\$ 168,164	\$ --	\$ 741	\$ --
Licenses, Permits, and Franchises	1,039	--	--	--
Fines, Forfeitures, and Penalties	17,681	--	--	--
Use of Money and Property	32,156	8,841	23	881
Intergovernmental	473,044	603	21,286	3,610
Charges for Services	38,160	190	127	1,173
Other	39,439	8	539	1
Total Revenues	769,683	9,642	22,716	5,665
Expenditures				
Current				
General Government	29,997	--	28,199	1,647
Public Protection	51	--	--	40
Public Ways and Facilities	90,400	13,390	651	4,698
Health and Sanitation	706	--	--	--
Public Assistance	253,946	--	--	--
Education	53,372	--	--	--
Recreation and Cultural Services	125,363	--	--	--
Capital Outlay	234,385	957	226	2,222
Debt Service				
Principal Retirement	55,300	--	--	--
Interest	33,132	--	--	--
Total Expenditures	876,652	14,347	29,076	8,607
Excess (Deficit) of Revenues Over Expenditures	(106,969)	(4,705)	(6,360)	(2,942)
Other Financing Sources (Uses)				
Transfers In	273,654	--	100	355
Transfers Out	(94,765)	(73)	--	(940)
Debt Issued	50,725	--	--	--
Total Other Financing Sources (Uses)	229,614	(73)	100	(585)
Net Change in Fund Balances	122,645	(4,778)	(6,260)	(3,527)
Fund Balances-Beginning of Year	1,026,670	8,983	20,841	13,605
Fund Balances-End of Year	<u>\$ 1,149,315</u>	<u>\$ 4,205</u>	<u>\$ 14,581</u>	<u>\$ 10,078</u>

Special Revenue			
Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor
\$ --	\$ --	\$ 103,479	\$ --
--	877	154	--
--	--	93	1
168	731	12,752	2,467
--	48,421	2,021	--
--	2,898	14,304	57
33,419	3,338	1,107	6
<u>33,587</u>	<u>56,265</u>	<u>133,910</u>	<u>2,531</u>
11	--	--	--
--	11	--	--
--	--	--	--
--	--	--	--
--	40,754	--	--
--	--	--	--
--	--	118,512	6,851
--	--	10,673	--
--	--	--	--
--	--	--	--
<u>11</u>	<u>40,765</u>	<u>129,185</u>	<u>6,851</u>
33,576	15,500	4,725	(4,320)
11	16,474	--	--
(28,654)	(16,189)	(1,075)	(1)
--	--	--	--
<u>(28,643)</u>	<u>285</u>	<u>(1,075)</u>	<u>(1)</u>
4,933	15,785	3,650	(4,321)
17,609	103,591	123,999	70,247
<u>\$ 22,542</u>	<u>\$ 119,376</u>	<u>\$ 127,649</u>	<u>\$ 65,926</u>

Revenues

Taxes
Licenses, Permits, and Franchises
Fines, Forfeitures, and Penalties
Use of Money and Property
Intergovernmental
Charges for Services
Other
Total Revenues

Expenditures

Current

General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural Services

Capital Outlay

Debt Service

Principal Retirement
Interest

Total Expenditures
Excess (Deficit) of Revenues
Over Expenditures

Other Financing Sources (Uses)

Transfers In
Transfers Out
Debt Issued

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances-Beginning of Year

Fund Balances-End of Year

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS**

	Special Revenue			
	Housing Asset	OC Public Libraries	Health Care Programs	Roads
Revenues				
Taxes	\$ --	\$ 63,944	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--	8
Fines, Forfeitures, and Penalties	--	14	6,511	2
Use of Money and Property	259	214	344	415
Intergovernmental	--	444	13,237	106,673
Charges for Services	--	417	917	17,942
Other	--	274	--	722
Total Revenues	259	65,307	21,009	125,762
Expenditures				
Current				
General Government	--	--	--	--
Public Protection	--	--	--	--
Public Ways and Facilities	--	--	--	71,661
Health and Sanitation	--	--	706	--
Public Assistance	796	--	--	--
Education	--	53,372	--	--
Recreation and Cultural Services	--	--	--	--
Capital Outlay	--	6,916	--	15,527
Debt Service				
Principal Retirement	--	10	--	--
Interest	--	--	--	--
Total Expenditures	796	60,298	706	87,188
Excess (Deficit) of Revenues Over Expenditures	(537)	5,009	20,303	38,574
Other Financing Sources (Uses)				
Transfers In	--	180	3,178	--
Transfers Out	--	(241)	(23,995)	(1,681)
Debt Issued	--	--	--	--
Total Other Financing Sources (Uses)	--	(61)	(20,817)	(1,681)
Net Change in Fund Balances	(537)	4,948	(514)	36,893
Fund Balances-Beginning of Year	30,650	81,090	48,063	114,710
Fund Balances-End of Year	\$ 30,113	\$ 86,038	\$ 47,549	\$ 151,603

Special Revenue		Debt Service		
Orange County Housing Authority	Other Governmental Resources	Teeter Plan Notes	Pension Obligation Bonds	
\$ --	\$ --	\$ --	\$ --	Revenues
--	--	--	--	Taxes
--	--	10,269	--	Licenses, Permits, and Franchises
101	10	345	82	Fines, Forfeitures, and Penalties
216,944	--	--	--	Use of Money and Property
3	132	--	--	Intergovernmental
25	--	--	--	Charges for Services
217,073	142	10,614	82	Other
				Total Revenues
				Expenditures
				Current
--	1	137	2	General Government
--	--	--	--	Public Protection
--	--	--	--	Public Ways and Facilities
--	--	--	--	Health and Sanitation
212,396	--	--	--	Public Assistance
--	--	--	--	Education
--	--	--	--	Recreation and Cultural Services
--	--	--	--	Capital Outlay
--	--	47,980	2,451	Debt Service
--	--	1,189	13,049	Principal Retirement
212,396	1	49,306	15,502	Interest
				Total Expenditures
4,677	141	(38,692)	(15,420)	Excess (Deficit) of Revenues
				Over Expenditures
--	1	--	--	Other Financing Sources (Uses)
(45)	(9)	--	--	Transfers In
--	--	50,725	--	Transfers Out
(45)	(8)	50,725	--	Debt Issued
				Total Other Financing Sources (Uses)
4,632	133	12,033	(15,420)	Net Change in Fund Balances
15,213	1,938	94,573	18,749	Fund Balances-Beginning of Year
\$ 19,845	\$ 2,071	\$ 106,606	\$ 3,329	Fund Balances-End of Year

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS**

	Debt Service		Capital Projects
	Capital Facilities Development Corporation	South OC Public Financing Authority	Criminal Justice Facilities
Revenues			
Taxes	\$ --	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--
Fines, Forfeitures, and Penalties	--	--	791
Use of Money and Property	67	--	209
Intergovernmental	--	--	55,582
Charges for Services	--	--	--
Other	--	--	--
Total Revenues	<u>67</u>	<u>--</u>	<u>56,582</u>
Expenditures			
Current			
General Government	--	--	--
Public Protection	--	--	--
Public Ways and Facilities	--	--	--
Health and Sanitation	--	--	--
Public Assistance	--	--	--
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	--	--	99,239
Debt Service			
Principal Retirement	2,805	2,054	--
Interest	16,461	2,433	--
Total Expenditures	<u>19,266</u>	<u>4,487</u>	<u>99,239</u>
Excess (Deficit) of Revenues Over Expenditures	(19,199)	(4,487)	(42,657)
Other Financing Sources (Uses)			
Transfers In	10,735	4,338	39,838
Transfers Out	--	--	(247)
Debt Issued	--	--	--
Total Other Financing Sources (Uses)	<u>10,735</u>	<u>4,338</u>	<u>39,591</u>
Net Change in Fund Balances	(8,464)	(149)	(3,066)
Fund Balances-Beginning of Year	24,763	149	6,836
Fund Balances-End of Year	<u>\$ 16,299</u>	<u>\$ --</u>	<u>\$ 3,770</u>

Capital Projects		Permanent	
Countywide Capital Projects Non-General Fund	Capital Facilities Development Corporation Construction	Regional Park Endowment	
\$ --	\$ --	\$ --	Revenues
--	--	--	Taxes
--	--	--	Licenses, Permits, and Franchises
464	3,782	1	Fines, Forfeitures, and Penalties
4,223	--	--	Use of Money and Property
--	--	--	Intergovernmental
--	--	--	Charges for Services
--	--	--	Other
4,687	3,782	1	Total Revenues
			Expenditures
			Current
--	--	--	General Government
--	--	--	Public Protection
--	--	--	Public Ways and Facilities
--	--	--	Health and Sanitation
--	--	--	Public Assistance
--	--	--	Education
--	--	--	Recreation and Cultural Services
32,530	66,095	--	Capital Outlay
			Debt Service
--	--	--	Principal Retirement
--	--	--	Interest
32,530	66,095	--	Total Expenditures
(27,843)	(62,313)	1	Excess (Deficit) of Revenues Over Expenditures
			Other Financing Sources (Uses)
198,444	--	--	Transfers In
(17,175)	(4,440)	--	Transfers Out
--	--	--	Debt Issued
181,269	(4,440)	--	Total Other Financing Sources (Uses)
153,426	(66,753)	1	Net Change in Fund Balances
75,435	155,259	367	Fund Balances-Beginning of Year
\$ 228,861	\$ 88,506	\$ 368	Fund Balances-End of Year

County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<u>Parking Facilities</u>				
Revenues and Other Financing Sources				
Use of Money and Property	\$ 5,649	\$ 5,649	\$ 4,930	\$ (719)
Intergovernmental	--	--	3	3
Charges for Services	--	--	190	190
Other	--	--	1	1
Total Revenues and Other Financing Sources	5,649	5,649	5,124	(525)
Expenditures and Other Financing Uses				
Public Ways and Facilities:				
Parking Facilities	6,788	6,867	5,454	1,413
Total Expenditures and Other Financing Uses	6,788	6,867	5,454	1,413
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,139)	(1,218)	(330)	\$ 888
Fund Balances-Beginning of Year	1,597	1,597	1,597	
Fund Balances-End of Year	\$ 458	\$ 379	\$ 1,267	
<u>Service Area, Lighting, Maintenance, and Assessment Districts</u>				
Revenues and Other Financing Sources				
Taxes	\$ 728	\$ 728	\$ 742	\$ 14
Use of Money and Property	988	988	54	(934)
Intergovernmental	3	3	3	--
Charges for Services	29	29	127	98
Other	850	850	539	(311)
Transfers In	100	22,700	21,382	(1,318)
Total Revenues and Other Financing Sources	2,698	25,298	22,847	(2,451)
Expenditures and Other Financing Uses				
General Government:				
Special Assessment-Top of the World Improvement	45	43	22	21
CFD 2016-1 RMV (Village of Esencia) Construction	76	6	5	1
CFD 2017-1 RMV (Village of Esencia) Construction	19,505	17,085	6,888	10,197
CFD 2017-1 RMV (Village of Esencia) IA No. 2 Construction	--	22,600	21,284	1,316
Public Ways and Facilities:				
North Tustin Landscaping and Lighting Assessment District	4,143	4,143	756	3,387
County Service Area No. 13-La Mirada	21	21	7	14
County Service Area No. 22-East Yorba Linda	155	155	114	41
Total Expenditures and Other Financing Uses	23,945	44,053	29,076	14,977
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(21,247)	(18,755)	(6,229)	\$ 12,526
Fund Balances-Beginning of Year	20,797	20,797	20,797	
Fund Balances-End of Year	\$ (450)	\$ 2,042	\$ 14,568	
<u>Other Environmental Management</u>				
Revenues and Other Financing Sources				
Use of Money and Property	\$ 612	\$ 962	\$ 977	\$ 15
Intergovernmental	3,420	3,420	5,575	2,155
Charges for Services	175	175	1,173	998
Other	--	--	1	1
Transfers In	360	360	355	(5)
Total Revenues and Other Financing Sources	4,567	4,917	8,081	3,164
Expenditures and Other Financing Uses				
General Government:				
Real Estate Development Program	1,765	4,155	2,552	1,603
Air Quality Improvement	339	339	165	174
Public Protection:				
Survey Monument Preservation	137	137	40	97
Public Ways and Facilities:				
El Toro Improvement Fund	7,072	7,072	6,790	282
Total Expenditures and Other Financing Uses	9,313	11,703	9,547	2,156
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(4,746)	(6,786)	(1,466)	\$ 5,320
Fund Balances-Beginning of Year	13,481	13,481	13,481	
Fund Balances-End of Year	\$ 8,735	\$ 6,695	\$ 12,015	

* Budgeted amounts, which include carried forward prior year encumbrance, may differ from the adopted budget.

BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE (Continued)

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<u>Tobacco Settlement</u>				
Revenues and Other Financing Sources				
Other	\$ 26,849	\$ 28,163	\$ 33,419	\$ 5,256
Total Revenues and Other Financing Sources	26,849	28,163	33,419	5,256
Expenditures and Other Financing Uses				
General Government:				
Orange County Tobacco Settlement Fund	39,659	45,759	28,490	17,269
Total Expenditures and Other Financing Uses	39,659	45,759	28,490	17,269
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(12,810)	(17,596)	4,929	\$ 22,525
Fund Balances-Beginning of Year	17,596	17,596	17,596	
Fund Balances-End of Year	\$ 4,786	\$ --	\$ 22,525	
<u>Community and Welfare Services</u>				
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises	\$ 745	\$ 745	\$ 878	\$ 133
Use of Money and Property	1,681	1,379	1,256	(123)
Intergovernmental	37,764	65,250	47,865	(17,385)
Charges for Services	3,462	3,462	2,896	(566)
Other	233	3,305	3,338	33
Transfers In	6,517	17,201	16,471	(730)
Total Revenues and Other Financing Sources	50,402	91,342	72,704	(18,638)
Expenditures and Other Financing Uses				
Public Protection:				
OC Animal Care Center Donations	160	160	3	157
OC Animal Shelter Construction Fund	4,767	4,767	4,542	225
Public Assistance:				
MHSA Housing Fund	5,524	5,860	52	5,808
Dispute Resolution Program	1,011	958	650	308
Domestic Violence Program	1,056	949	718	231
Facilities Development and Maintenance	3,192	3,192	361	2,831
Workforce Innovation and Opportunity Act	14,497	14,308	8,138	6,170
County Executive Office-Single Family Housing	1,015	1,015	3	1,012
OC Housing	19,166	50,829	32,945	17,884
Strategic Priority Affordable Housing	332	332	41	291
In-Home Support Services Public Authority	2,641	2,641	1,737	904
SSA Donations and Fees	1,382	1,382	1,209	173
SSA Wraparound	29,611	38,823	8,550	30,273
CalHome Program Reuse Fund	1,145	1,161	1	1,160
Santa Ana Regional Center Lease Conveyance	2,121	2,121	2,115	6
Total Expenditures and Other Financing Uses	87,620	128,498	61,065	67,433
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(37,218)	(37,156)	11,639	\$ 48,795
Fund Balances-Beginning of Year	107,680	107,680	107,680	
Fund Balances-End of Year	\$ 70,462	\$ 70,524	\$ 119,319	
<u>OC Parks</u>				
Revenues and Other Financing Sources				
Taxes	\$ 98,202	\$ 98,202	\$ 103,374	\$ 5,172
Licenses, Permits, and Franchises	247	247	154	(93)
Fines, Forfeitures, and Penalties	52	52	93	41
Use of Money and Property	12,861	12,861	13,547	686
Intergovernmental	7,975	7,975	2,059	(5,916)
Charges for Services	14,311	14,311	14,315	4
Other	980	980	1,108	128
Transfers In	38,448	38,448	19,783	(18,665)
Total Revenues and Other Financing Sources	173,076	173,076	154,433	(18,643)
Expenditures and Other Financing Uses				
Recreation and Cultural Services:				
County Tidelands-Newport Bay	7,590	7,590	5,820	1,770
OC Parks	172,836	172,836	128,984	43,852
OC Parks Capital	51,399	51,399	12,980	38,419
Total Expenditures and Other Financing Uses	231,825	231,825	147,784	84,041
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(58,749)	(58,749)	6,649	\$ 65,398
Fund Balances-Beginning of Year	122,778	122,778	122,778	
Fund Balances-End of Year	\$ 64,029	\$ 64,029	\$ 129,427	

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BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE (Continued)

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
OC Dana Point Harbor				
Revenues and Other Financing Sources				
Fines, Forfeitures and Penalties	\$ 3	\$ 3	\$ 1	\$ (2)
Use of Money and Property	4,000	4,000	2,930	(1,070)
Charges for Services	--	--	58	58
Other	--	--	6	6
Total Revenues and Other Financing Sources	4,003	4,003	2,995	(1,008)
Expenditures and Other Financing Uses				
Recreation and Cultural Services:				
OC Dana Point Harbor	22,588	22,588	6,853	15,735
Total Expenditures and Other Financing Uses	22,588	22,588	6,853	15,735
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(18,585)	(18,585)	(3,858)	\$ 14,727
Fund Balances-Beginning of Year	69,640	69,640	69,640	
Fund Balances-End of Year	\$ 51,055	\$ 51,055	\$ 65,782	
Housing Asset				
Revenues and Other Financing Sources				
Use of Money and Property	\$ 258	\$ 258	\$ 345	\$ 87
Other	--	--	(139)	(139)
Total Revenues and Other Financing Sources	258	258	206	(52)
Expenditures and Other Financing Uses				
Public Assistance:				
Orange County Development Agency Housing Asset	11,518	11,518	658	10,860
Total Expenditures and Other Financing Uses	11,518	11,518	658	10,860
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(11,260)	(11,260)	(452)	\$ 10,808
Fund Balances-Beginning of Year	30,555	30,555	30,555	
Fund Balances-End of Year	\$ 19,295	\$ 19,295	\$ 30,103	
OC Public Libraries				
Revenues and Other Financing Sources				
Taxes	\$ 59,934	\$ 59,934	\$ 63,849	\$ 3,915
Fines, Forfeitures, and Penalties	12	12	14	2
Use of Money and Property	1,191	1,191	688	(503)
Intergovernmental	4,352	4,352	451	(3,901)
Charges for Services	818	818	417	(401)
Other	1,067	888	275	(613)
Transfers In	4,092	4,824	4,824	--
Total Revenues and Other Financing Sources	71,466	72,019	70,518	(1,501)
Expenditures and Other Financing Uses				
Education:				
OC Public Libraries-Capital	5,332	13,145	6,494	6,651
OC Public Libraries	77,212	77,765	58,452	19,313
Total Expenditures and Other Financing Uses	82,544	90,910	64,946	25,964
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(11,078)	(18,891)	5,572	\$ 24,463
Fund Balances-Beginning of Year	79,870	79,870	79,870	
Fund Balances-End of Year	\$ 68,792	\$ 60,979	\$ 85,442	

* Budgeted amounts, which include carried forward prior year encumbrance, may differ from the adopted budget.

BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE (Continued)

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Health Care Programs				
Revenues and Other Financing Sources				
Fines, Forfeitures, and Penalties	\$ 7,772	\$ 7,772	\$ 6,509	\$ (1,263)
Use of Money and Property	447	447	128	(319)
Intergovernmental	9,292	13,949	12,504	(1,445)
Charges for Services	1,125	1,125	917	(208)
Other	313	313	--	(313)
Transfers In	710	3,830	3,157	(673)
Total Revenues and Other Financing Sources	19,659	27,436	23,215	(4,221)
Expenditures and Other Financing Uses				
Health and Sanitation:				
Medi-Cal Administrative Activities Targeted Case Management	1,079	1,079	761	318
Emergency Medical Services	7,725	7,725	6,164	1,561
HCA Purpose Restricted Revenues	10,719	10,719	3,308	7,411
HCA Interest Bearing Purpose Restricted Revenues	4,904	15,124	11,289	3,835
HCA Realignment	1,000	1,000	--	1,000
Bioterrorism Center for Disease Control	3,654	4,412	2,899	1,513
Total Expenditures and Other Financing Uses	29,081	40,059	24,421	15,638
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(9,422)	(12,623)	(1,206)	\$ 11,417
Fund Balances-Beginning of Year	48,420	48,420	48,420	
Fund Balances-End of Year	\$ 38,998	\$ 35,797	\$ 47,214	
Roads				
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises	\$ --	\$ --	\$ 4	\$ 4
Fines, Forfeitures, and Penalties	4	4	2	(2)
Use of Money and Property	1,850	1,850	1,429	(421)
Intergovernmental	104,319	104,319	104,627	308
Charges for Services	19,272	19,272	18,011	(1,261)
Other	54,611	51,146	699	(50,447)
Transfers In	6,680	6,680	6,680	--
Total Revenues and Other Financing Sources	186,736	183,271	131,452	(51,819)
Expenditures and Other Financing Uses				
Public Ways and Facilities:				
OC Road	90,278	90,286	60,054	30,232
Foothill Circulation Phasing Plan	248	248	83	165
South County Roadway Improve Prog (SCRIP)	10,300	10,300	866	9,434
OC Road-Capital Improvement Projects	76,308	76,308	32,950	43,358
Total Expenditures and Other Financing Uses	177,134	177,142	93,953	83,189
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	9,602	6,129	37,499	\$ 31,370
Fund Balances-Beginning of Year	119,132	119,132	119,132	
Fund Balances-End of Year	\$ 128,734	\$ 125,261	\$ 156,631	

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BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE (Continued)

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<u>Orange County Housing Authority</u>				
Revenues and Other Financing Sources				
Use of Money and Property	\$ 175	\$ 175	\$ 156	\$ (19)
Intergovernmental	233,138	233,138	216,937	(16,201)
Charges for Services	--	--	3	3
Other	300	300	56	(244)
Total Revenues and Other Financing Sources	233,613	233,613	217,152	(16,461)
Expenditures and Other Financing Uses				
Public Assistance:				
Orange County Housing Authority-Operating Reserve	3,770	4,149	253	3,896
Orange County Housing Authority	237,622	239,933	212,188	27,745
Total Expenditures and Other Financing Uses	241,392	244,082	212,441	31,641
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(7,779)	(10,469)	4,711	\$ 15,180
Fund Balances-Beginning of Year	15,226	15,226	15,226	
Fund Balances-End of Year	\$ 7,447	\$ 4,757	\$ 19,937	
<u>Other Governmental Resources</u>				
Revenues and Other Financing Sources				
Use of Money and Property	\$ 20	\$ 20	\$ 9	\$ (11)
Charges for Services	200	200	132	(68)
Total Revenues and Other Financing Sources	220	220	141	(79)
Expenditures and Other Financing Uses				
General Government:				
Remittance Processing Equipment Replacement	301	301	1	300
Assessor Property Characteristic	200	200	--	200
Total Expenditures and Other Financing Uses	501	501	1	500
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(281)	(281)	140	\$ 421
Fund Balances-Beginning of Year	1,929	1,929	1,929	
Fund Balances-End of Year	\$ 1,648	\$ 1,648	\$ 2,069	

* Budgeted amounts, which include carried forward prior year encumbrance, may differ from the adopted budget.

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-DEBT SERVICE**

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<u>Teeter Plan Notes</u>				
Revenues and Other Financing Sources				
Fines, Forfeitures, and Penalties	\$ 7,400	\$ 7,400	\$ 9,455	\$ 2,055
Use of Money and Property	1,200	1,200	793	(407)
Bond Issuance Proceeds	41,000	41,000	50,725	9,725
Total Revenues and Other Financing Sources	49,600	49,600	60,973	11,373
Expenditures and Other Financing Uses				
General Government:				
Teeter Series A Debt Service	67,752	67,752	49,307	18,445
Total Expenditures and Other Financing Uses	67,752	67,752	49,307	18,445
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(18,152)	(18,152)	11,666	\$ 29,818
Fund Balances-Beginning of Year	90,166	90,166	90,166	
Fund Balances-End of Year	\$ 72,014	\$ 72,014	\$ 101,832	
<u>Pension Obligation Bonds</u>				
Revenues and Other Financing Sources				
Use of Money and Property	\$ 8,638	\$ 8,638	\$ 8,638	\$ --
Total Revenues and Other Financing Sources	8,638	8,638	8,638	--
Expenditures and Other Financing Uses				
General Government:				
Pension Obligation Bonds Debt Service	15,503	15,503	15,502	1
Total Expenditures and Other Financing Uses	15,503	15,503	15,502	1
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(6,865)	(6,865)	(6,864)	\$ 1
Fund Balances-Beginning of Year	8,439	8,439	8,439	
Fund Balances-End of Year	\$ 1,574	\$ 1,574	\$ 1,575	

*Budgeted amounts, which include carried forward prior year encumbrance, may differ from the adopted budget.

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**BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS**

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<u>Criminal Justice Facilities</u>				
Revenues and Other Financing Sources				
Fines, Forfeitures, and Penalties	\$ 1,000	\$ 1,000	\$ 791	\$ (209)
Use of Money and Property	200	200	279	79
Intergovernmental	110,899	111,490	60,378	(51,112)
Transfers In	67,002	92,125	79,838	(12,287)
Total Revenues and Other Financing Sources	<u>179,101</u>	<u>204,815</u>	<u>141,286</u>	<u>(63,529)</u>
Expenditures and Other Financing Uses				
Public Protection:				
Criminal Justice Facilities Accumulated Capital Outlay	27,549	30,250	12,660	17,590
Sheriff-Coroner Construction and Facility Development	180,714	212,517	100,078	112,439
Total Expenditures and Other Financing Uses	<u>208,263</u>	<u>242,767</u>	<u>112,738</u>	<u>130,029</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(29,162)	(37,952)	28,548	<u>\$ 66,500</u>
Fund Balances-Beginning of Year	33,894	33,894	33,894	
Fund Balances-End of Year	<u>\$ 4,732</u>	<u>\$ (4,058)</u>	<u>\$ 62,442</u>	
<u>Countywide Capital Projects Non-General Fund</u>				
Revenues and Other Financing Sources				
Intergovernmental	2,500	3,500	4,223	723
Charges for Services	475	475	529	54
Transfers In	43,823	204,792	197,886	(6,906)
Total Revenues and Other Financing Sources	<u>46,798</u>	<u>208,767</u>	<u>202,638</u>	<u>(6,129)</u>
Expenditures and Other Financing Uses				
General Government:				
Countywide Capital Projects Non-General	83,984	232,172	42,854	189,318
Countywide IT Projects Non-General	12,225	33,749	6,118	27,631
Total Expenditures and Other Financing Uses	<u>96,209</u>	<u>265,921</u>	<u>48,972</u>	<u>216,949</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(49,411)	(57,154)	153,666	<u>\$ 210,820</u>
Fund Balances-Beginning of Year	75,429	75,429	75,429	
Fund Balances-End of Year	<u>\$ 26,018</u>	<u>\$ 18,275</u>	<u>\$ 229,095</u>	

*Budgeted amounts, which include carried forward prior year encumbrance, may differ from the adopted budget.

**BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS-PERMANENT FUND**

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<u>Regional Park Endowment</u>				
Revenues and Other Financing Sources				
Use of Money and Property	\$ 7	\$ 7	\$ 3	\$ (4)
Total Revenues and Other Financing Sources	<u>7</u>	<u>7</u>	<u>3</u>	<u>(4)</u>
Expenditures and Other Financing Uses				
Recreation and Cultural Services:				
Limestone Regional Park Mitigation Maintenance Endowment	7	7	--	7
Total Expenditures and Other Financing Uses	<u>7</u>	<u>7</u>	<u>--</u>	<u>7</u>
Excess (Deficit) of Revenues and Other Financing Sources				
Over Expenditures and Other Financing Uses	--	--	3	<u>\$ 3</u>
Fund Balances-Beginning of Year	207	207	207	
Fund Balances-End of Year	<u>\$ 207</u>	<u>\$ 207</u>	<u>\$ 210</u>	

*Budgeted amounts, which include carried forward prior year encumbrance, may differ from the adopted budget.



INTERNAL SERVICE FUNDS

These Funds are used to account for the financing of goods or services provided by one County department or agency to other County departments or agencies, on a cost-reimbursement basis.

Health and Other Self-Insured Employee Benefits

These Funds are used to account for the County's self-funded health insurance programs, group salary continuance plan, group dental insurance programs, wellness program, and flexible spending accounts.

Insured Health Plans

This Fund is used to account for the fully insured health plans for the County employees and retirees.

Life Insurance

This Fund is used to account for the County's life insurance and accidental death and dismemberment insurance for employees.

Workers' Compensation

This Fund is used to account for the County's self-insured workers' compensation program.

Unemployment Insurance

This Fund is used to account for the County's self-insured unemployment insurance program.

Property and Casualty Risk

This Fund is used to account for the County's self-insured property and casualty risk program.

Transportation

This Fund is used to account for motor pool repair and maintenance, and for other transportation services, which are provided to departments and agencies on a cost-reimbursement basis.

Reprographics

This Fund is used to account for printing and graphic services, which are provided to departments and agencies on a cost-reimbursement basis.

Information and Technology

This Fund is used to account for applications development and support, voice and data services, and desktop support to departments and agencies on a cost-reimbursement basis.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	Insured Health Plans	Life Insurance	Workers' Compensation
ASSETS					
Current Assets					
Pooled Cash/Investments	\$ 325,099	\$ 26,863	\$ 6,661	\$ 85	\$ 139,908
Cash/Cash Equivalents	5,804	404	--	--	5,400
Imprest Cash Funds	8	--	--	--	--
Receivables					
Accounts	104	5	20	--	--
Interest/Dividends	352	36	--	--	153
Allowance for Uncollectible Receivables	(107)	--	--	--	--
Due from Other Funds	3,970	--	--	--	963
Due from Other Governmental Agencies	367	119	--	--	--
Inventory of Materials and Supplies	235	--	--	--	--
Prepaid Costs	2,881	--	--	--	357
Total Current Assets	338,713	27,427	6,681	85	146,781
Noncurrent Assets					
Capital Assets					
Construction in Progress	1,948	--	--	--	--
Intangible Assets-Amortizable	118	--	--	--	118
Accumulated Amortization	(86)	--	--	--	(86)
Structures and Improvements	18,623	--	--	--	--
Accumulated Depreciation	(8,455)	--	--	--	--
Equipment	171,531	59	--	--	--
Accumulated Depreciation	(112,907)	(16)	--	--	--
Total Capital Assets	70,772	43	--	--	32
Total Assets	409,485	27,470	6,681	85	146,813
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pension	11,264	--	--	--	2,364
Deferred Outflows of Resources Related to OPEB	310	--	--	--	113
Total Deferred Outflows of Resources	11,574	--	--	--	2,477
LIABILITIES					
Current Liabilities					
Accounts Payable	8,951	222	--	--	1,309
Retainage Payable	21	6	--	--	--
Salaries and Employee Benefits Payable	875	--	--	--	94
Due to Other Funds	3,644	5	--	--	40
Due to Other Governmental Agencies	1	--	--	--	--
Insurance Claims Payable	60,633	9,988	--	--	31,735
Compensated Employee Absences Payable	1,409	--	--	--	146
Capital Lease Obligations Payable	1,647	--	--	--	--
Total Current Liabilities	77,181	10,221	--	--	33,324
Noncurrent Liabilities					
Insurance Claims Payable	176,849	--	--	--	127,801
Compensated Employee Absences Payable	1,165	--	--	--	85
Capital Lease Obligations Payable	7,741	--	--	--	--
Net Pension Liability	32,116	--	--	--	4,925
Net OPEB Liability	3,755	--	--	--	1,353
Total Noncurrent Liabilities	221,626	--	--	--	134,164
Total Liabilities	298,807	10,221	--	--	167,488
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension	12,063	--	--	--	3,643
Deferred Inflows of Resources Related to OPEB	503	--	--	--	185
Total Deferred Inflows of Resources	12,566	--	--	--	3,828
NET POSITION					
Net Investment in Capital Assets	61,373	43	--	--	32
Unrestricted	48,313	17,206	6,681	85	(22,058)
Total Net Position	\$ 109,686	\$ 17,249	\$ 6,681	\$ 85	\$ (22,026)

Supplemental Information
(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology	
					ASSETS
					Current Assets
\$ 4,735	\$ 80,234	\$ 36,788	\$ 3,145	\$ 26,680	Pooled Cash/Investments
--	--	--	--	--	Cash/Cash Equivalents
--	5	--	--	3	Imprest Cash Funds
--	4	55	--	20	Receivables
5	93	36	5	24	Accounts
--	--	(55)	--	(52)	Interest/Dividends
--	410	1,802	13	782	Allowance for Uncollectible Receivables
--	25	2	11	210	Due from Other Funds
--	--	235	--	--	Due from Other Governmental Agencies
--	177	913	185	1,249	Inventory of Materials and Supplies
4,740	80,948	39,776	3,359	28,916	Prepaid Costs
					Total Current Assets
					Noncurrent Assets
--	--	--	--	1,948	Capital Assets
--	--	--	--	--	Construction in Progress
--	--	--	--	--	Intangible Assets-Amortizable
--	--	9,800	559	8,264	Accumulated Amortization
--	--	(6,049)	(85)	(2,321)	Structures and Improvements
--	--	71,036	4,778	95,658	Accumulated Depreciation
--	--	(34,542)	(1,917)	(76,432)	Equipment
--	--	40,245	3,335	27,117	Accumulated Depreciation
4,740	80,948	80,021	6,694	56,033	Total Capital Assets
					Total Assets
					DEFERRED OUTFLOWS OF RESOURCES
--	718	3,348	681	4,153	Deferred Outflows of Resources Related to Pension
--	16	76	13	92	Deferred Outflows of Resources Related to OPEB
--	734	3,424	694	4,245	Total Deferred Outflows of Resources
					LIABILITIES
					Current Liabilities
--	3,205	132	211	3,872	Accounts Payable
--	--	--	1	14	Retainage Payable
--	51	273	59	398	Salaries and Employee Benefits Payable
--	11	467	386	2,735	Due to Other Funds
--	--	--	1	--	Due to Other Governmental Agencies
669	18,241	--	--	--	Insurance Claims Payable
--	110	392	66	695	Compensated Employee Absences Payable
--	--	--	--	1,647	Capital Lease Obligations Payable
669	21,618	1,264	724	9,361	Total Current Liabilities
					Noncurrent Liabilities
--	49,048	--	--	--	Insurance Claims Payable
--	76	344	30	630	Compensated Employee Absences Payable
--	--	--	--	7,741	Capital Lease Obligations Payable
--	2,565	11,031	2,205	11,390	Net Pension Liability
--	202	953	152	1,095	Net OPEB Liability
--	51,891	12,328	2,387	20,856	Total Noncurrent Liabilities
669	73,509	13,592	3,111	30,217	Total Liabilities
					DEFERRED INFLOWS OF RESOURCES
--	718	3,317	582	3,803	Deferred Inflows of Resources Related to Pension
--	25	121	21	151	Deferred Inflows of Resources Related to OPEB
--	743	3,438	603	3,954	Total Deferred Inflows of Resources
					NET POSITION
--	--	40,245	3,335	17,718	Net Investment in Capital Assets
4,071	7,430	26,170	339	8,389	Unrestricted
\$ 4,071	\$ 7,430	\$ 66,415	\$ 3,674	\$ 26,107	Total Net Position

County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	Insured Health Plans	Life Insurance	Workers' Compensation
Operating Revenues					
Use of Money and Property	\$ 1,372	\$ --	\$ --	\$ --	\$ --
Charges for Services	120,195	134	--	--	--
Insurance Premiums	341,614	67,018	179,240	815	60,558
Total Operating Revenues	<u>463,181</u>	<u>67,152</u>	<u>179,240</u>	<u>815</u>	<u>60,558</u>
Operating Expenses					
Salaries and Employee Benefits	23,893	--	--	--	1,715
Services and Supplies	36,670	1,982	--	--	123
Professional Services	70,720	4,278	4	--	5,842
Operating Leases	5,209	--	--	--	131
Insurance Claims and Premiums	319,895	73,743	179,496	811	36,238
Other Charges	748	748	--	--	--
Taxes and Other Fees	3	--	--	--	--
Depreciation/Amortization	13,205	16	--	--	24
Total Operating Expenses	<u>470,343</u>	<u>80,767</u>	<u>179,500</u>	<u>811</u>	<u>44,073</u>
Operating Income (Loss)	<u>(7,162)</u>	<u>(13,615)</u>	<u>(260)</u>	<u>4</u>	<u>16,485</u>
Nonoperating Revenues (Expenses)					
Intergovernmental Revenues	5,197	429	--	--	2,098
Interest and Investment Income	511	41	61	1	205
Interest Expense	(112)	--	--	--	--
Gain (Loss) on Disposition of Capital Assets	280	--	--	--	--
Other Taxes	14	--	--	--	--
Other Revenue	11,072	4,318	181	--	422
Total Nonoperating Revenues	<u>16,962</u>	<u>4,788</u>	<u>242</u>	<u>1</u>	<u>2,725</u>
Income (Loss) Before Contributions and Transfers	9,800	(8,827)	(18)	5	19,210
Capital Contributions	223	--	--	--	--
Transfers In	9,048	1,070	4	--	222
Transfers Out	(1,311)	(229)	(61)	(1)	(165)
Change in Net Position	17,760	(7,986)	(75)	4	19,267
Net Position-Beginning of Year	91,926	25,235	6,756	81	(41,293)
Net Position-End of Year	<u>\$ 109,686</u>	<u>\$ 17,249</u>	<u>\$ 6,681</u>	<u>\$ 85</u>	<u>\$ (22,026)</u>

Supplemental Information
(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology	
\$ --	\$ --	\$ --	\$ --	\$ 1,372	Operating Revenues
--	--	27,699	4,766	87,596	Use of Money and Property
--	33,983	--	--	--	Charges for Services
--	33,983	27,699	4,766	88,968	Insurance Premiums
					Total Operating Revenues
					Operating Expenses
--	1,493	8,197	1,718	10,770	Salaries and Employee Benefits
--	21,521	8,856	2,085	2,103	Services and Supplies
76	509	2,514	293	57,204	Professional Services
--	46	51	258	4,723	Operating Leases
2,181	27,426	--	--	--	Insurance Claims and Premiums
--	--	--	--	--	Other Charges
--	--	2	--	1	Taxes and Other Fees
--	--	7,241	300	5,624	Depreciation/Amortization
2,257	50,995	26,861	4,654	80,425	Total Operating Expenses
(2,257)	(17,012)	838	112	8,543	Operating Income (Loss)
					Nonoperating Revenues (Expenses)
--	8	51	27	2,584	Intergovernmental Revenues
1	107	56	3	36	Interest and Investment Income
--	--	--	(112)	--	Interest Expense
--	--	316	--	(36)	Gain (Loss) on Disposition of Capital Assets
--	--	14	--	--	Other Taxes
--	5,982	38	125	6	Other Revenue
1	6,097	475	43	2,590	Total Nonoperating Revenues
(2,256)	(10,915)	1,313	155	11,133	Income (Loss) Before Contributions and Transfers
--	--	219	--	4	Capital Contributions
--	--	7,079	6	667	Transfers In
--	(110)	(499)	--	(246)	Transfers Out
(2,256)	(11,025)	8,112	161	11,558	Change in Net Position
6,327	18,455	58,303	3,513	14,549	Net Position-Beginning of Year
\$ 4,071	\$ 7,430	\$ 66,415	\$ 3,674	\$ 26,107	Net Position-End of Year

County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	Insured Health Plans	Life Insurance	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 35,103	\$ 1,239	\$ 10	\$ --	\$ 85
Cash Received for Premiums Within the County's Entity	341,614	67,018	179,240	815	60,558
Payments to Suppliers for Goods and Services	(416,358)	(81,709)	(179,500)	(811)	(39,793)
Payments to Employees for Services	(27,608)	--	--	--	(2,898)
Payments for Interfund Services	(986)	(52)	--	--	(792)
Receipts for Interfund Services	87,778	--	29	--	--
Payment for Taxes and Other Fees	(3)	--	--	--	--
Other Operating Receipts	11,066	4,318	181	--	422
Other Operating Payments	(5,961)	(748)	--	--	(131)
Net Cash Provided (Used) by Operating Activities	24,645	(9,934)	(40)	4	17,451
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	9,048	1,070	4	--	222
Transfers Out	(1,311)	(229)	(61)	(1)	(165)
Intergovernmental Revenues	5,197	429	--	--	2,098
Other Taxes	14	--	--	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	12,948	1,270	(57)	(1)	2,155
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(13,532)	--	--	--	(1)
Principal Payments on Capital Lease Obligations	(5,071)	--	--	--	--
Interest Paid on Capital Lease Obligations	(112)	--	--	--	--
Proceeds from Sale of Capital Assets	449	--	--	--	--
Net Cash Used by Capital and Related Financing Activities	(18,266)	--	--	--	(1)
CASH FLOW FROM INVESTING ACTIVITIES					
Interest on Investments	786	87	61	1	309
Net Cash Provided by Investing Activities	786	87	61	1	309
Net Increase (Decrease) in Cash and Cash Equivalents	20,113	(8,577)	(36)	4	19,914
Cash and Cash Equivalents-Beginning of Year	310,798	35,844	6,697	81	125,394
Cash and Cash Equivalents-End of Year	\$ 330,911	\$ 27,267	\$ 6,661	\$ 85	\$ 145,308
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (7,162)	\$ (13,615)	\$ (260)	\$ 4	\$ 16,485
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation/Amortization	13,205	16	--	--	24
Other Revenue	11,072	4,318	181	--	422
(Increases) Decreases In:					
Accounts Receivable, Net of Allowances	1,067	1,056	10	--	--
Due from Other Funds	(947)	41	31	--	(817)
Due from Component Unit	2	--	--	--	--
Due from Other Governmental Agencies	55	49	--	--	85
Inventory of Materials and Supplies	(53)	--	--	--	--
Prepaid Costs	(278)	--	--	--	(28)
Deferred Outflows of Resources Related to Pension	(2,027)	--	--	--	(522)
Deferred Outflows of Resources Related to OPEB	43	--	--	--	16
Increases (Decreases) In:					
Accounts Payable	(2,550)	(392)	--	--	(797)
Salaries and Employee Benefits Payable	89	--	--	--	12
Due to Other Funds	141	(93)	(2)	--	25
Due to Other Governmental Agencies	1	--	--	--	--
Insurance Claims Payable	13,807	(1,314)	--	--	3,235
Compensated Employee Absences Payable	144	--	--	--	35
Net Pension Liability	(7,468)	--	--	--	(2,751)
Net OPEB Liability	(298)	--	--	--	(110)
Deferred Inflows of Resources Related to Pension	5,692	--	--	--	2,097
Deferred Inflows of Resources Related to OPEB	110	--	--	--	40
Total Adjustments	31,807	3,681	220	--	966
Net Cash Provided (Used) by Operating Activities	\$ 24,645	\$ (9,934)	\$ (40)	\$ 4	\$ 17,451
Reconciliation of Cash and Cash Equivalents to Statement of Net Position					
Pooled Cash/Investments	\$ 325,099	\$ 26,863	\$ 6,661	\$ 85	\$ 139,908
Cash/Cash Equivalents	5,804	404	--	--	5,400
Imprest Cash Funds	8	--	--	--	--
Total Cash and Cash Equivalents	\$ 330,911	\$ 27,267	\$ 6,661	\$ 85	\$ 145,308

Supplemental Information
(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology
\$ --	\$ --	\$ 27,701	\$ 4,755	\$ 1,313
--	33,983	--	--	--
(2,148)	(36,387)	(11,577)	(2,249)	(62,184)
--	(1,697)	(9,165)	(1,914)	(11,934)
(28)	(114)	--	--	--
--	--	15	91	87,643
--	--	(2)	--	(1)
--	5,982	38	125	--
--	(56)	(51)	(258)	(4,717)
<u>(2,176)</u>	<u>1,711</u>	<u>6,959</u>	<u>550</u>	<u>10,120</u>
--	--	7,079	6	667
--	(110)	(499)	--	(246)
--	8	51	27	2,584
--	--	14	--	--
<u>--</u>	<u>(102)</u>	<u>6,645</u>	<u>33</u>	<u>3,005</u>
--	--	(11,255)	--	(2,276)
--	--	--	(2,110)	(2,961)
--	--	--	(112)	--
--	--	448	--	1
<u>--</u>	<u>--</u>	<u>(10,807)</u>	<u>(2,222)</u>	<u>(5,236)</u>
<u>12</u>	<u>181</u>	<u>78</u>	<u>6</u>	<u>51</u>
<u>12</u>	<u>181</u>	<u>78</u>	<u>6</u>	<u>51</u>
(2,164)	1,790	2,875	(1,633)	7,940
<u>6,899</u>	<u>78,449</u>	<u>33,913</u>	<u>4,778</u>	<u>18,743</u>
<u>\$ 4,735</u>	<u>\$ 80,239</u>	<u>\$ 36,788</u>	<u>\$ 3,145</u>	<u>\$ 26,683</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers
Cash Received for Premiums Within the County's Entity
Payments to Suppliers for Goods and Services
Payments to Employees for Services
Payments for Interfund Services
Receipts for Interfund Services
Payment for Taxes and Other Fees
Other Operating Receipts
Other Operating Payments
Net Cash Provided (Used) by Operating Activities

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers In
Transfers Out
Intergovernmental Revenues
Other Taxes
Net Cash Provided (Used) by Noncapital Financing Activities

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets
Principal Payments on Capital Lease Obligations
Interest Paid on Capital Lease Obligations
Proceeds from Sale of Capital Assets
Net Cash Used by Capital and Related Financing Activities

CASH FLOW FROM INVESTING ACTIVITIES

Interest on Investments
Net Cash Provided by Investing Activities

Net Increase (Decrease) in Cash and Cash Equivalents
Cash and Cash Equivalents-Beginning of Year
Cash and Cash Equivalents-End of Year

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)
Adjustments to Reconcile Operating Income (Loss) to
Net Cash Provided (Used) by Operating Activities:
Depreciation/Amortization
Other Revenue
(Increases) Decreases In:
Accounts Receivable, Net of Allowances
Due from Other Funds
Due from Component Unit
Due from Other Governmental Agencies
Inventory of Materials and Supplies
Prepaid Costs
Deferred Outflows of Resources Related to Pension
Deferred Outflows of Resources Related to OPEB
Increases (Decreases) In:
Accounts Payable
Salaries and Employee Benefits Payable
Due to Other Funds
Due to Other Governmental Agencies
Insurance Claims Payable
Compensated Employee Absences Payable
Net Pension Liability
Net OPEB Liability
Deferred Inflows of Resources Related to Pension
Deferred Inflows of Resources Related to OPEB
Total Adjustments
Net Cash Provided (Used) by Operating Activities

\$ (2,257)	\$ (17,012)	\$ 838	\$ 112	\$ 8,543
--	--	7,241	300	5,624
--	5,982	38	125	6
--	--	--	--	1
--	(107)	(189)	6	88
--	--	--	--	2
--	(10)	2	(11)	(60)
--	--	(53)	--	--
--	(17)	(84)	(51)	(98)
--	(108)	(494)	(133)	(770)
--	2	11	1	13
--	1,309	(70)	179	(2,779)
--	1	11	6	59
(28)	(7)	204	85	(43)
--	--	--	1	--
109	11,777	--	--	--
--	(3)	(22)	10	124
--	(364)	(1,803)	(305)	(2,245)
--	(15)	(72)	(12)	(89)
--	277	1,375	232	1,711
--	6	26	5	33
<u>81</u>	<u>18,723</u>	<u>6,121</u>	<u>438</u>	<u>1,577</u>
<u>\$ (2,176)</u>	<u>\$ 1,711</u>	<u>\$ 6,959</u>	<u>\$ 550</u>	<u>\$ 10,120</u>

Reconciliation of Cash and Cash Equivalents to Statement of Net Position

Pooled Cash/Investments
Cash/Cash Equivalents
Imprest Cash Funds
Total Cash and Cash Equivalents

\$ 4,735	\$ 80,234	\$ 36,788	\$ 3,145	\$ 26,680
--	--	--	--	--
--	5	--	--	3
<u>\$ 4,735</u>	<u>\$ 80,239</u>	<u>\$ 36,788</u>	<u>\$ 3,145</u>	<u>\$ 26,683</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the County in a trustee or custodial capacity on behalf of outside parties, including individuals, private organizations, or other governments. Under GASB Statement No. 84, a fiduciary fund must meet the following criteria: (1) assets are controlled or directed by the government, (2) assets are not derived from the government's own source revenue or government-mandated nonexchange transactions, and (3) assets have one or more of the following criteria:

- a. Assets are administered through a trust, and the government is not a beneficiary. The trust must be dedicated to providing benefits to the recipients and legally protected from creditors of the government.
- b. Assets are for the benefit of organizations or other governments that are not part of the financial reporting entity.
- c. Assets are for the benefit of individuals and are not administered in any way by the government.

PRIVATE-PURPOSE TRUST FUNDS

Public Administration Trust Funds

These Funds are used to account for trust arrangements where the principal and income benefit individuals, private organizations, or other governments. Examples of private-purpose trusts include unidentified funds, unclaimed prisoner funds, decedents' property held for escheatment, and various funding services to finance permanent supportive & affordable housing.

Orange County Redevelopment Successor Agency (Successor Agency)

The Orange County Development Agency (OCDA) was dissolved effective February 1, 2012 in accordance with ABx1 26. A successor agency was designated as the successor entity to the former redevelopment agency in accordance with Health and Safety Code 34173. The Orange County Redevelopment Successor Agency holds the assets of the dissolved OCDA pending liquidation and distribution.

PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

Extra-Help Defined Benefit Plan

This Fund is used to account for the retirement plan for employees working less than half-time or as extra-help. This retirement plan was closed to new participants as of February 28, 2002. The eligible employees of these plans are not covered by OCERS.

Extra-Help Defined Contribution Plan

This Fund is used to account for the defined contribution retirement plan for extra-help and part-time employees. This plan replaced the Extra-Help Defined Benefit Retirement Plan and was effective for new employees on March 1, 2002. Effective February 10, 2015, the plan also includes new employees who have attained age 60 at date of hire, who waive membership in OCERS, and do not have funds on deposit with OCERS and otherwise meet the requirements under OCERS' regulations and state law to waive membership in OCERS. The eligible employees of these plans are not covered by OCERS.

401(a) Defined Contribution Plan

This Fund accounts for the 401(a) defined contribution plan, which was established in January 1999 for eligible employees, including the members of the Board, certain executive managers, certain administrative managers once classified as confidential and grandfathered in the plan, attorneys represented by the Orange County Attorney's Association and certain other employee classifications as defined in the plan document. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to grandfathered administrative managers and to all new administrative managers, effective December 28, 2012 and June 23, 2016, respectively.

1.62% at 65 Retirement, 401(a) Defined Contribution Plan

This Fund is used to account for the matching 401(a) employer contributions for eligible employees in the “1.62% at 65” Retirement (OCERS) formula who voluntarily contribute to the “1.62% at 65” Retirement, 457(b) defined contribution plan. The Plan was established on May 7, 2010.

Health Reimbursement Arrangement (HRA) Plan

This Fund is used to account for the employer contributions to the HRA, a defined contribution plan, which became effective on June 24, 2008 for eligible employees, including employees represented by the Association of Orange County Deputy Sheriffs and Law Enforcement Management employees as defined in the plan document. The HRA now also includes employees represented by the OCAA, the AOCDS Public Safety Unit, and the Voluntary Retirement Incentive Program.

Retiree Medical Plan 115 Trust

This Fund is used to account for the annual required contributions, benefit payments, and investment losses and gains in the Retiree Medical Trust (Trust) which was established effective July 2, 2007. The Trust was established exclusively for the Retiree Medical Plan (Plan) which is a cost-sharing multiple-employer defined benefit other postemployment benefit plan that was established on August 1, 1993 for eligible employees as defined in the plan document. The Trust and the 401(h) fiduciary component unit below represents the Plan. The Plan is reported as of December 31, 2020.

Orange County Employees Retirement System-401(h)

This Fund is used to account for annual required contributions, benefit payment, and investment losses and gains in the Trust. The 115 trust described above and the 401(h) account with OCERS represents the total Plan. In accordance with GASB Statement No. 84, this Fund is presented as a fiduciary component unit of the County and OCERS' separate stand-alone financial report as of December 31, 2020 can be obtained on their website.

Orange County Employees Retirement System-Pension Trust Fund

This Fund is used to account for the cost-sharing multiple-employer defined-benefit pension plan operated by OCERS. In accordance with GASB Statement No. 84, this Fund is presented as a fiduciary component unit of the County and OCERS' separate stand-alone financial report as of December 31, 2020 can be obtained on their website.

Orange County Employees Retirement System-Health Care Fund-OCFA

This Fund is used to account for the Orange County Fire Authority (OCFA) Postemployment Health Care Plan established under IRC Section 401(h). OCERS serves as trustee of the Plan. In accordance with GASB Statement No. 84, this Fund is presented as a fiduciary component unit of the County and OCERS' separate stand-alone financial report as of December 31, 2020 can be obtained on their website.

CUSTODIAL FUNDS

Unapportioned Tax and Interest Funds

This group of Funds is used to account for the collection of property taxes, and later distribution of such taxes, as well as the interest earned on them. Included are taxes collected by the County for other governmental units using the County treasury, as well as governmental units not using the County treasury, such as cities.

Departmental Funds

This group of Funds is used by certain County officers to hold various types of cash receipts and deposits in a custodial capacity. Disbursements are made from these Funds.

Orange County Employees Retirement System-OCTA

This Fund is used to account for the Orange County Transportation Authority (OCTA) Health Care Plan established in accordance with Internal Revenue Code section 115. OCERS serves as trustee of the plan. In accordance with GASB Statement No. 84, this Fund is presented as a fiduciary component unit of the County and OCERS' separate stand-alone financial report as of December 31, 2020 can be obtained on their website.



**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS**

	Total	Public Administration Trust Funds	Orange County Redevelopment Successor Agency
<u>ASSETS</u>			
Pooled Cash/Investments	\$ 70,517	\$ 67,279	\$ 3,238
Restricted Cash and Investments			
Restricted Investments with Trustee	4,640	--	4,640
Receivables			
Accounts	25	25	--
Interest/Dividends	113	110	3
Due from Other Governmental Agencies	2	--	2
Total Assets	<u>75,297</u>	<u>67,414</u>	<u>7,883</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	91	--	91
Total Deferred Outflows of Resources	<u>91</u>	<u>--</u>	<u>91</u>
<u>LIABILITIES</u>			
Bonds Payable	9,331	--	9,331
Interest Payable	128	--	128
Due to Other Governmental Agencies	223	222	1
Total Liabilities	<u>9,682</u>	<u>222</u>	<u>9,460</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	44	--	44
Total Deferred Inflows of Resources	<u>44</u>	<u>--</u>	<u>44</u>
<u>NET POSITION</u>			
Restricted for:			
Individuals, Organizations, and Other Governments	65,662	67,192	(1,530)
Net Position (Deficit)	<u>\$ 65,662</u>	<u>\$ 67,192</u>	<u>\$ (1,530)</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Total	Public Administration Trust Funds	Orange County Redevelopment Successor Agency
Additions:			
Contributions to Private-Purpose Trust	\$ 48,661	\$ 48,661	\$ --
Intergovernmental Revenues	4,886	--	4,886
Other Revenues	1,445	--	1,445
Interest and Investment Income	1,148	1,139	9
Less: Investment Expense	(71)	(70)	(1)
Total Additions	<u>56,069</u>	<u>49,730</u>	<u>6,339</u>
Deductions:			
Distributions from Private-Purpose Trust	51,831	51,831	--
Professional Services	473	378	95
Tax Pass-Throughs	194	--	194
Interest Expense	267	--	267
Total Deductions	<u>52,765</u>	<u>52,209</u>	<u>556</u>
Change in Net Position	3,304	(2,479)	5,783
Net Position (Deficit)-Beginning of Year	66,482	73,795	(7,313)
Adjustment Due to Change in Accounting Principle	(4,124)	(4,124)	--
Net Position-Beginning of Year, as Restated	<u>62,358</u>	<u>69,671</u>	<u>(7,313)</u>
Net Position (Deficit)-End of Year	<u><u>\$ 65,662</u></u>	<u><u>\$ 67,192</u></u>	<u><u>\$ (1,530)</u></u>

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS**

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan	1.62% at 65 Retirement, 401(a) Defined Contribution Plan
ASSETS					
Pooled Cash/Investments	\$ 3,101	\$ 232	\$ 1	\$ --	\$ --
Cash and Cash Equivalents	482,282	--	--	--	--
Securities Lending Collateral	239,640	--	--	--	--
Restricted Cash and Investments					
Restricted Investments with Trustee	270,430	4,886	9,756	22,760	18,724
Global Public Equity	8,969,077	--	--	--	--
Private Equity	2,353,755	--	--	--	--
Core Fixed Income	2,375,245	--	--	--	--
Credit	1,545,445	--	--	--	--
Real Assets	2,065,857	--	--	--	--
Risk Mitigation	1,782,656	--	--	--	--
Absolute Return	480	--	--	--	--
Unique Strategies	55,283	--	--	--	--
Receivables					
Investments	19,813	--	--	--	--
Securities Sales	89,992	--	--	--	--
Contributions	13,354	--	--	--	--
Foreign Currency Forward Contracts	555	--	--	--	--
Interest/Dividends	27	--	--	--	--
Other Receivables	4,434	--	--	--	--
Due from Other Governmental Agencies	742	--	37	42	152
Capital Assets, Net	13,713	--	--	--	--
Total Assets	<u>20,285,881</u>	<u>5,118</u>	<u>9,794</u>	<u>22,802</u>	<u>18,876</u>
LIABILITIES					
Accounts Payable	118,326	--	--	--	--
Salaries and Employee Benefits Payable	108,322	--	--	--	--
Unearned Contributions	293,948	--	--	--	--
Investment Obligations	240,011	--	--	--	--
Total Liabilities	<u>760,607</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET POSITION					
Restricted for OPEB Benefits	671,481	--	--	--	--
Restricted for Pension	18,853,793	5,118	9,794	22,802	18,876
Net Position	<u>\$ 19,525,274</u>	<u>\$ 5,118</u>	<u>\$ 9,794</u>	<u>\$ 22,802</u>	<u>\$ 18,876</u>

Supplemental Information
(Dollar Amounts in Thousands)

Health Reimbursement Arrangement Plan	Retiree Medical Plan 115 Trust *	Fiduciary Component Unit			
		Orange County Employees Retirement System-401(h)*	Orange County Employees Retirement System- Pension Trust Fund*	Orange County Employees Retirement System-Health Care Fund-OCFA*	
\$ 52	\$ 2,816	\$ --	\$ --	\$ --	ASSETS
--	--	10,345	470,884	1,053	Pooled Cash/Investments
--	--	5,140	233,977	523	Cash and Cash Equivalents
214,304	--	--	--	--	Securities Lending Collateral
--	--	192,387	8,757,111	19,579	Restricted Cash and Investments
--	--	50,488	2,298,129	5,138	Restricted Investments with Trustee
--	--	50,949	2,319,111	5,185	Global Public Equity
--	--	33,150	1,508,921	3,374	Private Equity
--	--	44,313	2,017,034	4,510	Core Fixed Income
--	--	38,238	1,740,526	3,892	Credit
--	--	10	469	1	Real Assets
--	--	1,186	53,976	121	Risk Mitigation
--	--	425	19,345	43	Absolute Return
--	--	1,930	87,866	196	Unique Strategies
--	--	--	13,354	--	Receivables
--	--	12	542	1	Investments
--	27	--	--	--	Securities Sales
--	--	95	4,329	10	Contributions
511	--	--	--	--	Foreign Currency Forward Contracts
--	--	--	13,713	--	Interest/Dividends
214,867	2,843	428,668	19,539,287	43,626	Other Receivables
--	--	--	--	--	Due from Other Governmental Agencies
--	--	--	--	--	Capital Assets, Net
--	--	--	--	--	Total Assets
--	--	2,538	115,530	258	LIABILITIES
--	4,046	5,123	98,267	886	Accounts Payable
--	--	--	293,948	--	Salaries and Employee Benefits Payable
--	--	5,148	234,339	524	Unearned Contributions
--	4,046	12,809	742,084	1,668	Investment Obligations
--	--	--	--	--	Total Liabilities
214,867	(1,203)	415,859	--	41,958	NET POSITION
--	--	--	18,797,203	--	Restricted for OPEB Benefits
\$ 214,867	\$ (1,203)	\$ 415,859	\$ 18,797,203	\$ 41,958	Restricted for Pension
					Net Position

* This is presented as of 12/31/20.

County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan	1.62% at 65 Retirement, 401(a) Defined Contribution Plan
Additions:					
Contributions to Pension and Other Postemployment Benefit Trust:					
Employer	\$ 737,397	\$ 114	\$ --	\$ 1,191	\$ 4,081
Employee	281,647	--	1,333	--	--
Investment Earnings					
Interest and Investment Income	2,383,202	766	168	3,984	4,072
Less: Investment Expense	(108,790)	(6)	(8)	(22)	(31)
Total Additions	<u>3,293,456</u>	<u>874</u>	<u>1,493</u>	<u>5,153</u>	<u>8,122</u>
Deductions:					
Benefits Paid to Participants	1,029,706	1,040	510	589	38
Professional Services	20,472	--	--	--	--
Total Deductions	<u>1,050,178</u>	<u>1,040</u>	<u>510</u>	<u>589</u>	<u>38</u>
Change in Net Position	2,243,278	(166)	983	4,564	8,084
Net Position-Beginning of Year	562,014	5,284	8,811	18,238	10,792
Adjustment Due to Change in Accounting Principle	<u>16,719,982</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Position-Beginning of Year, as Restated	<u>17,281,996</u>	<u>5,284</u>	<u>8,811</u>	<u>18,238</u>	<u>10,792</u>
Net Position-End of Year	<u>\$ 19,525,274</u>	<u>\$ 5,118</u>	<u>\$ 9,794</u>	<u>\$ 22,802</u>	<u>\$ 18,876</u>

Health Reimbursement Arrangement Plan	Retiree Medical Plan 115 Trust *	Fiduciary Component Unit			
		Orange County Employees Retirement System-401(h)*	Orange County Employees Retirement System- Pension Trust Fund*	Orange County Employees Retirement System-Health Care Fund-OCFA*	
\$ 24,239	\$ 4,638	\$ 41,351	\$ 659,807	\$ 1,976	Additions:
722	--	208	279,384	--	Contributions to Pension and Other Postemployment Benefit Trust:
					Employer
47,659	127	43,050	2,278,997	4,379	Employee
(343)	(5)	(2,325)	(105,813)	(237)	Contributions to Pension and Other
72,277	4,760	82,284	3,112,375	6,118	Interest and Investment Income
					Less: Investment Expense
					Total Additions
5,754	6,127	36,784	973,325	5,539	Deductions:
--	--	22	20,428	22	Benefits Paid to Participants
5,754	6,127	36,806	993,753	5,561	Administrative Expense
					Total Deductions
66,523	(1,367)	45,478	2,118,622	557	Change in Net Position
148,344	370,545	--	--	--	Net Position-Beginning of Year
--	(370,381)	370,381	16,678,581	41,401	Adjustment Due to Change in Accounting Principle
148,344	164	370,381	16,678,581	41,401	Net Position-Beginning of Year, as Restated
\$ 214,867	\$ (1,203)	\$ 415,859	\$ 18,797,203	\$ 41,958	Net Position-End of Year

* This is presented as of 12/31/20.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS**

				Fiduciary Component Unit
	Total	Unapportioned Tax and Interest Funds	Departmental Funds	Orange County Employees Retirement System-OCTA*
<u>ASSETS</u>				
Pooled Cash/Investments	\$ 337,052	\$ 240,588	\$ 96,464	\$ --
Cash/Cash Equivalents	730	--	246	484
Restricted Cash and Investments				
Restricted Investments with Trustee	31,559	--	31,559	--
Global Public Equity	12,966	--	--	12,966
Core Fixed Income	6,129	--	--	6,129
Receivables				
Accounts	447	--	447	--
Taxes	188,428	188,428	--	--
Interest/Dividends	10,386	10,250	136	--
Allowance for Uncollectible Receivables	(29,711)	(29,710)	(1)	--
Due from Other Governmental Agencies	8,575	100	8,475	--
Total Assets	<u>566,561</u>	<u>409,656</u>	<u>137,326</u>	<u>19,579</u>
<u>LIABILITIES</u>				
Accounts Payable	7,848	170	7,678	--
Unapportioned Interest	7,865	7,865	--	--
Due to Other Governmental Agencies	14,967	11,340	3,627	--
Unapportioned Taxes	17,688	17,688	--	--
Total Liabilities	<u>48,368</u>	<u>37,063</u>	<u>11,305</u>	<u>--</u>
<u>NET POSITION</u>				
Restricted for:				
Restricted for OPEB Benefits	19,579	--	--	19,579
Individuals, Organizations, and Other Governments	498,614	372,593	126,021	--
Net Position	<u>\$ 518,193</u>	<u>\$ 372,593</u>	<u>\$ 126,021</u>	<u>\$ 19,579</u>

* This is presented as of 12/31/20.

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

				Fiduciary Component Unit
	Total	Unapportioned Tax and Interest Funds	Departmental Funds	Orange County Employees Retirement System-OCTA*
Additions:				
Contributions to Pension and Other Postemployment				
Benefit Trust Funds:				
Employer	613	--	--	613
Contributions to Pooled Investments	1,132,584	--	1,132,584	--
Taxes	10,148,356	10,104,879	43,477	--
Interest and Investment Income	115,953	112,956	644	2,353
Less: Investment Expense	(138)	(104)	(31)	(3)
Total Additions	<u>11,397,368</u>	<u>10,217,731</u>	<u>1,176,674</u>	<u>2,963</u>
Deductions:				
Benefits Paid to Participants	1,383	--	--	1,383
Distributions from Pooled Investments	1,013,075	--	1,013,075	--
Professional Services	6,566	5,293	1,251	22
Other Expenses	230,397	230,397	--	--
Apportioned Taxes	<u>10,236,271</u>	<u>10,199,944</u>	<u>36,327</u>	<u>--</u>
Total Deductions	<u>11,487,692</u>	<u>10,435,634</u>	<u>1,050,653</u>	<u>1,405</u>
Change in Net Position	(90,324)	(217,903)	126,021	1,558
Net Position-Beginning of Year	--	--	--	--
Adjustment Due to Change in Accounting Principle	608,517	590,496	--	18,021
Net Position-Beginning of Year, as Restated	<u>608,517</u>	<u>590,496</u>	<u>--</u>	<u>18,021</u>
Net Position-End of Year	<u><u>\$ 518,193</u></u>	<u><u>\$ 372,593</u></u>	<u><u>\$ 126,021</u></u>	<u><u>\$ 19,579</u></u>

* This is presented as of 12/31/20.





Probation Department Table at Job Fair

STATISTICAL SECTION
(UNAUDITED)

The information in this section is not covered by the Independent Auditor's Report but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the basic financial statements, notes to the basic financial statements, and required supplementary information to understand and assess a government's economic condition.

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	214
<u>Revenue Capacity</u>	
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	226
<u>Debt Capacity</u>	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	231
<u>Economic and Demographic Information</u>	
These schedules offer economic and demographic indicators to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	236
<u>Operating Information</u>	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	238

Source: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17 ⁽²⁾
Governmental Activities					
Net Investment in Capital Assets	\$ 3,533,978	\$ 3,319,173	\$ 3,127,371	\$ 3,031,574	\$ 2,813,296
Restricted for:					
Expendable					
Pension Benefits	148,764	135,342	143,647	135,485	125,876
Capital Projects	98,252	162,614	212,897	123,245	164,400
Debt Service	38,248	33,179	28,370	25,792	33,409
Legally Segregated for Grants and Other Purposes	1,377,939	1,212,985	1,202,317	1,148,735	1,192,827
Regional Park Endowment	168	167	159	148	145
Nonexpendable					
Regional Park Endowment	200	200	200	200	196
Unrestricted	(3,046,351)	(3,480,608)	(3,582,580)	(3,312,306)	(3,074,958)
Total Governmental Activities Net Position	<u>\$ 2,151,198</u>	<u>\$ 1,383,052</u>	<u>\$ 1,132,381</u>	<u>\$ 1,152,873</u>	<u>\$ 1,255,191</u>
Business-Type Activities					
Net Investment in Capital Assets	\$ 865,175	\$ 856,250	\$ 858,924	\$ 799,668	\$ 708,286
Restricted for:					
Expendable					
Debt Service	12,698	11,591	2,029	8,672	36,181
Passenger Facility Charges					
Approved Capital Projects	8,093	8,158	3,282	12,044	2,775
Replacements and Renewals	1,000	1,000	1,000	1,000	1,000
Landfill Closure/Postclosure	25,053	27,730	28,531	26,655	28,962
Landfill Corrective Action	10,472	8,820	8,619	8,358	8,278
Wetland	879	879	879	879	879
Prima Deshecha/La Pata Closure	--	104	104	104	104
Airport ⁽¹⁾	--	--	--	--	--
OC Waste & Recycling ⁽¹⁾	--	--	--	--	--
Unrestricted	588,699	546,804	491,359	454,482	463,495
Total Business-Type Activities Net Position	<u>\$ 1,512,069</u>	<u>\$ 1,461,336</u>	<u>\$ 1,394,727</u>	<u>\$ 1,311,862</u>	<u>\$ 1,249,960</u>

Notes: (1) Starting in FY 2012-13, Restricted Net Position for Business-Type Activities will be shown by activity detail.
(2) The balances shown have not been restated to include the prior period adjustments.

Fiscal Year					
2015-16	2014-15	2013-14 ⁽²⁾	2012-13	2011-12 ⁽²⁾	
\$ 2,707,493	\$ 2,670,577	\$ 2,646,812	\$ 2,563,976	\$ 2,699,809	Governmental Activities
					Net Investment in Capital Assets
					Restricted for:
					Expendable
111,639	112,544	109,986	105,900	96,604	Pension Benefits
10,836	6,154	8,661	11,904	16,269	Capital Projects
36,380	37,734	37,639	31,965	--	Debt Service
					Legally Segregated for Grants
1,103,257	1,045,897	1,190,106	1,174,791	1,077,117	and Other Purposes
144	141	140	139	--	Regional Park Endowment
					Nonexpendable
193	188	185	183	319	Regional Park Endowment
(2,979,945)	(2,991,814)	331,408	196,850	37,790	Unrestricted
\$ 989,997	\$ 881,421	\$ 4,324,937	\$ 4,085,708	\$ 3,927,908	Total Governmental Activities Net Position
					Business-Type Activities
\$ 663,280	\$ 642,427	\$ 624,621	\$ 587,934	\$ 574,982	Net Investment in Capital Assets
					Restricted for:
					Expendable
8,499	7,324	7,090	58,772	--	Debt Service
					Passenger Facility Charges
14,705	70,538	62,522	55,331	--	Approved Capital Projects
1,000	1,000	1,000	1,000	--	Replacements and Renewals
33,997	33,337	37,412	40,355	--	Landfill Closure/Postclosure
8,245	8,174	7,141	6,109	--	Landfill Corrective Action
879	879	879	879	--	Wetland
104	104	104	104	--	Prima Deshecha/La Pata Closure
--	--	--	--	58,149	Airport ⁽¹⁾
--	--	--	--	82,205	OC Waste & Recycling ⁽¹⁾
465,003	362,546	384,871	335,122	350,474	Unrestricted
\$ 1,195,712	\$ 1,126,329	\$ 1,125,640	\$ 1,085,606	\$ 1,065,810	Total Business-Type Activities Net Position

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting) (Continued)**

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17 ⁽³⁾
Primary Government					
Net Investment in Capital Assets	\$ 4,399,153	\$ 4,175,423	\$ 3,986,295	\$ 3,831,242	\$ 3,521,582
Restricted for:					
Expendable					
OPEB ⁽¹⁾	--	--	--	--	--
Pension Benefits	148,764	135,342	143,647	135,485	125,876
Capital Projects	98,252	162,614	212,897	123,245	164,400
Debt Service	50,946	44,770	30,399	34,464	69,590
Legally Segregated for Grants and Other Purposes	1,377,939	1,212,985	1,202,317	1,148,735	1,192,827
Regional Park Endowment	168	167	159	148	145
Passenger Facility Charges					
Approved Capital Projects	8,093	8,158	3,282	12,044	2,775
Replacements and Renewals	1,000	1,000	1,000	1,000	1,000
Landfill Closure/Postclosure	25,053	27,730	28,531	26,655	28,962
Landfill Corrective Action	10,472	8,820	8,619	8,358	8,278
Wetland	879	879	879	879	879
Prima Deshecha/La Pata Closure	--	104	104	104	104
Airport ⁽²⁾	--	--	--	--	--
OC Waste & Recycling ⁽²⁾	--	--	--	--	--
Nonexpendable					
Regional Park Endowment	200	200	200	200	196
Unrestricted	(2,457,652)	(2,933,804)	(3,091,221)	(2,857,824)	(2,611,463)
Total Primary Government Net Position	\$ 3,663,267	\$ 2,844,388	\$ 2,527,108	\$ 2,464,735	\$ 2,505,151

- Notes: (1) In FY 2011-12, it was determined that the Restricted Net Position for Other Postemployment Benefits does not meet the definition of restriction and should be reported as unrestricted.
- (2) Starting in FY 2012-13, Restricted Net Position for Business-Type Activities will be shown by activity detail.
- (3) The balances shown have not been restated to include the prior period adjustments.

Fiscal Year					
2015-16	2014-15	2013-14 ⁽³⁾	2012-13	2011-12 ⁽³⁾	
\$ 3,370,773	\$ 3,313,004	\$ 3,271,433	\$ 3,151,910	\$ 3,274,791	Primary Government
					Net Investment in Capital Assets
					Restricted for:
					Expendable
--	--	--	--	-- ⁽¹⁾	OPEB ⁽¹⁾
111,639	112,544	109,986	105,900	96,604	Pension Benefits
10,836	6,154	8,661	11,904	16,269	Capital Projects
44,879	45,058	44,729	90,737	--	Debt Service
					Legally Segregated for Grants
1,103,257	1,045,897	1,190,106	1,174,791	1,077,117	and Other Purposes
144	141	140	139	--	Regional Park Endowment
					Passenger Facility Charges
14,705	70,538	62,522	55,331	--	Approved Capital Projects
1,000	1,000	1,000	1,000	--	Replacements and Renewals
33,997	33,337	37,412	40,355	--	Landfill Closure/Postclosure
8,245	8,174	7,141	6,109	--	Landfill Corrective Action
879	879	879	879	--	Wetland
104	104	104	104	--	Prima Deshecha/La Pata Closure
--	--	--	--	58,149	Airport ⁽²⁾
--	--	--	--	82,205	OC Waste & Recycling ⁽²⁾
					Nonexpendable
193	188	185	183	319	Regional Park Endowment
(2,514,942)	(2,629,268)	716,279	531,972	388,264	Unrestricted
\$ 2,185,709	\$ 2,007,750	\$ 5,450,577	\$ 5,171,314	\$ 4,993,718	Total Primary Government Net Position

County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

**Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17 ⁽¹⁾
Expenses					
Governmental Activities:					
General Government	\$ 188,668	\$ 313,583	\$ 221,830	\$ 196,233	\$ 186,340
Public Protection	1,513,781	1,571,137	1,650,165	1,475,626	1,485,137
Public Ways and Facilities	138,670	158,356	172,970	151,779	97,928
Health and Sanitation	1,106,989	752,996	715,343	656,234	593,617
Public Assistance	1,358,723	1,219,816	1,193,705	1,102,747	1,097,327
Education	52,579	48,845	52,323	48,412	44,510
Recreation and Cultural Services	128,747	122,694	139,183	123,798	112,749
Interest on Long-Term Debt	27,232	33,617	30,910	25,741	17,544
Subtotal Governmental Activities	4,515,389	4,221,044	4,176,429	3,780,570	3,635,152
Business-Type Activities:					
Airport	128,160	132,804	136,075	124,466	125,522
OC Waste & Recycling	134,202	130,853	128,354	125,472	105,149
Compressed Natural Gas	11	11	160	299	367
Subtotal Business-Type Activities	262,373	263,668	264,589	250,237	231,038
Total Primary Government Expenses	\$ 4,777,762	\$ 4,484,712	\$ 4,441,018	\$ 4,030,807	\$ 3,866,190
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	\$ 57,828	\$ 45,713	\$ 47,508	\$ 43,104	\$ 41,988
Public Protection	326,011	299,121	319,248	355,850	307,630
Public Ways and Facilities	49,063	54,762	52,334	55,544	67,796
Health and Sanitation	143,981	140,631	132,172	112,715	117,170
Public Assistance	18,347	38,431	40,158	38,741	40,589
Education	441	575	1,100	1,237	1,274
Recreation and Cultural Services	29,409	26,143	34,506	49,892	47,763
Operating Grants and Contributions	3,199,181	2,500,368	2,289,265	2,175,087	2,067,777
Capital Grants and Contributions	141,883	141,118	63,429	123,575	113,481
Subtotal Governmental Activities Program Revenues	3,966,144	3,246,862	2,979,720	2,955,745	2,805,468
Business-Type Activities:					
Charges for Services					
Airport	109,168	135,273	157,785	152,551	150,260
OC Waste & Recycling	179,974	179,542	171,741	162,273	153,842
Compressed Natural Gas	183	95	108	266	248
Operating Grants and Contributions	22,371	5,285	193	272	69
Capital Grants and Contributions	5,387	--	1,424	4,829	1,828
Subtotal Business-Type Activities Program Revenues	317,083	320,195	331,251	320,191	306,247
Total Primary Government Program Revenues	\$ 4,283,227	\$ 3,567,057	\$ 3,310,971	\$ 3,275,936	\$ 3,111,715

Notes: (1) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2015-16	2014-15	2013-14 ⁽¹⁾	2012-13	2011-12 ⁽¹⁾
\$ 203,394	\$ 191,793	\$ 131,026	\$ 221,110	\$ 161,615
1,433,421	1,326,028	1,261,984	1,264,354	1,231,925
142,071	114,398	127,561	137,651	144,382
554,872	537,580	626,063	621,381	593,657
1,097,129	1,049,665	988,735	944,230	930,348
46,170	43,314	41,240	38,548	41,226
115,136	102,069	96,820	101,232	102,762
20,112	23,560	28,028	31,269	56,765
3,612,305	3,388,407	3,301,457	3,359,775	3,262,680
120,921	124,778	120,731	122,568	107,120
96,301	69,307	94,161	94,737	94,553
283	331	379	305	306
217,505	194,416	215,271	217,610	201,979
\$ 3,829,810	\$ 3,582,823	\$ 3,516,728	\$ 3,577,385	\$ 3,464,659
\$ 34,048	\$ 36,924	\$ 32,016	\$ 32,127	\$ 26,942
288,185	286,644	273,215	283,031	271,423
63,487	53,834	53,071	39,981	62,653
85,392	102,599	93,470	81,039	86,027
37,975	37,650	42,300	34,780	35,036
1,426	1,480	2,059	1,327	1,437
46,937	43,882	39,251	39,637	38,888
2,037,311	1,996,861	2,033,550	1,904,858	1,800,296
105,776	33,241	54,478	62,893	39,010
2,700,537	2,593,115	2,623,410	2,479,673	2,361,712
149,894	141,563	136,359	132,941	129,213
147,130	139,493	125,106	106,876	99,249
269	312	392	385	293
171	255	900	200	212
2,174	9,215	5,277	3,839	5,216
299,638	290,838	268,034	244,241	234,183
\$ 3,000,175	\$ 2,883,953	\$ 2,891,444	\$ 2,723,914	\$ 2,595,895

Expenses

Governmental Activities:

General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural Services
Interest on Long-Term Debt
Subtotal Governmental Activities

Business-Type Activities:

Airport
OC Waste & Recycling
Compressed Natural Gas
Subtotal Business-Type Activities

Total Primary Government Expenses

Program Revenues

Governmental Activities:

Charges for Services
General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural Services
Operating Grants and Contributions
Capital Grants and Contributions
Subtotal Governmental Activities Program Revenues

Business-Type Activities:

Charges for Services
Airport
OC Waste & Recycling
Compressed Natural Gas
Operating Grants and Contributions
Capital Grants and Contributions
Subtotal Business-Type Activities Program Revenues

Total Primary Government Program Revenues

**Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting) (Continued)**

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17 ⁽³⁾
Net (Expense)/Revenue					
Governmental Activities	\$ (549,245)	\$ (974,182)	\$ (1,196,709)	\$ (824,825)	\$ (829,684)
Business-Type Activities	54,710	56,527	66,662	69,954	75,209
Total Primary Government Net (Expense)	<u>\$ (494,535)</u>	<u>\$ (917,655)</u>	<u>\$ (1,130,047)</u>	<u>\$ (754,871)</u>	<u>\$ (754,475)</u>
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes, Levied for General Fund	\$ 351,951	\$ 332,635	\$ 320,395	\$ 305,296	\$ 287,212
Property Taxes, Levied for Flood Control District	119,476	115,908	110,529	104,798	98,563
Property Taxes, Levied for OC Parks	93,792	89,804	85,640	81,206	76,493
Property Taxes, Levied for OC Public Libraries	59,333	56,767	54,074	51,166	47,804
Property Tax Increments ⁽²⁾	--	--	--	--	--
Property Taxes in-Lieu of Motor Vehicle License Fees	438,321	418,370	395,809	372,728	351,011
Other Taxes	127,777	104,863	99,965	99,889	98,216
Grants and Contributions Not Restricted to Specific Programs	15,547	11,673	2,720	10,757	8,434
State Allocation of Motor Vehicle License Fees	3,528	838	1,180	1,615	1,234
Unrestricted Investment Earnings	35,393	30,538	44,170	19,389	19,760
Miscellaneous	64,764	53,631	52,813	71,164	80,229
Gain on Sale of Capital Assets	--	--	--	--	--
Transfers	7,509	9,826	8,922	10,767	25,922
Subtotal Governmental Activities	<u>1,317,391</u>	<u>1,224,853</u>	<u>1,176,217</u>	<u>1,128,775</u>	<u>1,094,878</u>
Extraordinary Gain/(Loss) Dissolution of OCDA ⁽¹⁾	--	--	--	--	--
Business-Type Activities:					
Other Taxes	14	50	10	82	78
Unrestricted Investment Earnings	1,269	19,771	24,941	7,695	3,497
Miscellaneous Revenues	2,249	87	174	1,830	1,386
Transfers	(7,509)	(9,826)	(8,922)	(10,767)	(25,922)
Subtotal Business-Type Activities	<u>(3,977)</u>	<u>10,082</u>	<u>16,203</u>	<u>(1,160)</u>	<u>(20,961)</u>
Total Primary Government General Revenue and Other Charges	<u>\$ 1,313,414</u>	<u>\$ 1,234,935</u>	<u>\$ 1,192,420</u>	<u>\$ 1,127,615</u>	<u>\$ 1,073,917</u>
Change in Net Position					
Governmental Activities	\$ 768,146	\$ 250,671	\$ (20,492)	\$ 303,950	\$ 265,194
Business-Type Activities	50,733	66,609	82,865	68,794	54,248
Total Primary Government	<u>\$ 818,879</u>	<u>\$ 317,280</u>	<u>\$ 62,373</u>	<u>\$ 372,744</u>	<u>\$ 319,442</u>

Notes: (1) Extraordinary item results from the dissolution of OCDA, which is now reported as a Private-Purpose Trust Fund.
(2) Starting in FY 2012-13, there were no property tax increment revenues due to the dissolution of OCDA.
(3) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2015-16	2014-15	2013-14 ⁽³⁾	2012-13	2011-12 ⁽³⁾
\$ (911,768)	\$ (795,292)	\$ (678,047)	\$ (880,102)	\$ (900,968)
82,133	96,422	52,763	26,631	32,204
\$ (829,635)	\$ (698,870)	\$ (625,284)	\$ (853,471)	\$ (868,764)
\$ 311,902	\$ 328,500	\$ 277,591	\$ 313,299	\$ 311,779
82,193	77,090	72,737	69,321	68,184
61,048	57,266	54,042	51,550	51,168
45,364	42,333	39,734	37,961	37,389
--	--	--	--	18,308
333,595	314,957	295,798	309,745	303,955
78,184	71,613	73,178	108,430	43,568
4,583	49,476	14,192	6,711	9,377
1,100	764	895	1,659	2,667
17,032	6,796	18,459	11,559	4,195
63,825	69,789	54,412	48,478	57,125
--	--	--	--	34
21,518	19,959	17,557	10,276	11,767
1,020,344	1,038,543	918,595	968,989	919,516
--	--	--	1,800	(69,639)
72	109	101	93	134
6,526	3,042	3,064	2,113	3,530
2,170	1,597	3,177	1,235	1,508
(21,518)	(19,959)	(17,557)	(10,276)	(11,767)
(12,750)	(15,211)	(11,215)	(6,835)	(6,595)
\$ 1,007,594	\$ 1,023,332	\$ 907,380	\$ 963,954	\$ 843,282
\$ 108,576	\$ 243,251	\$ 240,548	\$ 90,687	\$ (51,091)
69,383	81,211	41,548	19,796	25,609
\$ 177,959	\$ 324,462	\$ 282,096	\$ 110,483	\$ (25,482)

Net (Expense)/Revenue

Governmental Activities
Business-Type Activities
Total Primary Government Net (Expense)

General Revenue and Other

Changes in Net Position

Governmental Activities:
Taxes
Property Taxes, Levied for General Fund
Property Taxes, Levied for
Flood Control District
Property Taxes, Levied for OC Parks
Property Taxes, Levied for
OC Public Libraries
Property Tax Increments ⁽²⁾
Property Taxes in-Lieu of
Motor Vehicle License Fees
Other Taxes
Grants and Contributions Not Restricted
to Specific Programs
State Allocation of Motor
Vehicle License Fees
Unrestricted Investment Earnings
Miscellaneous
Gain on Sale of Capital Assets
Transfers
Subtotal Governmental Activities
Extraordinary Gain/(Loss)
Dissolution of OCDA ⁽¹⁾

Business-Type Activities:
Other Taxes
Unrestricted Investment Earnings
Miscellaneous Revenues
Transfers
Subtotal Business-Type Activities
Total Primary Government General
Revenue and Other Charges

Change in Net Position

Governmental Activities
Business-Type Activities
Total Primary Government

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17 ⁽¹⁾
General Fund					
Nonspendable	\$ 515,879	\$ 460,074	\$ 396,541	\$ 378,418	\$ 372,572
Restricted	97,998	78,982	49,989	31,815	39,581
Assigned	108,268	106,929	147,686	179,119	265,293
Unassigned	13,582	217,317	196,517	219,426	73,446
Total General Fund	\$ 735,727	\$ 863,302	\$ 790,733	\$ 808,778	\$ 750,892
All Other Governmental Funds					
Nonspendable	\$ 29,779	\$ 25,866	\$ 23,368	\$ 21,505	\$ 21,697
Restricted	1,611,739	1,588,765	1,657,781	1,492,269	1,635,408
Assigned	377,228	214,144	180,139	176,953	170,472
Unassigned	--	--	--	--	--
Total All Other Governmental Funds	\$ 2,018,746	\$ 1,828,775	\$ 1,861,288	\$ 1,690,727	\$ 1,827,577

Note: (1) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2015-16	2014-15	2013-14 ⁽¹⁾	2012-13	2011-12 ⁽¹⁾
\$ 331,889	\$ 336,606	\$ 321,022	\$ 263,446	\$ 225,460
49,230	31,486	42,028	34,679	26,336
321,064	269,529	153,336	68,157	100,448
25,655	26,887	--	78,264	990
\$ 727,838	\$ 664,508	\$ 516,386	\$ 444,546	\$ 353,234

General Fund

Nonspendable
Restricted
Assigned
Unassigned

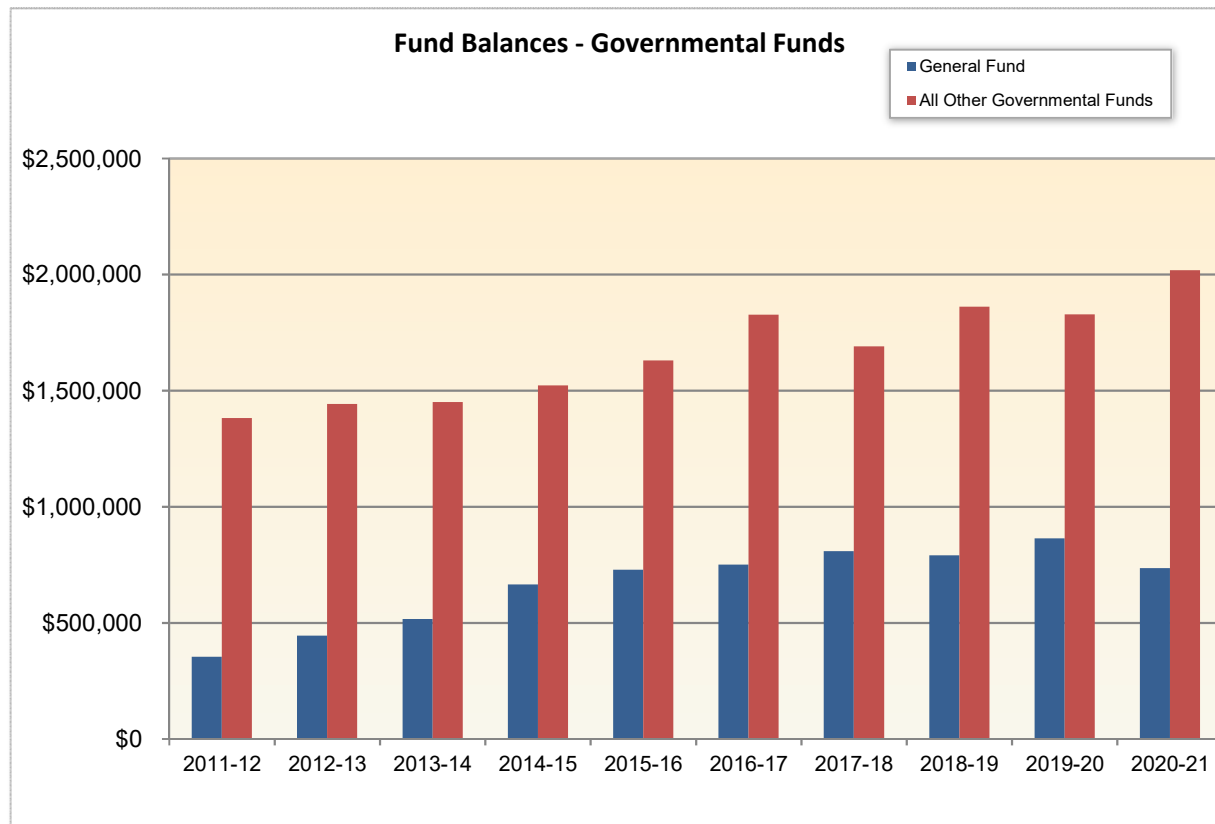
Total General Fund

\$ 20,501	\$ 21,296	\$ 21,207	\$ 18,929	\$ 23,057
1,479,405	1,417,122	1,362,102	1,357,556	1,318,071
129,782	83,765	67,929	65,556	43,900
--	--	--	--	(3,016)
\$ 1,629,688	\$ 1,522,183	\$ 1,451,238	\$ 1,442,041	\$ 1,382,012

All Other Governmental Funds

Nonspendable
Restricted
Assigned
Unassigned

Total All Other Governmental Funds



**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Basis of Accounting)**

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17 ⁽¹⁾
Revenues					
Taxes	\$ 1,152,471	\$ 1,087,160	\$ 1,033,209	\$ 982,742	\$ 923,561
Licenses, Permits, and Franchises	27,819	26,193	25,956	28,142	28,209
Fines, Forfeitures, and Penalties	57,845	54,731	64,582	69,858	96,950
Use of Money and Property	43,339	99,619	124,827	85,694	68,498
Intergovernmental	3,142,386	2,506,018	2,243,421	2,232,699	2,172,013
Charges for Services	571,132	553,644	538,659	567,464	530,883
Other	70,549	60,389	74,508	78,707	63,949
Total Revenues	5,065,541	4,387,754	4,105,162	4,045,306	3,884,063
Expenditures					
General Government	227,528	346,701	271,722	295,157	267,663
Public Protection	1,559,227	1,492,539	1,485,357	1,441,435	1,401,694
Public Ways and Facilities	130,831	138,760	152,657	135,056	97,169
Health and Sanitation	1,131,047	747,178	680,305	649,064	578,772
Public Assistance	1,383,768	1,210,986	1,145,340	1,094,675	1,073,964
Education	53,372	47,702	47,826	46,842	42,564
Recreation and Cultural Services	125,363	119,379	114,127	117,965	106,356
Capital Outlay	341,409	194,454	213,950	259,797	176,308
Debt Service					
Principal Retirement	60,982	90,093	75,410	108,997	100,119
Interest	40,115	43,887	43,062	36,273	47,089
Debt Issuance Costs	--	--	--	--	--
Total Expenditures	5,053,642	4,431,679	4,229,756	4,185,261	3,891,698
Excess (Deficit) of Revenues Over Expenditures	11,899	(43,925)	(124,594)	(139,955)	(7,635)
Other Financing Sources (Uses)					
Transfers In	601,093	590,322	633,185	505,092	653,593
Transfers Out	(601,321)	(590,049)	(629,486)	(502,637)	(631,891)
Debt Issued	50,725	83,708	61,107	58,489	31,536
Premium on Debt Issued	--	--	--	--	--
Refunding Bonds Issued	--	--	--	--	--
Payment to Refunded Bond Escrow	--	--	--	--	--
Provisions for Increase in Land Held for Resale	--	--	--	--	--
Capital Leases	--	--	--	47	--
Loan Issuance	--	--	212,304	--	175,340
Total Other Financing Sources	50,497	83,981	277,110	60,991	228,578
Extraordinary Gain/(Loss)	--	--	--	--	--
Net Change in Fund Balances	\$ 62,396	\$ 40,056	152,516	(78,964)	\$ 220,943
Debt Service as a Percentage of Noncapital Expenditures:	2.15%	3.16%	2.95%	3.70%	3.97%

Notes: (1) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2015-16	2014-15	2013-14 ⁽¹⁾	2012-13	2011-12 ⁽¹⁾
\$ 876,808	\$ 822,511	\$ 778,936	\$ 854,587	\$ 784,797
27,659	24,583	24,920	15,213	18,046
61,669	108,115	62,081	79,267	80,180
88,211	73,700	63,611	58,441	81,088
2,125,136	2,064,354	2,070,245	1,940,687	1,846,311
466,659	480,023	470,899	439,224	435,920
69,436	71,207	54,406	77,464	66,920
3,715,578	3,644,493	3,525,098	3,464,883	3,313,262
261,387	212,805	172,195	186,145	170,156
1,289,902	1,230,878	1,194,069	1,157,676	1,125,831
123,140	102,732	127,506	112,294	126,809
527,482	515,560	621,891	611,369	580,791
1,061,647	1,030,404	972,156	932,414	909,296
43,928	41,949	40,008	37,239	37,621
100,381	98,001	98,388	94,051	91,753
116,569	102,863	125,781	122,639	105,207
126,319	104,756	111,486	72,499	95,429
43,039	31,513	35,107	43,777	46,152
--	--	200	--	--
3,693,794	3,471,461	3,498,787	3,370,103	3,289,045
21,784	173,032	26,311	94,780	24,217
396,952	338,055	294,374	274,363	345,692
(387,373)	(323,604)	(279,287)	(268,110)	(336,157)
127,494	31,541	39,639	78,419	10,000
11,724	--	--	--	2,927
--	--	--	--	34,380
--	--	--	--	(40,491)
--	--	--	--	43
254	43	--	--	--
--	--	--	--	--
149,051	46,035	54,726	84,672	16,394
--	--	--	1,800	(113,615)
\$ 170,835	\$ 219,067	\$ 81,037	\$ 181,252	(73,004)
4.73%	4.04%	4.34%	3.60%	4.44%

Revenues

Taxes
Licenses, Permits, and Franchises
Fines, Forfeitures, and Penalties
Use of Money and Property
Intergovernmental
Charges for Services
Other
Total Revenues

Expenditures

General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural Services
Capital Outlay
Debt Service
Principal Retirement
Interest
Debt Issuance Costs
Total Expenditures
Excess (Deficit) of Revenues
Over Expenditures

Other Financing Sources (Uses)

Transfers In
Transfers Out
Debt Issued
Premium on Debt Issued
Refunding Bonds Issued
Payment to Refunded Bond Escrow
Provisions for Increase in Land Held
for Resale
Capital Leases
Loan Issuance
Total Other Financing Sources
Extraordinary Gain/(Loss)
Net Change in Fund Balances

Debt Service as a Percentage
of Noncapital Expenditures:

Assessed Value of Taxable Property ⁽¹⁾
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Industrial/ Commerical Property</u>	<u>Other Property ⁽²⁾</u>	<u>Unsecured Roll Gross Total ⁽³⁾</u>
2020-21	\$ 504,644,318	\$ 140,164,352	\$ 2,403,862	\$ 22,897,695
2019-20	480,900,743	134,341,781	2,582,299	22,599,621
2018-19	454,536,503	127,625,128	2,489,493	21,677,257
2017-18	427,214,695	119,884,555	2,827,145	20,772,113
2016-17	400,931,553	114,636,194	2,787,769	20,582,609
2015-16	377,592,570	110,440,476	3,294,159	20,394,462
2014-15	352,800,864	105,523,254	3,694,094	20,902,660
2013-14	328,138,473	102,580,010	3,792,261	19,281,087
2012-13	315,635,908	100,074,695	3,489,057	19,905,480
2011-12	310,211,002	96,431,670	2,848,162	20,634,672

- Notes:
- (1) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent, the current market value at time of ownership change and the market value for new construction. Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.
 - (2) Other property includes: timeshares, rural/agricultural land, unique miscellaneous, mineral rights, water rights and personal property and fixtures.
 - (3) Unsecured roll includes properties for which taxes assessed are not a lien on real property and are not sufficient, in the opinion of the Assessor, to secure payment of taxes. It consists of improvements, business personal property, boats and aircrafts, and it can also include land and improvements that are identified as real estate of others, as defined by the Assessor (reference Revenue and Taxation Code Section 134).

Source: Orange County Assessor Department

<u>Total Taxable Assessed Value</u>	<u>Less: Exempt & Non-Reimbursed Exemptions</u>	<u>Net Taxable Assessed Value</u>	<u>Total Direct Tax Rate Percent ⁽¹⁾</u>
\$ 670,110,227	\$ (14,813,332)	\$ 655,296,895	1.00
640,424,444	(14,679,567)	625,744,877	1.00
606,328,381	(13,748,645)	592,579,736	1.00
570,698,508	(12,895,747)	557,802,761	1.00
538,938,125	(12,807,570)	526,130,555	1.00
511,721,667	(12,722,344)	498,999,323	1.00
482,920,872	(11,661,965)	471,258,907	1.00
453,791,831	(10,943,554)	442,848,277	1.00
439,105,140	(10,634,193)	428,470,947	1.00
430,125,506	(9,729,486)	420,396,020	1.00

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$1,000 of Assessed Value) ⁽⁴⁾**

Fiscal Year	Direct Rate ⁽¹⁾	Overlapping Rates ⁽²⁾				Total Direct & Overlapping Rates
	County General	School Districts	Local Special Districts	Cities	Public Utility	
2020-21	1.00000	0.05622	0.00847	0.00676	0.00363	1.07508
2019-20	1.00000	0.05358	0.01202	0.00678	0.00326	1.07564
2018-19	1.00000	0.05515	0.01216	0.00687	0.00317	1.07735
2017-18	1.00000	0.05366	0.01289	0.00713	0.00259	1.07627
2016-17	1.00000	0.04840	0.01316	0.00659	0.00270	1.07085
2015-16	1.00000	0.05101	0.01455	0.00670	0.00227	1.07453
2014-15	1.00000	0.04579	0.04438	0.00681	-- ⁽³⁾	1.09698

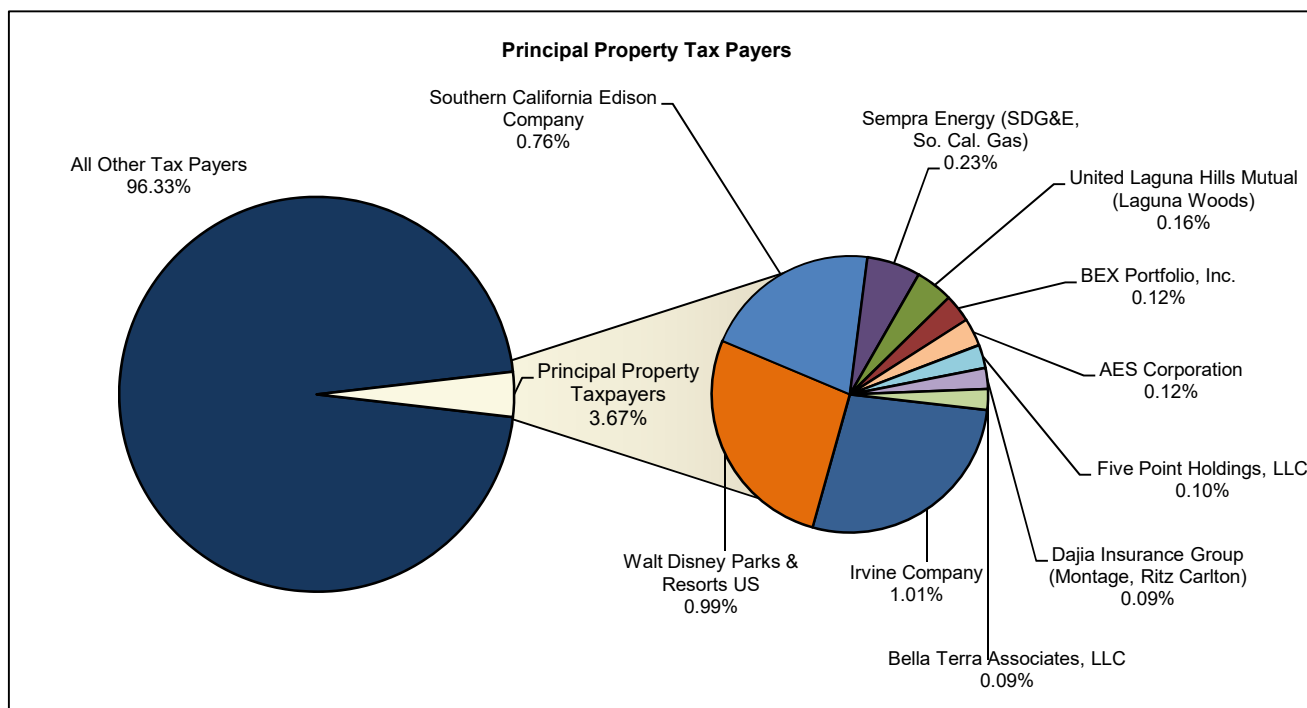
- Notes:
- (1) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent, the current market value at time of ownership change and the market value for new construction. Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.
 - (2) These overlapping rates are in addition to the County General rate, but only apply to taxpayers within the borders of the school districts, local special districts, cities, and public utilities that lie within the County.
 - (3) No rate was available for Public Utility in FY 2014-15.
 - (4) The schedule is presented to show information for 10 years. However, a full 10-year trend is not currently available; the County will be adding years in the future.

Source: Auditor-Controller, County of Orange



**Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2021			2012		
	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied
Irvine Company	\$ 76,379	1	1.01%	\$ 98,462	1	1.94%
Walt Disney Parks & Resorts US	74,313	2	0.99%	50,122	2	0.99%
Southern California Edison Company	57,143	3	0.76%	29,544	3	0.58%
Sempra Energy (SDG&E, So. Cal. Gas)	17,484	4	0.23%			
United Laguna Hills Mutual (Laguna Woods)	11,857	5	0.16%	7,177	8	0.14%
BEX Portfolio, Inc.	8,776	6	0.12%			
AES Corporation	8,669	7	0.12%			
Five Point Holdings, LLC	7,425	8	0.10%			
Dajia Insurance Group	7,147	9	0.09%			
Bella Terra Associates, LLC	6,497	10	0.09%			
Irvine Apartment Communities				9,946	4	0.20%
Irvine Community Development Co.				8,581	5	0.17%
Pacific Bell Telephone Company				8,013	6	0.16%
Kaiser Foundation Hospitals				7,510	7	0.15%
Heritage Fields El Toro LLC				6,624	9	0.13%
Oxy USA Inc.				6,003	10	0.12%
Total	\$ 275,690		3.67%	\$ 231,982		4.58%

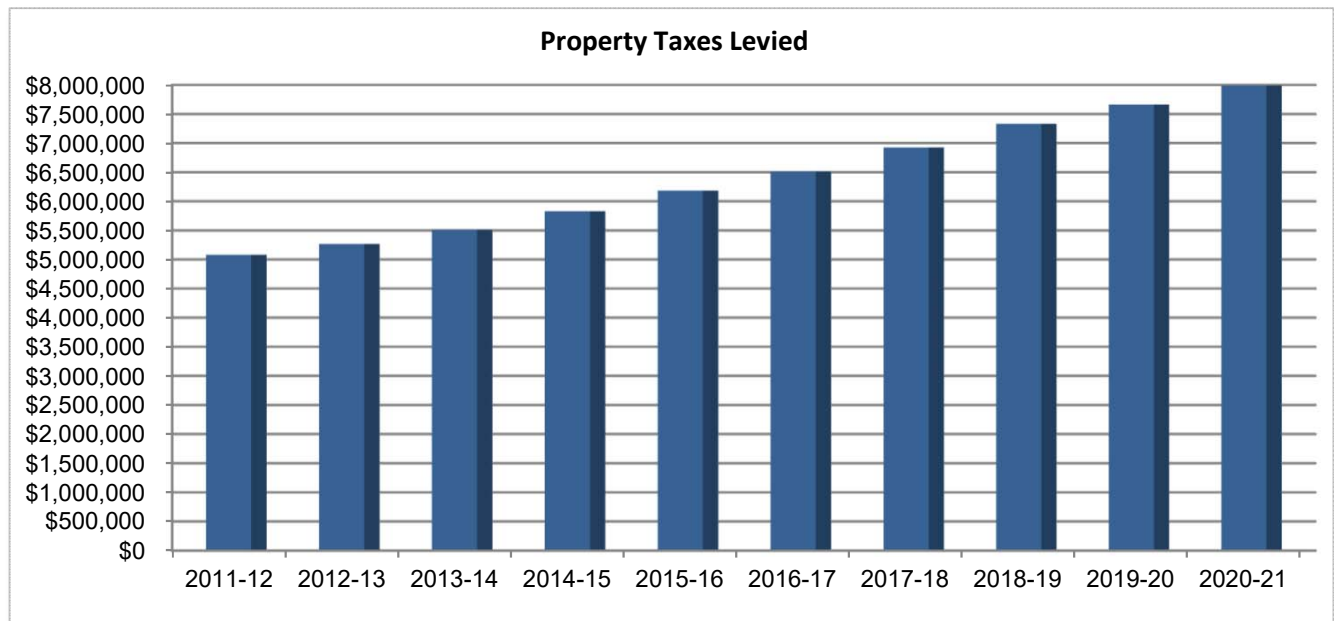


Note: The base used for the Percentage of Total Taxes Levied for 2021 includes total secured taxes of \$7,537,669.

Source: Treasurer-Tax Collector, County of Orange

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year ⁽¹⁾	Collections Within the Fiscal Year of the Levy ⁽²⁾		Collections of Delinquent Taxes from Prior Years	Total Collections for the Fiscal Year ⁽³⁾	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020-21	\$ 7,989,930	\$ 7,896,700	98.83%	\$ -- ⁽⁴⁾	\$ 7,896,700	98.83%
2019-20	7,664,009	7,567,252	98.74%	58,658	7,625,910	99.50%
2018-19	7,333,137	7,252,952	98.91%	55,351	7,308,303	99.66%
2017-18	6,925,546	6,855,493	98.99%	51,595	6,907,088	99.73%
2016-17	6,511,944	6,446,780	99.00%	51,003	6,497,783	99.78%
2015-16	6,183,862	6,119,771	98.96%	53,784	6,173,555	99.83%
2014-15	5,828,106	5,759,699	98.83%	60,499	5,820,198	99.86%
2013-14	5,509,379	5,444,912	98.83%	54,615	5,499,527	99.82%
2012-13	5,265,844	5,194,193	98.64%	59,766	5,253,959	99.77%
2011-12	5,079,589	5,002,490	98.48%	84,405	5,086,895	100.14%



- Notes:
- (1) Total tax levy includes secured, supplemental, unsecured and former redevelopment agency increment, including penalties.
 - (2) Total tax collections include penalties.
 - (3) Total collections include collections of current year taxes and collections related to prior year levies.
The percentage of levy represents the ratio of total collections to the taxes levied for that fiscal year.
 - (4) No amounts are shown because the property taxes levied will be collected in the following year.

Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt ⁽¹⁾ by Type
Last Ten Fiscal Years (in Thousands Except Per Capita)
(Accrual Basis of Accounting)

Fiscal Year	Governmental Activities					
	Refunding Recovery Bonds ⁽⁵⁾	Certificates of Participation ⁽⁴⁾	Pension Obligation Bonds ⁽⁴⁾	Teeter Plan Notes	SARI Line Loans	Lease Revenue Bonds ^{(5),(6),(7)}
2020-21	\$ --	\$ --	\$ 516	\$ 37,406	\$ --	\$ 441,853
2019-20	--	--	2,967	34,661	--	447,481
2018-19	--	--	5,445	29,507	--	449,669
2017-18	--	392	8,217	27,247	--	245,288
2016-17	--	811	11,220	27,868	23,900	263,692
2015-16	--	1,262	19,140	30,191	28,022	141,145
2014-15	--	1,744	27,227	33,823	36,277	105,880
2013-14	19,172	2,262	32,193	39,830	47,410	137,115
2012-13	35,317	2,822	37,925	43,486	59,892	155,828
2011-12	51,600	3,422	47,523	--	40,328	181,097

- Notes:
- (1) Details regarding the County's outstanding debt can be found in Note 12, Long-Term Obligations.
 - (2) Capital lease obligations arise from lease agreements which are in-substance like purchases. The agreements convey property rights to the lessee and the lessee assumes substantially all the risks and benefits of ownership.
 - (3) See demographic and economic statistics schedule for personal income and population data. For years prior to FY 2012-13, the personal income ratio and the debt per capita amounts were calculated using personal income and population from the prior fiscal year.
 - (4) Beginning FY 2012-13, outstanding debt does not include Interest Accretion on capital appreciation bonds (CAB), this was separated and numbers were restated.
 - (5) Beginning FY 2013-14, outstanding debt does not include deferred amount on refunding due to implementation of GASB Statement No. 65. Prior years have not been restated.
 - (6) Lease Revenue Bonds and Airport Revenue Bonds include unamortized premiums and discounts.
 - (7) Prior year balances for the Civic Center Facilities Master Plan Financing have been combined with Lease Revenue Bonds per GASB Statement No. 88.

Source: Auditor-Controller, County of Orange

Capital Lease Obligations ⁽²⁾	Interest Accretion on CAB	Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽³⁾	Per Capita ⁽³⁾
		Airport Revenue Bonds ⁽⁶⁾	Waste Management System Revenue Bonds			
\$ 32,993	\$ 2,890	\$ 79,910	\$ --	\$ 595,568	0.23%	\$ 189
31,702	15,090	93,462	--	625,363	0.28%	196
39,396	25,201	98,079	--	647,297	0.28%	201
43,169	36,586	152,199	--	513,098	0.24%	159
55,831	46,641	187,318	--	617,281	0.31%	193
67,928	73,926	195,127	--	556,741	0.29%	175
79,168	96,303	202,536	--	582,958	0.31%	185
62,446	103,377	209,804	--	653,609	0.34%	210
67,353	110,084	240,540	7,018	760,265	0.41%	247
71,755	--	248,900	13,666	658,291	0.40%	215

**Ratios of Net General Bonded Debt ⁽¹⁾ Outstanding
Last Ten Fiscal Years (in Thousands Except Per Capita)
(Accrual Basis of Accounting)**

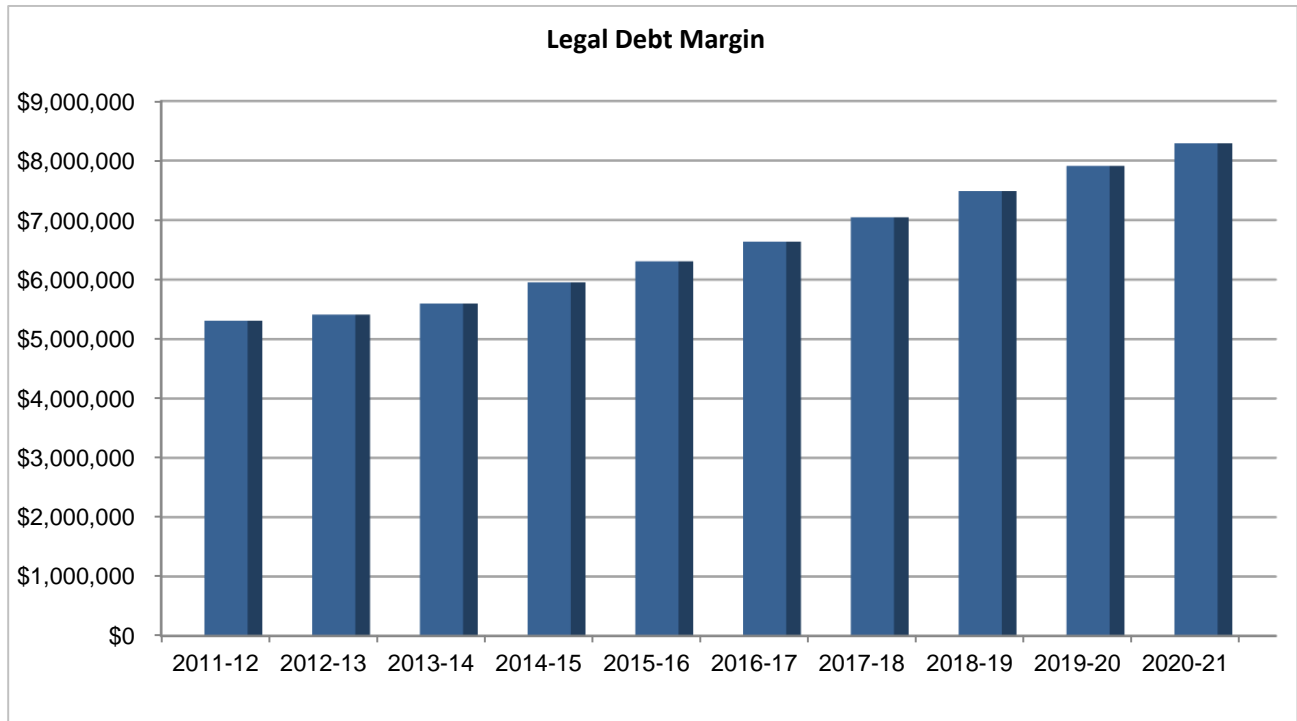
Fiscal Year	General Debt Outstanding				Percentage of Assessed Value	Per Capita ⁽²⁾
	Refunding Recovery Bonds	Pension Obligation Bonds ⁽³⁾	Restricted for Debt Payments ⁽³⁾	Total (Excess)/ Under		
2020-21	\$ --	\$ 3,406	\$ 3,406	\$ --	0.00%	\$ --
2019-20	--	18,057	18,057	--	0.00%	--
2018-19	--	30,646	30,646	--	0.00%	--
2017-18	--	42,770	42,770	--	0.00%	--
2016-17	--	53,985	53,985	--	0.00%	--
2015-16	--	87,521	87,521	--	0.00%	--
2014-15	--	116,494	116,494	--	0.00%	--
2013-14	19,172	127,206	127,206	19,172	0.00%	6
2012-13	35,317	138,484	138,484	35,317	0.01%	11
2011-12	51,600	47,523	47,523	51,600	0.01%	17

Notes: (1) Details regarding the County's outstanding debt can be found in Note 12, Long-Term Obligations.
(2) See demographic and economic statistics schedule for population data. For years prior to FY 2012-13, the debt per capita amount was calculated using the population for the prior fiscal year.
(3) Beginning in FY 2012-13, outstanding debt includes accreted interest on capital appreciation bonds.

Source: Auditor Controller, County of Orange

**Legal Debt Margin as a Percentage of Debt Limit
Pledged Revenue Coverage**

Fiscal Year	Assessed Value ⁽¹⁾	Legal Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit ⁽²⁾
2020-21	\$ 663,241,179	\$ 8,290,515	\$ --	\$ 8,290,515	0%
2019-20	632,758,256	7,909,478	--	7,909,478	0%
2018-19	598,901,016	7,486,263	--	7,486,263	0%
2017-18	563,662,044	7,045,776	--	7,045,776	0%
2016-17	531,052,158	6,638,152	--	6,638,152	0%
2015-16	504,650,360	6,308,130	--	6,308,130	0%
2014-15	476,303,290	5,953,791	--	5,953,791	0%
2013-14	447,749,156	5,596,864	--	5,596,864	0%
2012-13	432,902,274	5,411,278	--	5,411,278	0%
2011-12	424,769,642	5,309,621	--	5,309,621	0%



Note:

- (1) Assessed Value includes the State assessed properties.
- (2) The amount of the general obligation bonded indebtedness the County can incur is limited by law to 1.25 percent of the equalized assessment property tax roll. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIII A, Section 1 requires the approval of 2/3 of the voting on the proposition.

Source: Auditor-Controller, County of Orange

County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021
(Dollar Amounts in Thousands)

Pledged Revenue Coverage ⁽¹⁾
Last Ten Fiscal Years

South Orange County Public Financing Authority						
Funding Source: Interest Earnings, Rents and Concessions, and Transfers						
Debt Service						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2020-21	\$ 4,338	\$ --	\$ 4,338	\$ 2,054	\$ 2,433	0.97
2019-20	4,491	64	4,427	1,975	2,511	0.99
2018-19	6,076	--	6,076	6,930	2,839	0.62
2017-18	10,489	--	10,489	7,165	3,152	1.02
2016-17	10,465	--	10,465	7,335	2,974	1.02
2015-16	5,828	271	5,557	4,920	906	0.95
2014-15	5,830	--	5,830	4,780	1,049	1.00
2013-14	5,825	--	5,825	4,680	1,143	1.00
2012-13	5,841	--	5,841	4,520	1,307	1.00
2011-12	--	262	(262)	--	--	--

Orange County Public Financing Authority						
Funding Source: Interest Earnings, Rents and Concessions, and Transfers						
Debt Service						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2020-21	\$ --	\$ --	\$ --	\$ --	\$ --	--
2019-20	--	--	--	--	--	--
2018-19	--	--	--	--	--	--
2017-18	2,466	--	2,466	9,590	335	0.25
2016-17	10,189	--	10,189	41,235	1,587	0.24
2015-16	44,418	--	44,418	25,420	3,235	1.55
2014-15	29,928	--	29,928	24,235	4,455	1.04
2013-14	29,949	--	29,949	23,115	5,605	1.04
2012-13	29,952	--	29,952	22,160	6,638	1.04
2011-12	35,697	--	35,697	61,630	10,837	0.49

Airport Revenue Bonds						
Funding Source: Rents and Concessions, Other Charges for Services, Misc Revenue, Interest Earnings, and Available Passenger Facility Charge Revenue						
Debt Service						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2020-21	\$ 109,803	\$ 69,255	\$ 40,548	\$ 11,255	\$ 3,872	2.68
2019-20	136,374	92,346	44,028	1,950	2,632	9.61
2018-19	154,833	95,862	58,971	22,170	7,924	1.96
2017-18	145,649	90,889	54,760	35,090	8,845	1.25
2016-17	143,707	89,055	54,652	7,530	9,999	3.12
2015-16	143,661	82,833	60,828	7,205	10,338	3.47
2014-15	135,491	82,558	52,933	6,995	10,603	3.01
2013-14	131,285	84,708	46,577	30,473	11,395	1.11
2012-13	126,966	79,739	47,227	9,250	12,250	2.20
2011-12	124,403	77,628	46,775	7,851	12,592	2.29

Orange County Public Facilities Corporation Bonds						
Funding Source: Interest Earnings and Transfers						
Debt Service						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2020-21	\$ --	\$ --	\$ --	\$ --	\$ --	--
2019-20	--	--	--	--	--	--
2018-19	53	--	53	392	2,209	0.02
2017-18	2,423	--	2,423	419	2,179	0.93
2016-17	2,405	8	2,397	451	2,157	0.92
2015-16	2,470	--	2,470	482	2,121	0.95
2014-15	2,475	--	2,475	518	2,090	0.95
2013-14	2,459	--	2,459	560	2,045	0.94
2012-13	2,403	44	2,359	600	2,005	0.91
2011-12	2,770	--	2,770	642	1,958	1.07

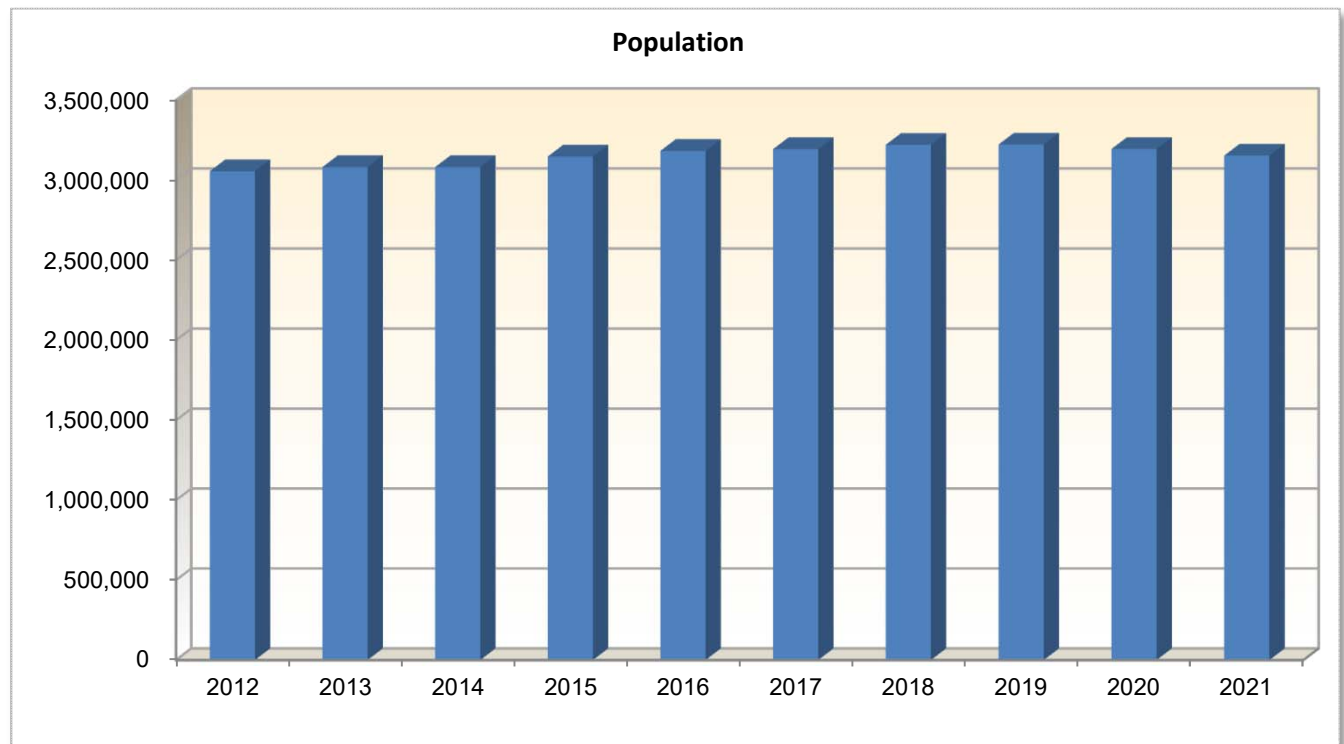
Teeter Plan Notes						
Funding Source: Delinquent Property Taxes Collected						
Debt Service						
Fiscal Year (2)	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2020-21	\$ 10,614	\$ 137	\$ 10,477	\$ 47,980	\$ 1,189	0.21
2019-20	8,793	275	8,518	78,554	1,263	0.11
2018-19	9,701	239	9,462	58,847	1,379	0.16
2017-18	11,210	220	10,990	59,110	1,105	0.18
2016-17	26,232	154	26,078	33,859	600	0.77
2015-16	316	210	106	74,561	347	0.00
2014-15	174	2,954	(2,780) ⁽³⁾	37,548	352	(0.07)
2013-14	11,147	251	10,896	43,295	413	0.25
2012-13	15,706	1,032	14,674	14,449	327	0.99
2011-12	--	--	--	--	--	--

Notes: (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.
(2) Teeter Plan Notes were converted from short-term commercial paper to long-term note in FY 2012-13, therefore, only long-term note information is presented.
(3) For FY 2014-15, there is a deficit balance for Net Available Revenue due to the change in Teeter Plan Reserve methodology.

Source: Auditor-Controller, County of Orange

**Demographic and Economic Statistics
Last Ten Calendar Years**

Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income (Absolute Dollars) ⁽²⁾	Median Age ⁽³⁾	Public School Enrollment (In Thousands) ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2021	3,153,764	\$ 258,933,000	\$ 82,103	38.6	456,571	6.3%
2020	3,194,332	226,531,000	70,917	38.6	473,612	12.3%
2019	3,222,498	230,180,000	71,429	37.8	478,823	3.0%
2018	3,221,103	215,479,000	66,896	37.5	485,835	3.1%
2017	3,194,024	199,492,000	62,458	37.3	490,430	4.2%
2016	3,183,011	190,978,000	59,999	37.1	493,030	4.4%
2015	3,147,655	185,500,000	58,933	36.7	497,116	4.0%
2014	3,113,991	177,412,900	56,973	36.4	500,487	5.4%
2013	3,081,804	168,966,400	54,827	36.2	501,801	6.7%
2012	3,055,792	166,345,500	54,436	36.7	502,195	8.1%



Sources:

- (1) California Department of Finance, Demographic Research Unit, <http://www.dof.ca.gov>
- (2) Chapman University Economic & Business Review.
- (3) U.S. Census Bureau, American Community Survey 2019, <http://www.census.gov>
- (4) California Department of Education, <http://www.cde.ca.gov>
- (5) State of California, Employment Development Department, <http://www.edd.ca.gov/>

**Principal Employers
Current Year and Nine Years Ago**

2021

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	28,000	1	1.77%
University of California, Irvine	25,512	2	1.61%
County of Orange	17,769	3	1.12%
Providence	12,866	4	0.81%
Albertsons	8,159	5	0.52%
Kaiser Permanente	8,050	6	0.51%
Hoag Memorial Hospital	6,710	7	0.42%
Walmart Inc.	6,400	8	0.40%
Target Corporation	6,000	9	0.38%
Yum Brands Inc.	5,600	10	0.35%

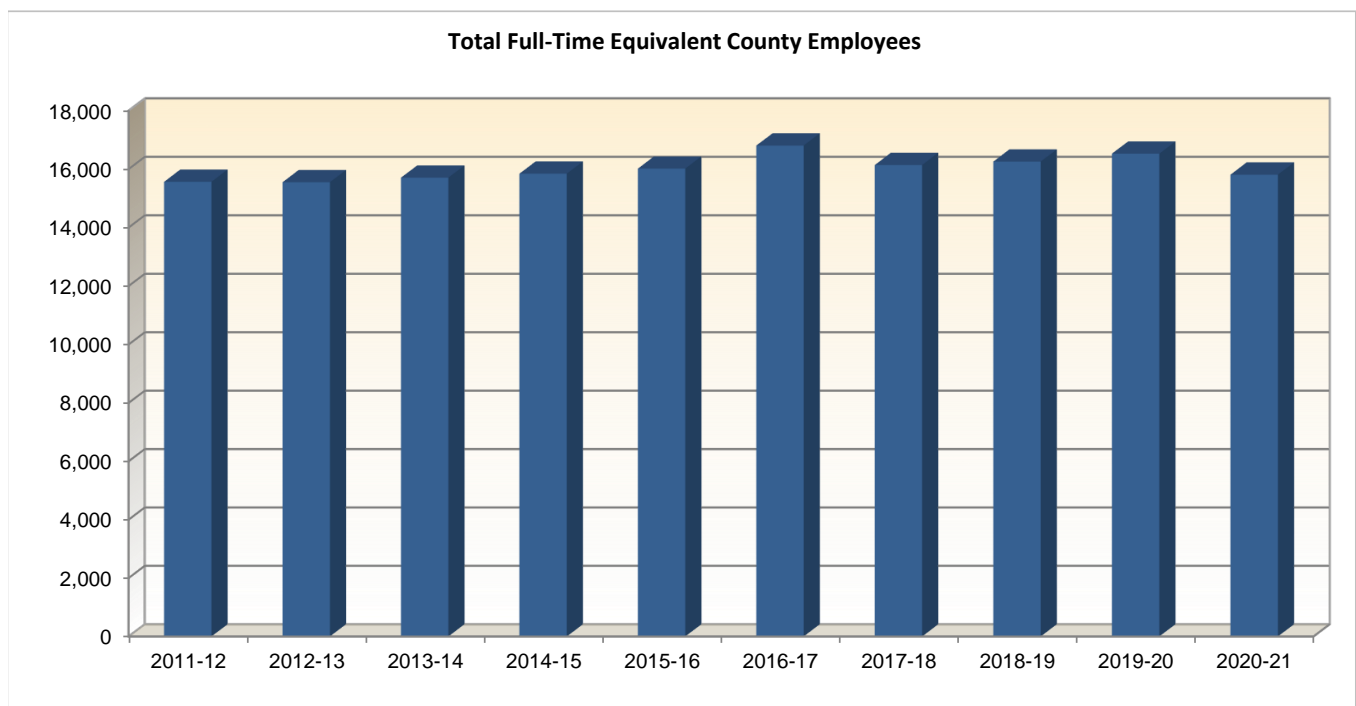
2012

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	22,000	1	1.48%
University of California, Irvine	21,291	2	1.43%
County of Orange	17,321	3	1.16%
St. Joseph Health System	12,048	4	0.81%
Boeing Co.	7,700	5	0.52%
Bank of America Corporation	6,300	6	0.42%
Yum Brands Inc.	6,300	7	0.42%
Kaiser Permanente	5,968	8	0.40%
Target Corporation	5,527	9	0.37%
Cedar Fair LP	5,200	10	0.35%

Source: Orange County Business Journal Book of Lists - County of Orange
<http://www.labormarketinfo.edd.ca.gov>

**Full-time Equivalent County Employees by Function
Last Ten Fiscal Years**

Function/Program	2020-21 ⁽³⁾	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13 ⁽²⁾	2011-12
General Government	1,445	1,657	1,473	1,461	1,511	1,419	1,341	1,322	1,273	1,279
Public Protection	6,450	6,696	6,738	6,722	6,915	6,642	6,674	6,760	6,781	6,653
Public Ways and Facilities	386	400	407	386	431	435	440	478	508	542
Health and Sanitation	2,374	2,334	2,339	2,307	2,409	2,253	2,198	2,128	2,137	2,209
Public Assistance	4,165	4,403	4,290	4,276	4,529	4,306	4,239	4,043	3,876	3,867
Education	303	320	312	306	309	302	286	290	286	307
Recreation and Cultural Services	310	318	293	288	298	272	265	274	268	283
Airport	145	160	163	157	153	154	159	162	167	168
OC Waste & Recycling	232	238	241	236	249	233	241	249	255	257
Total Full-time Equivalent Employees (1)	15,810	16,526	16,256	16,139	16,804	16,016	15,843	15,706	15,551	15,565



Note: (1) Full-time equivalent employment is calculated by dividing total labor hours by the total of hours in a fiscal year (2,080 hours).

(2) Updated FY 2012-13 numbers due to revaluation of methodology. It was subsequently determined that prior methodology was appropriate.

(3) FY 2020-21 removed CFCOC due to these are not County employees.

Source: County Executive Office, County of Orange

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
General Government					
Auditor-Controller					
Property Tax Bills Prepared	1,103,642	1,104,521	1,112,743	1,125,902	1,127,725
Assessor					
Number of Real Property Valued	958,477	954,305	950,469	943,771	937,630
Number of Unsecured Property Assessed	106,980	116,270	116,188	117,126	121,665
New Parcels Created and Mapped	4,985	8,044	8,035	7,868	9,053
New Construction Events	16,204	26,223	21,087	20,758	21,254
County Executive Office					
Volunteer Program Service Hours	181,831	414,774	685,725	562,121	645,482
Clerk-Recorder					
Marriage Licenses Issued	32,465	22,308	22,565	23,702	25,309
Marriage Ceremonies Performed	15,302	11,679	11,242	11,946	12,876
Copies of Birth Certificates Issued	72,300	71,679	87,961	82,463	85,051
Property-Related Document Recordings	901,565	629,179	477,083	534,185	640,243
Passport Applications Filed	2,082	7,217	10,071	10,144	9,437
Treasurer-Tax Collector					
Orange County Investment Pool Income ⁽¹⁾	\$ 43,538	\$ 89,264	\$ 94,197	\$ 57,610	\$ 36,677
Assets Under Management ⁽¹⁾	\$ 11,045,773	\$ 10,271,573	\$ 9,934,121	\$ 9,387,613	\$ 9,092,268
Number of Property Tax Bills	1,047,669	1,256,890	1,375,794	1,471,356	1,448,886
Percentage of Secured Tax Bill Collection	99.30%	99.15%	99.26%	99.36%	99.39%
Number of Incoming Phone Calls	94,021	93,312	89,079	98,660	108,061
Percentage of Electronic Payments	67.4%	64.2%	63.2%	60.9%	57.2%
Secured Tax Bill Subscribers ⁽³⁾	70,797	61,287	51,559	42,866	40,898
Property Tax Payments by eCheck	507,493	449,107	412,819	398,711	348,961
Registrar of Voters					
Registered Voters	1,771,537	1,633,966	1,558,988	1,481,881	1,535,967
Highest Number of Ballots Cast	1,546,570	818,021	1,106,729	635,224	1,239,405
Elections Conducted	3	4	5	1	1
Public Protection					
Sheriff-Coroner					
Patrolled Cities Population	653,163	638,420	648,371	646,818	644,496
Patrolled Unincorporated Areas Population	127,787	128,421	129,128	129,278	125,792
Number of Bookings to Orange County Jail System	34,984	46,046	58,773	61,157	56,330
Average Daily Jail Head Count	3,393	4,667	6,140	6,249	6,220
District Attorney					
Defendants Prosecuted-Adult	53,038	55,747	60,117	62,682	61,219
Defendants Prosecuted-Juvenile	1,430	2,229	2,783	3,426	3,631
Probation					
Physical Arrests-Adult	*	*	*	*	*
Physical Arrests-Juvenile	*	*	*	*	*
Probationers under Supervision as of June 30th-Adult	9,727	11,761	11,164	11,560	11,189
Probationers under Supervision as of June 30th-Juvenile	1,078	1,364	1,892	2,270	2,290
Avg. Daily Juvenile Hall Population	99	91	109	129	150
Avg. Daily Camp Population	60	64	100	119	136
Public Defender					
Cases Appointed Annually	55,634	52,253	59,513	59,095	61,878

Note: (1) Dollar amounts in thousand
(2) * means Not Available
(3) Name changed in FY 18-19, formerly Secured Tax Bill Reminders
Source: County Departments

Fiscal Year					Function/Program
2015-16	2014-15	2013-14	2012-13	2011-12	
General Government					
					Auditor-Controller
1,141,652	1,216,325	1,220,750	1,186,238	1,153,816	Property Tax Bills Prepared
					Assessor
930,470	924,791	918,672	914,489	901,840	Number of Real Property Valued
141,224	145,151	135,551	139,865	159,464	Number of Unsecured Property Assessed
6,665	6,918	4,519	8,175	3,649	New Parcels Created and Mapped
19,397	18,530	16,904	17,173	17,129	New Construction Events
					County Executive Office
613,277	638,230	700,759	815,407	885,416	Volunteer Program Service Hours
					Clerk-Recorder
23,725	23,553	25,244	22,502	22,415	Marriage Licenses Issued
11,122	11,213	12,056	*	*	Marriage Ceremonies Performed
74,508	79,826	82,268	81,775	83,611	Copies of Birth Certificates Issued
617,914	651,866	580,899	839,353	741,935	Property-Related Document Recordings
7,093	5,016	2,686	*	*	Passport Applications Filed
					Treasurer-Tax Collector
\$ 24,877	\$ 14,581	\$ 11,298	\$ 12,958	\$ 17,978	Orange County Investment Pool Income ⁽¹⁾
\$ 8,271,502	\$ 7,604,246	\$ 6,566,145	\$ 6,490,056	\$ 5,922,768	Assets Under Management ⁽¹⁾
1,367,275	1,381,808	1,421,654	1,347,596	1,257,709	Number of Property Tax Bills
99.26%	99.21%	99.16%	98.94%	98.51%	Percentage of Secured Tax Bill Collection
111,948	121,461	115,123	150,830	148,463	Number of Incoming Phone Calls
54.9%	54.2%	53.8%	49.4%	51.1%	Percentage of Electronic Payments
38,213	35,917	31,988	28,664	25,451	Secured Tax Bill Subscribers ⁽³⁾
309,977	285,932	248,908	213,146	181,151	Property Tax Payments by eCheck
					Registrar of Voters
1,395,380	1,424,216	1,411,232	1,683,001	1,612,145	Registered Voters
691,802	640,358	340,187	1,133,204	145,474	Highest Number of Ballots Cast
4	7	3	2	2	Elections Conducted
Public Protection					
					Sheriff-Coroner
641,753	637,261	631,934	627,447	557,403	Patrolled Cities Population
125,420	124,014	121,473	120,396	119,698	Patrolled Unincorporated Areas Population
56,163	56,135	61,262	63,439	65,256	Number of Bookings to Orange County Jail System
6,028	6,055	7,039	6,805	6,265	Average Daily Jail Head Count
					District Attorney
61,521	56,233	55,906	57,873	61,759	Defendants Prosecuted-Adult
3,564	4,482	5,103	6,651	6,743	Defendants Prosecuted-Juvenile
					Probation
*	*	*	2,947	2,307	Physical Arrests-Adult
*	*	*	640	467	Physical Arrests-Juvenile
11,714	10,725	14,425	14,186	14,788	Probationers under Supervision as of June 30th-Adult
2,550	3,124	4,156	4,984	5,399	Probationers under Supervision as of June 30th-Juvenile
130	150	229	320	315	Avg. Daily Juvenile Hall Population
143	203	182	193	169	Avg. Daily Camp Population
					Public Defender
65,574	79,119	74,101	77,073	73,487	Cases Appointed Annually

County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021

**Operating Indicators by Function/Program
Last Ten Fiscal Years (Continued)**

Function/Program	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
<u>Public Ways and Facilities</u>					
OC Public Works					
Building and Home Inspections	36,540	42,365	60,753	42,590	39,056
<u>Health and Sanitation</u>					
OC Community Resources					
Animal Licenses	135,760	136,985	147,874	149,342	171,237
Health Care Agency					
911 Emergency Medical Services Responses	241,980	242,201	234,589	234,459	204,683
Retail Food Facility Inspections Conducted	24,776	28,146	35,406	30,893	32,305
Hazardous Waste Inspections Conducted	6,465	7,433	7,735	6,003	7,271
Number of Home Visits by Public Health Nurses	6,241	10,777	20,794	20,156	32,108
Number of Low Income Children Dental Health Services	17	199	200	360	311
Number of Ocean Water Days of Closure (In Beach-Miles)	2	64	10	10	17
<u>Public Assistance</u>					
OC Community Resources					
Adult Day Care Hours of Service	4,103	45,252	52,819	65,900	47,567
Elderly Nutrition Program Meals Delivered	2,924,858	1,174,703	1,353,713	1,323,802	1,417,361
One-Way Transportation Trips Provided to Seniors	98,901	139,891	183,429	185,258	190,534
Veterans Served-Veterans/Dependents	23,784	27,419	23,555	24,063	9,091
Veterans Served-OC4Vets	768	723	910	673	555
Social Services Agency					
Average Monthly Medi-Cal Recipients	860,458	774,729	782,990	806,716	817,408
Average Monthly Child Abuse Hotline Calls	2,528	3,005	4,572	4,189	4,076
Average Monthly CalFresh (formerly Food Stamp) Recipients	232,260	214,668	206,789	233,038	250,772
Average Monthly In-Home Supportive Services	30,548	28,988	27,892	26,369	24,427
Average Persons Receiving Cash Assistance	33,430	35,098	35,803	41,622	46,369
Average Children in Foster Care/Relative Care	2,187	2,333	1,977	1,917	1,886
Average Elder and Adult Abuse Unduplicated Reports Received	1,164	1,153	1,175	1,091	995
<u>Education</u>					
OC Community Resources					
Total Volumes Borrowed at Library Branches	5,941,649	7,016,302	7,746,484	7,041,985	6,864,635
<u>Recreation and Cultural Services</u>					
OC Community Resources					
Exotic Invasive Plant Removal (acres)	1,000	1,791	3,225	2,285	2,940
Native Vegetation Restoration (acres)	319	358	411	414	262
Slip and Dry Storage Tenants	410	603	3,150	438	438
Boat Launches	18,540	21,890	15,521	16,487	16,303
Sailing and Event Center Participants	54,838	78,340	100,952	101,945	80,752
Ocean Institute Students/Visitors	27,793	39,561	44,404	90,948	127,361
Hotel Guests	43,408	49,165	58,998	59,319	39,140
Catalina Express Passengers	67,986	109,030	124,471	129,239	128,000
Special Events at the Harbor	2	4	5	6	6
<u>Airport</u>					
Passengers	4,216,396	7,562,040	10,718,001	10,670,156	10,373,714
Air Cargo Tonnage	18,567	17,193	19,098	19,577	17,813
Takeoffs & Landings	278,258	260,644	314,000	302,483	285,704
<u>OC Waste & Recycling</u>					
Solid Waste Tonnage	4,978,920	5,174,096	5,148,761	4,980,101	4,810,116
Gallons of Leachate and Impacted Ground Water Collected	5,776,484	7,573,496	8,062,718	5,576,351	5,599,757

Note: * means Not Available

Source: County Departments

Fiscal Year					Function/Program
2015-16	2014-15	2013-14	2012-13	2011-12	
					<u>Public Ways and Facilities</u>
					OC Public Works
40,662	30,324	31,772	19,368	15,591	Building and Home Inspections
					<u>Health and Sanitation</u>
					OC Community Resources
192,470	198,358	192,320	191,098	200,755	Animal Licenses
					Health Care Agency
193,538	183,794	170,804	171,420	168,172	911 Emergency Medical Services Responses
26,195	31,397	32,689	34,953	35,025	Retail Food Facility Inspections Conducted
8,328	5,950	4,616	6,058	5,444	Hazardous Waste Inspections Conducted
29,219	31,258	35,101	34,953	32,498	Number of Home Visits by Public Health Nurses
					Number of Low Income Children Dental Health Services
496	755	1,225	1,107	1,344	Number of Ocean Water Days of Closure (In Beach-Miles)
22	24	20	8	1	
					<u>Public Assistance</u>
					OC Community Resources
49,971	43,010	50,944	49,129	70,267	Adult Day Care Hours of Service
1,374,275	1,406,526	1,347,251	1,360,601	1,636,379	Elderly Nutrition Program Meals Delivered
198,851	180,899	187,864	155,003	184,476	One-Way Transportation Trips Provided to Seniors
*	*	*	*	*	Veterans Served-Veterans/Dependents
*	*	*	*	*	Veterans Served-OC4Vets
					Social Services Agency
810,388	718,061	521,078	430,559	418,649	Average Monthly Medi-Cal Recipients
4,259	4,049	3,674	3,009	2,880	Average Monthly Child Abuse Hotline Calls
					Average Monthly CalFresh (formerly Food Stamp) Recipients
263,556	258,676	247,517	230,964	213,919	Average Monthly In-Home Supportive Services
22,635	20,787	19,652	19,663	19,240	Average Persons Receiving Cash Assistance
52,081	55,921	55,225	55,008	56,847	Average Children in Foster Care/Relative Care
1,791	1,924	2,119	2,213	2,128	Average Elder and Adult Abuse Unduplicated Reports Received
942	815	710	636	630	
					<u>Education</u>
					OC Community Resources
6,634,747	6,411,127	6,642,739	6,564,262	6,741,380	Total Volumes Borrowed at Library Branches
					<u>Recreation and Cultural Services</u>
					OC Community Resources
2,782	1,466	1,154	4,102	4,042	Exotic Invasive Plant Removal (acres)
293	312	368	843	994	Native Vegetation Restoration (acres)
2,903	3,204	2,679	2,700	2,237	Slip and Dry Storage Tenants
17,695	15,511	15,606	15,037	14,327	Boat Launches
50,000	75,000	111,838	115,996	111,959	Sailing and Event Center Participants
192,384	41,000	100,000	108,668	110,059	Ocean Institute Students/Visitors
43,515	43,073	42,887	41,141	36,800	Hotel Guests
25,711	123,688	123,257	123,257	120,945	Catalina Express Passengers
8	12	15	16	16	Special Events at the Harbor
					<u>Airport</u>
10,361,436	9,608,873	9,304,295	9,124,172	8,642,116	Passengers
18,568	16,997	17,564	17,821	16,831	Air Cargo Tonnage
276,817	264,726	252,166	252,506	251,191	Takeoffs & Landings
					<u>OC Waste & Recycling</u>
4,772,722	4,581,359	4,070,238	3,428,657	3,304,643	Solid Waste Tonnage
					Gallons of Leachate and Impacted Ground Water Collected
3,542,736	5,510,821	3,854,530	3,116,108	3,448,964	

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
<u>General Government</u>					
Auditor-Controller					
AC Administration Building ⁽³⁾	1	1	1	1	1
Hall of Finance and Records	--	--	1	1	1
County Executive Office					
Hall of Administration	1	1	1	1	1
Clerk-Recorder					
OC Archives Building	1	1	1	1	1
Registrar of Voters					
Trailers	2	2	2	2	1
Vehicles/Trucks	3	3	3	3	4
<u>Public Protection</u>					
Sheriff-Coroner					
Crime/Forensic Lab	1	1	1	1	1
Jail Facilities	3	3	3	3	3
Vehicles	943	944	939	938	948
Buses	14	13	13	13	12
Helicopters	5	5	5	5	5
Boats	10	10	10	10	10
Robot Andros	3	3	3	3	3
Haz-mat Vehicles	4	4	4	4	4
K-9 units	31	31	35	34	26
District Attorney					
Justice Center Offices	5	5	5	5	5
Probation Department					
Juvenile Institutions	3	3	4	4	4
Vehicles/Trucks	146	139	171	158	159
Equipment	20	15	16	15	13
<u>Public Ways and Facilities</u>					
OC Public Works ⁽¹⁾					
County Administration South Bldg 16	1	1	*	*	*
Data Center	1	1	1	1	1
Alternate Fuel Vehicles	46	49	41	42	46
Vehicles/Trucks	273	135	318	314	316
Watersheds	22	23	22	22	21
Dams	5	5	4	4	4
Dump Trucks	1	2	20	17	16
Tractors	29	27	36	50	50
Trailers	44	44	37	42	40
Street Miles	338	346	320	345	330

Note: (1) Presentation changed in FY 19-20 to summarize by function

(2) * means Not Available

(3) Building was moved from OC Community Resources to the Auditor-Controller in FY 19-20

Source: County Departments

Fiscal Year					Function/Program
2015-16	2014-15	2013-14	2012-13	2011-12	
<u>General Government</u>					
					Auditor-Controller
1	1	1	1	1	AC Administration Building ⁽³⁾
1	1	1	1	1	Hall of Finance and Records
					County Executive Office
1	1	1	1	1	Hall of Administration
					Clerk-Recorder
1	1	1	1	1	OC Archives Building
					Registrar of Voters
1	1	1	1	1	Trailers
4	4	3	3	3	Vehicles/Trucks
<u>Public Protection</u>					
					Sheriff-Coroner
1	1	1	1	1	Crime/Forensic Lab
3	3	3	3	3	Jail Facilities
	916	911	918	838	Vehicles
11	11	11	11	11	Buses
4	3	3	2	2	Helicopters
10	10	10	9	9	Boats
3	3	3	3	3	Robot Andros
4	4	4	4	4	Haz-mat Vehicles
28	22	18	13	10	K-9 units
					District Attorney
5	5	5	5	5	Justice Center Offices
					Probation Department
4	4	4	4	5	Juvenile Institutions
155	159	156	*	*	Vehicles/Trucks
12	16	12	*	*	Equipment
<u>Public Ways and Facilities</u>					
					OC Public Works ⁽¹⁾
*	*	*	*	*	County Administration South Bldg 16
1	1	1	1	1	Data Center
50	51	60	60	59	Alternate Fuel Vehicles
268	355	375	358	361	Vehicles/Trucks
19	13	13	13	13	Watersheds
3	3	3	3	3	Dams
19	18	21	9	16	Dump Trucks
50	32	28	11	8	Tractors
46	54	35	18	17	Trailers
330	320	320	319	320	Street Miles

**Capital Asset Statistics by Function
Last Ten Fiscal Years (Continued)**

Function/Program	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
<u>Health and Sanitation</u>					
Health Care Agency					
Clinics ⁽¹⁾	10	9	4	4	4
Laboratories ⁽¹⁾	2	2	2	2	2
Trailers ⁽¹⁾	38	25	9	10	9
Vehicles/Trucks ⁽¹⁾	45	39	35	33	30
OC Community Resources					
Animal Care Center	1	1	1	1	1
Trailers	6	6	3	2	3
<u>Public Assistance</u>					
Social Service Agency					
Vehicles	3	1	1	2	4
Office Locations	19	19	19	20	20
<u>Education</u>					
OC Community Resources					
Library Branches	32	32	32	33	33
Library Headquarters	*	*	*	*	*
<u>Recreation and Cultural Services</u>					
OC Community Resources					
Park Land (acres)	62,617	62,617	62,617	62,900	62,900
Recreational Trails (in miles)	295	295	295	295	295
Zoo	1	1	1	1	1
Urban Regional Parks	15	15	15	15	15
Wilderness Parks	5	5	5	5	5
Nature Preserves	3	4	4	4	4
Harbors	3	3	3	3	3
Beaches	11	11	11	11	11
Historical Sites	7	7	7	7	7
Boats	9	9	7	9	10
Tractors	25	25	22	26	26
Trailers	55	45	42	35	33
Vehicles/Trucks	213	261	239	207	199
Harbor	1	1	1	1	1
Marinas	1	1	1	2	2
Public Parking Areas	9	9	9	9	9
Beaches	1	1	1	1	1
Access Points to Ocean	6	6	6	6	6
Hotel	1	1	1	1	1
Ocean Education Center	1	1	1	1	1
Sailing and Events Center	1	1	1	1	1
Shops	17	17	20	24	24
Restaurants	15	16	14	16	16
Fuel Dock	1	1	1	1	1
Shipyard	1	1	1	1	1
Boater Service Buildings	15	15	15	15	15
Parcel 11 (Yacht Building Company)	1	1	1	1	1
Parcel 23 (Yacht Club)	1	1	1	1	1

Note: (1) Presentation changed in FY 2014-15 to summarize by asset

(2) * means Not Available

Source: County Departments

Fiscal Year					Function/Program
2015-16	2014-15	2013-14	2012-13	2011-12	
					<u>Health and Sanitation</u>
					Health Care Agency
4	4	3	3	3	Clinics ⁽¹⁾
2	2	2	2	2	Laboratories ⁽¹⁾
12	12	8	11	27	Trailers ⁽¹⁾
24	24	25	25	24	Vehicles/Trucks ⁽¹⁾
					OC Community Resources
1	1	1	1	1	Animal Care Center
3	3	3	3	3	Trailers
					<u>Public Assistance</u>
					Social Service Agency
5	5	5	6	10	Vehicles
20	20	19	20	20	Office Locations
					<u>Education</u>
					OC Community Resources
33	33	33	33	33	Library Branches
*	*	*	*	*	Library Headquarters
					<u>Recreation and Cultural Services</u>
					OC Community Resources
62,900	62,900	60,500	59,318	57,688	Park Land (acres)
295	295	295	295	295	Recreational Trails (in miles)
1	1	1	1	1	Zoo
15	15	15	15	12	Urban Regional Parks
5	5	5	5	5	Wilderness Parks
4	4	4	4	4	Nature Preserves
3	3	3	3	2	Harbors
11	11	11	11	9	Beaches
7	7	7	7	7	Historical Sites
8	7	7	9	21	Boats
25	26	28	24	26	Tractors
31	27	29	33	30	Trailers
204	174	170	211	188	Vehicles/Trucks
1	1	1	1	1	Harbor
2	2	2	2	2	Marinas
9	9	9	9	9	Public Parking Areas
1	1	1	1	1	Beaches
6	6	6	6	6	Access Points to Ocean
1	1	1	1	1	Hotel
1	1	1	1	1	Ocean Education Center
1	1	1	1	1	Sailing and Events Center
24	23	23	23	25	Shops
16	16	16	16	16	Restaurants
1	1	1	1	1	Fuel Dock
1	1	1	1	1	Shipyard
15	15	15	15	15	Boater Service Buildings
1	*	*	*	*	Parcel 11 (Yacht Building Company)
1	*	*	*	*	Parcel 23 (Yacht Club)

**Capital Asset Statistics by Function
Last Ten Fiscal Years (Continued)**

Function/Program	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
<u>Airport</u>					
Acres	501	501	501	501	501
Runways	2	2	2	2	2
Public Parking Structures/Lots	5	5	5	5	5
Terminals	3	3	3	3	3
Fire Trucks	4	4	4	4	4
Shuttle Buses	2	*	*	*	*
<u>OC Waste & Recycling</u>					
Active Landfills	3	3	3	3	3
Inactive Landfills	2	2	2	2	2
Household Hazardous Waste Collection Centers	4	4	4	4	4
Dozers	15	15	6	6	6
Dump Trucks	10	10	5	10	10
Loaders	15	15	12	12	12
Scrapers	10	8	6	6	6
Excavators	3	3	2	2	2
Tractors	21	19	28	35	27
Graders	3	3	3	4	4
Compactors	9	9	9	7	7
Water/Fuel Trucks	12	12	9	14	14
Sweeper	2	2	1	1	*

* means Not Available

Source: County Departments

Fiscal Year					Function/Program
2015-16	2014-15	2013-14	2012-13	2011-12	
501	501	501	501	501	<u>Airport</u>
2	2	2	2	2	Acres
5	5	5	5	5	Runways
3	3	3	3	3	Public Parking Structures/Lots
4	4	4	4	4	Terminals
*	*	*	*	*	Fire Trucks
					Shuttle Buses
					<u>OC Waste & Recycling</u>
3	3	3	3	3	Active Landfills
2	2	2	2	2	Inactive Landfills
					Household Hazardous Waste
4	4	4	4	4	Collection Centers
8	7	7	7	8	Dozers
10	10	10	12	12	Dump Trucks
21	20	20	20	21	Loaders
8	8	8	8	8	Scrapers
2	2	2	2	2	Excavator
30	28	29	28	29	Tractors
4	4	4	4	4	Graders
8	8	8	8	8	Compactors
13	13	13	11	11	Water/Fuel Trucks
*	*	*	*	*	Sweeper





Orange County Auditor-Controller
1770 N. Broadway, Santa Ana, CA 92706



OC Auditor-Controller: www.ac.ocgov.com
County of Orange: www.ocgov.com

EXHIBIT B

COUNTY OF ORANGE
INVESTMENT POLICY STATEMENT

Orange County Treasurer



2022 Investment Policy Statement

(Approved By B.O.S. 12/14/2021)

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ORANGE COUNTY TREASURER INVESTMENT POLICY STATEMENT

PURPOSE

This policy is intended to provide the structure for the prudent investment of the cash balances entrusted to the Orange County Treasurer (the “Treasurer”) and outline the policies to assist in maximizing the efficiency of the Treasurer’s cash management system while meeting the daily cash flow demands of the County, the School Districts, Community Colleges, voluntary participants and other County-related agency funds. The Treasurer’s Investment Policy Statement is approved annually by the County Board of Supervisors as required by California Government Code Section 53646 (a) (1) and reviewed annually by the Treasury Oversight Committee, pursuant to the requirements of California Government Code Section 27133. (All references are to the California Government Code unless otherwise stated.)

I. POLICY STATEMENT

The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner that will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The Orange County Investment Fund (the “OCIF”), which includes all cash balances entrusted to the Treasurer as noted above, is designed to meet both the investment and cash requirements of our participants. If separate funds are established, the Treasurer shall determine on a cash flow basis what percent of available cash will be invested in each fund.

II. SCOPE

The scope of this Investment Policy Statement applies to all financial assets as indicated in II.1 below.

1. FUNDS

The Treasurer is responsible for investing the unexpended cash of the OCIF, defined as all monies under the investment authority of the Treasurer, including funds, and subsets of funds for the Orange County Department of Education; and excluding the County employee’s pension and medical trust funds which are invested separately by Orange County Employees Retirement System (OCERS), and those funds that are invested separately by the County Treasurer under bond indenture agreements. The County Funds are accounted for in the County’s Annual Comprehensive Financial Report (ACFR) and include:

- Governmental Funds, including the General Fund
- Enterprise Funds
- Fiduciary Funds
- Any other funds or new funds created by the County, unless specifically exempted

a) Pooled Funds:

It is the Treasurer's policy to pool certain funds for investment purposes to provide efficiencies and economies of scale. Investing through pooled funds will provide for greater use of funds by allowing for more efficient cash flows, a reduction in transaction costs, and improved access to the market. The pooled funds will be called the Orange County Treasurer's Pool (OCTP). OCTP may also be further split into different sections to meet the specific needs of participants such as short-term sections and longer-term sections, but compliance with the Investment Policy Statement will be done on OCTP and is not separately required for any short or long-term sections that may be used. OCTP will be based on the investment requirements detailed in Government Code Sections 53600 et seq., 53630 et seq. and 27000.3.

b) Specific Investment Accounts:

From time to time, the Treasurer may be asked by the County or a participant's governing board to invest other specific investments or to manage bond proceeds issued by the County, a local school district, voluntary participant, or other local agency. This may include deposits that are set aside for future needs of a long-term nature and may be appropriately invested in longer-term securities, either in a pool or in specific investments as allowed by Government Code. The County or the participating agencies will be required to sign a written agreement acknowledging that there may be risk to principal should they desire to redeem funds early, thereby forcing an early sale of securities rather than holding investments to maturity. The Treasurer shall credit the specific investment account with the interest earned and charge the account fees for separately maintaining this account.

In addition, no investment will be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the appropriate legislative body has granted express authority to make that investment either specifically or as part of an investment program approved by that legislative body no less than three months prior to the investment. Strategies for such deposits may include matching maturities with long-term liabilities.

III. PRUDENCE

Government Code Sections 27000.3 and Section 53600.3 provide that the "prudent investor" standard is to be used by the Treasurer as a fiduciary of public funds. This standard provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and the other depositors. Within the limitation of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

The Treasurer and those delegated staff shall act in accordance with written procedures and the Investment Policy Statement, exercise due diligence, report in a timely fashion and implement appropriate controls to mitigate adverse developments.

IV. DELEGATION OF AUTHORITY

Annually, the County Board of Supervisors delegates to the Treasurer the authority to invest and reinvest the funds of the County and other depositors as specified in Government Code Sections 27000.1, 53607 and 53608. Such delegation is conditioned upon the Treasurer submitting any and all investment policies and amendments thereto to the Board for review and approval. The Treasurer may further delegate investment authority to such persons within the Treasurer's Department as deemed appropriate.

V. OBJECTIVES

Criteria for selecting investments and the absolute order of priority are:

1. SAFETY

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The Treasurer shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

- a) **Credit Risk:** Defined as an issuer's ability and willingness to repay interest and principal. Credit risk shall be mitigated by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants.
- b) **Market Risk:** Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities, market risk will be mitigated by establishing a maximum weighted average maturity or duration for the portfolio. Occasional market losses on individual securities are inevitable with active portfolio management and must be considered within the context of the overall investment return.

2. LIQUIDITY

Liquidity refers to the recurring maturity of a portion of the investment portfolio, as well as the ability to sell an investment at any given moment with a minimal chance of principal loss. A portion of OCIF, which may be in a separate pool, will maintain liquidity for the purpose of meeting all operating requirements and reasonably anticipated cash flow needs.

3. YIELD

Yield refers to the objective of attaining a market rate of return commensurate with the risk profile and cash flow characteristics of the portfolio throughout budgetary and economic cycles. Under Government Code Section 53601.6, securities issued by, or backed by, the United States government can result in zero- or negative- interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. Although the Treasurer may employ certain indices to gauge the funds' rate of return, such indices shall be used solely for comparative purposes and do not constitute a warranty or guarantee of actual fund performance.

4. MARK-TO-MARKET

OCTP investments are marked to market daily. To the extent reasonably possible and consistent with the Treasurer's trust and fiduciary duty, OCTP will attempt to maintain a \$1.00 net asset value (NAV). If the ratio of the market value of OCTP divided by the book value of OCTP is less than \$.9975 that section of the report needs to provide the reason for the difference and any expected impact on the OCTP ability to meet forecasted cash outflows. In addition, the Treasurer may decide to sell holdings as necessary to maintain the NAV above \$.9975.

The Treasurer will provide the NAV of OCTP in the investment report. However, the \$1.00 NAV is not guaranteed or insured by the Treasurer for OCTP nor is OCTP registered with the Securities Exchange Commission (SEC).

VI. AUTHORIZED INVESTMENTS

The County is authorized by Government Code Section 53600 et seq. to invest in specific types of securities. Investments not specifically listed below are prohibited. Consistent with the requirements of law and this Investment Policy Statement, the Treasurer may place orders for the execution of transactions with or through such broker/dealers, banks or counterparties as may be selected from time to time at his/her discretion. All securities must be U.S. dollar denominated. To the extent consistent with the objectives stated above, the investment restrictions outlined below, and the investment limitations specified in Sections VII and VIII, the funds may invest in the following areas.

1. U. S. TREASURY SECURITIES

United States Treasury bills, notes, bonds, or certificates of indebtedness, for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no limit on the percentage of OCTP that can be invested in this category.

2. U. S. GOVERNMENT AGENCY SECURITIES

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise (GSE). There is no limit on the percentage of OCTP that can be invested in this category including no issuer limit.

3. COMMERCIAL PAPER

Eligible commercial paper shall not exceed 270 days maturity, and shall not exceed 40% of OCTP. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

- a) Has total assets in excess of five hundred million dollars (\$500,000,000), is organized and operating within the United States as a general corporation and has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.
- b) Is organized in the United States as a special purpose corporation, trust, or limited liability company, has program-wide credit enhancements including, but not limited to overcollateralization, letters of credit or a surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

No more than 5% of OCTP may be invested in any one issuer's commercial paper.

4. NEGOTIABLE CERTIFICATES OF DEPOSIT

Negotiable certificates of deposit issued by a nationally or state-chartered bank, savings association, or a federal association (as defined by Section 5102 of the California Financial Code), or by a federally licensed or state-licensed branch of a foreign bank. No more than 20% of OCTP may be invested in negotiable certificates of deposit and maximum remaining maturity cannot exceed eighteen months.

5. REPURCHASE AGREEMENTS

Investments in repurchase agreements for the purpose of this Investment Policy Statement means a purchase of securities by the Treasurer pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the Treasurer by book entry, physical delivery, or by third party custodial agreement. The term of a repurchase agreement shall not exceed one year and have capital of not less than \$500 million. The term "securities," for the purpose of repurchase agreements, means securities of the same issuer, description, issue date, and maturity.

To participate in repurchase agreements, a master repurchase agreement must be completed and signed by all parties involved. The Treasurer will maintain a signed copy of the agreement. Repurchase agreements are required to be collateralized by securities or cash.

a) Collateralization:

In order to anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

Collateral will be limited to cash, and U.S. Treasury and U.S. Government Agency securities. For compliance purposes, U.S. Treasury and/or U.S. Government Agency collateral are exempt from the issuer limits as stated in Section VIII.1. Collateral will be held by an independent third party with whom the Treasurer has a current custodial agreement. A clearly marked evidence of ownership (safekeeping/custody receipt) must be supplied to the Treasurer and retained. No collateral substitutions may be made without prior approval of the Treasurer.

Investments in repurchase agreements are limited to no more than 20% of OCTP. Agreements are subject to Government Code Section 53601 and must comply with the delivery requirements and the maturity provision from Section 53601.

6. BANKERS' ACCEPTANCES

Bankers' acceptances, also known as time drafts or bills of exchange that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days maturity. Bankers' acceptances are limited to no more than 40% of OCTP.

7. MONEY MARKET MUTUAL FUNDS

Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), which only invest in direct

obligations in U.S. Treasury bills, notes, and bonds, U.S. Government Agencies, Municipal Debt, and repurchase agreements with a weighted average maturity of 60 days or less. Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV) are prohibited. Money market mutual funds are not required to conform to the restrictions detailed in this Investment Policy Statement, but are limited to no more than 20% of OCTP. The Treasurer shall be required to investigate money market mutual funds prior to investing and perform a periodic review, but at least annually thereafter while the funds are invested in the money market mutual fund. At a minimum, approved money market mutual funds shall have met either of the following criteria:

- a) Attained the highest ranking or the highest letter and numerical rating provided by no less than two NRSROs.
- b) Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500,000,000.

8. STATE POOL – LOCAL AGENCY INVESTMENT FUND

The Treasurer may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer under Government Code Section 16429.1. LAIF has no final stated maturity and will be reported as a one-day maturity. Investments in LAIF shall not exceed the current State limit (\$75 million per pool as of 1/1/2020).

9. MUNICIPAL DEBT

Such instruments are defined as being issued by a local or state agency, including:

- a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.
- b) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of a state.
- c) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

10. MEDIUM-TERM NOTES

Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of two years. Medium-term notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Investments in medium-term notes are limited to no more than 20% of OCTP.

11. INVESTMENT POOLS

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations as authorized under 53601 (a) to (o), inclusive, and that comply with the investment restrictions of Government Code Sections 53600 through 53610 and Section 53630. The Treasurer shall be

required to investigate all local government investment pools prior to investing and perform a quarterly review thereafter while the funds are invested in the pool. The analysis shall include, but is not limited to, the following characteristics of a pool/fund as part of its investigation and quarterly review:

- Eligible securities
- Maximum maturity
- REPO collateral/counter-party
- Size of the pool/fund
- Limits on withdrawal/deposit
- Expense ratio

Investments in this investment type are limited to no more than 20% of OCTP. No more than 10% of OCTP shall be invested in a single investment pool.

12. SUPRANATIONAL SECURITIES

Supranational securities are defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity five years or less, and eligible for purchase and sale within the United States. Investments in supranationals shall not exceed 30 percent of OCTP.

VII. INVESTMENT CREDIT RATING RESTRICTIONS

Credit ratings will be applied at the time of purchase of a security and monitored for changes while owned. A downgrade subsequent to purchase in a security's credit rating will not constitute a violation of the Investment Policy Statement. Securities that are downgraded below the minimum acceptable rating levels must be reviewed for possible sale by the Treasurer within a reasonable amount of time. The credit ratings referred to in this policy must be assigned by one of the following Nationally Recognized Statistical Rating Organizations (NRSRO): Standard & Poor's Corporation (S&P), Moody's Investors Service, Inc. (Moody's) and Fitch Ratings (Fitch).

All short-term and long-term investments, except those noted below, 1) must have the minimum ratings required below by at least two NRSROs, and 2) the lowest rating of any NRSRO must meet or exceed the minimum rating required below:

S&P	A-1, "AA"
Moody's	P-1, MIG 1/VMIG 1, "Aa"
Fitch	F-1, "AA"

If an issuer of Long-term debt has a Short-term debt rating, then it may not be less than the minimum required Short-term debt ratings above.

- a) Municipal debt issued by the County of Orange, California (as defined in Section VI 9), U.S. Government obligations (as defined in Section VI 1 and VI 2) and State Pool (as defined in Section VI 8), are exempt from the credit rating requirements listed above.
- b) Money Market Mutual funds (as defined in Section VI 7) and Investment Pools (as defined in Section VI 11) require the highest ranking or the highest letter and numerical rating provided by at least one NRSRO.

Any issuer, and all related entities, that have been placed on “Credit Watch-Negative” by a NRSRO will be placed on hold and current holdings reviewed for possible sale within a reasonable period of time unless the following criteria are met and are also approved in writing by the Treasurer prior to purchase:

The issuer has:

- (a) an A-1+ or F1+ short-term rating; and
- (b) at least an AA or Aa2 or higher long-term rating from each of the NRSROs that rate the issuer.

VIII. DIVERSIFICATION AND MATURITY RESTRICTIONS

It is the policy of the Treasurer to diversify OCTP. Investments are diversified to minimize the risk of loss resulting in overconcentration of assets in a specific maturity, specific issuer, or a specific class of securities. Diversification strategies shall be established by the Treasurer and periodically reviewed.

1. AUTHORIZED INVESTMENTS AND ISSUER CONCENTRATION

Only debt issued by firms listed on the Office of the Treasurer’s Approved Issuer List may be purchased. The following diversification limits will also be applied at the time of purchase of a security.

Type of Investment	Cal Gov Code % of Funds Permitted	Orange County IPS	Cal Gov Code Maximum Final Maturity	Orange County IPS Maximum Final Maturity (OCTP)
U.S. Treasury Securities	100%	100%	5 Years	5 Years
U.S. Government Agency Securities (GSEs)	100%	100%	5 Years	5 Years
Municipal Debt	100%	20% Total, no more than 5% in one issuer except 10%- County of Orange	5 Years	3 Years
Medium-Term Notes	30%	20% Total, no more than 5% in one issuer	5 Years	2 Years
Bankers Acceptances	40%, 30% of a single issuer	40% Total, no more than 5% in one issuer	180 Days	180 Days
Commercial Paper	40%, 10% of a single issuer	40% Total, no more than 5% in one issuer	270 Days	270 Days
Negotiable Certificates of Deposits	30%	20% Total, no more than 5% in one issuer	5 Years	18 months
State of California Local Agency Investment Fund	\$75 million per account	State limit (\$75 million per pool as of 1/1/2020)	N/A	N/A
Repurchase Agreements	100%	20% Total, no more than 10% in one issuer	1 Year	180 Days
Money Market Mutual Funds (MMMF)	20%	20% Total, no more than 10% in one MMMF account	N/A	N/A
JPA Investment Pools (JPA)	100%	20% Total, no more than 10% in one JPA Pool	N/A	N/A
Supranationals	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years

2. MATURITY

- a) The maximum maturity of any investment purchased will be five years with the exception of investments and investment pools authorized by the Board of Supervisors or the appropriate legislative body to be invested in longer than five-year maturities.
- b) For purposes of calculating a final maturity date, the earlier of either the final maturity date, pre-refunded date, or mandatory put to tender option date that will be used.
- c) For purposes of calculating the weighted average maturity of the portfolio, the maturity of a variable-rate security will be considered its next interest rate reset date, if there is a reasonable expectation that the security will maintain an approximate value of par upon each adjustment of the security's interest rate at any time until final maturity.

3. DURATION

- a) OCTP shall have a maximum duration of 1.50 years.

IX. PROHIBITED TRANSACTIONS

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the Government Code, as may be amended from time to time. No investment prohibited by Government Code shall be permitted herein.

Any investment transactions, credit risk criterion, percentage limitations, or market valuations that are not in compliance with this Investment Policy Statement and cannot be corrected without penalty **at time of purchase** must be documented and approved by the Treasurer in writing as soon as possible. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

1. The following transactions are prohibited:

- a) Borrowing for investment purposes ("Leverage").
- b) Reverse Repurchase Agreements, as defined by Government Code Section 53601(j) (3) and (j) (4) or otherwise.
- c) Structured Notes (e.g. inverse floaters, leveraged floaters, structured certificates of deposit, equity-linked securities, event-linked securities). This includes all floating-rate, adjustable-rate or variable-rate securities in which a change in interest rates or other variables that can reasonably be foreseen to occur during their term would result in their market value not returning to par at the time of each interest rate adjustment.

Simple "floating rate notes," whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate, SOFR or LIBOR) and which have a reasonable expectation of maintaining a value of par at each interest rate adjustment through final maturity, are exempt from this

definition. Additionally, U.S. Treasury and Agency zero coupon bonds or callable securities which otherwise meet the quality, maturity, and percent limitations assigned to their respective security category, are exempt from this section.

- d) Structured Investment Vehicles (SIV).
- e) Derivatives (e.g., options, futures, swaps, swap options, spreads, straddles, caps, floors, collars).
- f) Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV).

X. ETHICS AND CONFLICT OF INTEREST

The Treasurer and all persons involved in the investment process shall refrain from personal business activity, which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and all treasury and investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions, broker dealers, and vendors (“outside entities”) that conduct business with the County of Orange and shall disclose any material financial investment positions in such outside entities.

1. STATEMENT OF ECONOMIC INTEREST FORM 700

The Treasurer, Auditor-Controller, members of the Treasury Oversight Committee, and all designated employees must annually file a Form 700 (Statement of Economic Interests) in accordance with the County’s Conflict-of-Interest Code.

2. COUNTY’S GIFT BAN ORDINANCE – SEC. 1-3-22 THE CODIFIED ORDINANCES, ORANGE COUNTY, CALIF.

The County’s Gift Ban Ordinance prohibits the receipt of specified gifts to the Treasurer, Auditor-Controller, and “designated employees” from business entities and individuals that “do business with the County” as that termed in defined in the Ordinance. Under the Ordinance, the term “designated employee” includes every employee of the County who is designated in the County’s Conflict-of-Interest Code to file a Form 700 and every member of a board or commission under the jurisdiction of the Board of Supervisors required to file such a form. For purposes of the Treasurer’s Office, “designated employees” include: the Chief Assistant Treasurer-Tax Collector, the Assistant Treasurer- Tax Collectors, all investment staff, all financial/credit analysts, all cash managers, and all accounting and compliance staff. The Treasurer will review this list of “designated employees” periodically and submit any proposed changes to the Board of Supervisors for approval.

XI. AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

The Treasurer will maintain a list of broker/dealers and financial institutions authorized to provide investment and/or depository services and products. Any permitted investment, not purchased directly from an approved issuer, shall be purchased either from a “primary” or regional securities broker/dealer qualifying under SEC Rule 15c3-1(uniform net capital rule) and licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a “well capitalized” national bank or Federal savings association as defined in Title 12 of the Code of Federal Regulations (CFR) Part 6.4 or a savings association or Federal association as defined by Section 5102 of the California Financial Code. To be eligible to

receive local agency money, a bank, savings association, federal association or federally insured industrial loan company shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section. Broker/dealers must comply with the political contribution limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. Section 27133(c) of the Government Code prohibits the selection of any broker, brokerage, dealer, or securities firm that has made a contribution to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices, within any consecutive 48-month period.

The Treasurer shall conduct an annual review of each broker/dealer and financial institution’s financial condition and registrations to determine whether it should remain on the approved broker/dealer list for investment and/or depository services and require annual audited financial statements to be on file for each firm. The Treasurer shall strive to open an application period every two years for all new and existing broker/dealers and financial institutions submitting a questionnaire to determine if they should be added to the approved broker/dealer list. This detailed questionnaire is required to be completed by broker/dealers and financial institutions seeking to provide investment services. The Treasurer shall annually send a copy of the current Investment Policy Statement to all broker/dealers and financial institutions approved to provide investment services to the County, and they shall notify the Treasurer in writing of receipt and that they have read it.

XII. PERFORMANCE EVALUATION

The Treasurer shall submit at least quarterly, reports (in compliance with Government Code Sections, 53646, and 27134) to the Treasury Oversight Committee, the pool participants, the County Executive Officer, the Director of Internal Audit, the Auditor-Controller, and the Board of Supervisors. These reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall be in compliance with information in these Government Codes. In accordance with GASB Statements 31, 40, 72 and 84, the Treasurer shall provide financial information on investments for disclosure in the County’s ACFR. In addition, as included in Government Code 53607, the Treasurer shall make a monthly report of the investment transactions to the Orange County Board of Supervisors.

XIII. SAFEKEEPING

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a delivery-versus-payment (DVP) basis. All investments shall have the County of Orange and either the OCIF or the specific pool name as its registered owner except for municipal debt issued by the County of Orange and privately placed with the County Treasurer in which case the investments shall have the Orange County Treasurer on behalf of the OCTP as its registered owner.

All securities shall be held by a third-party custodian designated by the Treasurer (this does not apply to money market funds or investment pools). The third-party custodian shall be required to issue a safekeeping statement to the Treasurer listing the specific instrument, rate, maturity, and other pertinent information.

XIV. MAINTAINING THE PUBLIC TRUST

All participants in the investment process shall act as custodians of the public trust. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

XV. INTERNAL CONTROLS

The Treasurer shall establish a system of written internal controls, which will be reviewed annually with the County's independent (external) auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Treasurer's Office. The Treasurer shall evaluate audit reports in a timely manner with the Treasury Oversight Committee. The quarterly audit reports of the Treasury shall be provided as required by Government Code Sections 26920 through 26922. Daily compliance of the investment portfolio shall be performed by the Department's Accounting and Compliance Units. Compliance will be determined on a fair market value basis. All agreements, statements, and trade packets will be subject to review annually by auditors in conjunction with their audit.

1. INVESTMENT PROCEDURES

The Treasurer shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this investment policy. Procedures will include reference to safekeeping, Master Repurchase Agreements, wire transfer agreements, collateral and depository agreements, banking service contracts, and other investment and banking related activities. Such procedures shall include explicit delegation of authority to personnel responsible for investment transactions.

No investment personnel may engage in an investment transaction except as provided under terms of this policy and the procedures established by the County Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of all Treasury and Investment personnel.

XVI. EARNINGS AND COSTS APPORTIONMENT

The Treasurer determines the interest earnings for the OCTP, which are then allocated to each individual pool participant based upon their average daily balance as recorded in the County's and/or Orange County Department of Education's accounting records.

As authorized by Government Code Section 27013, the Treasurer who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income. Such cost reimbursement shall be paid into the county general fund. In addition, the costs of compliance with the Treasury Oversight provisions of Government Code Sections 27130 through 27137 shall be included as an eligible administrative cost. These investment administrative costs will be deducted from any interest or income, prior to distribution to the pool participant. The Treasurer shall annually prepare a proposed budget revenue estimate and estimated basis fee charge of this investment administrative fee charged in accordance with Government Code Section 27013. The Treasurer will be required to annually reconcile the estimated charges and actual costs incurred and adjust participant accounts accordingly.

Investment earnings and the above estimated fee charge will be allocated to the pool participants on at least a quarterly basis. The Treasurer's investment reports will state the current estimated investment administrative fee charged to participants.

XVII. VOLUNTARY PARTICIPANTS

Should a local agency within Orange County, or a Joint Powers Agency (JPA) consisting of at least one public agency from within Orange County, not required by California law to deposit monies with the Treasurer desire entry into the Treasurer's Investment Pool, the agency shall comply with the requirements of Government Code Section 53684 and provide to the Treasurer a resolution adopted by its governing board stating that excess funds are available for the purpose of investment. The resolution shall specify that the local agency authorizes the investment of excess funds pursuant to Section 53684, those persons authorized at the agency to coordinate the transactions, the agency's willingness to be bound by the withdrawal provisions of Government Code Section 27136, and the agency's understanding that investment administrative charges will be deducted by the Treasurer as permitted by Sections 53684(b) and 27013. The Treasurer shall approve or disapprove such agency's request in writing. Upon the Treasurer's approval of voluntary participants to join the pool, the Treasurer will notify the Board of Supervisors within 5 days.

Monies deposited by local agencies approved for entry into OCTP shall be invested by the Treasurer in accordance with this Investment Policy Statement, as amended from time to time. The local agency's authorized representative will execute an agreement with the Treasurer. This agreement specifies the contractual terms and conditions by which the Treasurer will manage and invest local agency's excess funds which have been deposited for investment with the Treasurer.

XVIII. WITHDRAWAL

As required by Government Code Sections 27000.3, 27133(h), 27136 and 53684(c), withdrawal of participant funds for the purpose of investing or depositing these funds outside the County treasury shall require prior written approval from the Treasurer or designee. The Treasurer shall thereafter review the withdrawal request consistent with his/her trust and fiduciary duties. Prior to approving or disapproving the withdrawal request, the Treasurer or designee shall make a finding of the effect on the stability and predictability of the investments and on the interests of the other depositors in the County treasury.

XIX. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs, but focusing on, in order of importance, preservation of capital, liquidity, and yield.

The Treasurer's investment strategy is to purchase securities with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or a loss when economic circumstances, trends in interest rates or a deterioration in credit-worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principle. Such sales should take into account the short and long term impacts on the portfolio.

However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer. The strategy is also to manage the portfolios to create less risk than a benchmark comparable index and to use economies of scale to invest and administer the program at a reasonable cost. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be the indices most comparable to the fund, such as money rate data published in Barron's, The Wall Street Journal, Bloomberg, the local government investment pool index or other bond fund indices. The standards enumerated herein do not constitute a guarantee of the fund's performance.

XX. INVESTMENT POLICY STATEMENT REVIEW

This Investment Policy Statement shall be reviewed on an annual basis by the Treasury Oversight Committee prior to being presented to for review and approval by, the Board of Supervisors in an open session.

XXI. FINANCIAL REPORTING

The Treasurer's Investment Report and all investment compliance Audit Reports shall be provided to the Orange County Board of Supervisors, the County Executive Officer, the Chief Financial Officer, the Director of Internal Audit, the Auditor- Controller, the Treasury Oversight Committee, the presiding judge of the Superior Court, the director or executive officer and Treasurer or other official responsible for the funds of any Local Agency who has investments in the OCTP as allowed by Government Code Sections 53646, and 53686 on a quarterly basis.

All reports filed by the Treasurer in accordance with Government Code Section 53646 shall, among other matters, state compliance of the portfolio with the Investment Policy Statement, or the manner in which the portfolio is not in compliance. A statement will also be filed by the Treasurer in accordance with Government Code 53646(b) denoting the ability of OCTP to meet its expenditure requirements for the next six months or provide an explanation of why sufficient money may not be available.

XXII. LEGISLATIVE CHANGES

Any State of California law that further restricts allowable maturities, investment type, percentage allocations, or any other provision of this Investment Policy Statement will, upon effectiveness, be incorporated into this Investment Policy Statement and supersede any and all previous applicable language.

XXIII. DISASTER RECOVERY PROGRAM

The Treasurer's Disaster Plan includes critical phone numbers and addresses of key treasury and investment personnel as well as currently approved bankers and broker/dealers. The Disaster Plans are distributed to key treasury and investment personnel. The plan provides for an offsite location to be communicated at the time of readiness if our offices are uninhabitable. In the event the Treasurer or authorized staff is unable to invest the portfolio, the Treasurer has an agreement with the custodian for a daily sweep of uninvested cash with the custody bank into a money market mutual fund. Until normal operations of the Treasurer's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy Statement and would be required to be reported to the Board of Supervisors and pool participants in a timely manner.

INVESTMENT POLICY STATEMENT GLOSSARY

This Glossary is for general reference purposes only and does not constitute an exhaustive or exclusive list of terms and definitions applicable to this Investment Policy Statement. The definitions included herein do not modify any of the terms of this Investment Policy Statement or applicable law.

ACCREDITED INVESTOR: Defined in the Code of Federal Regulations (CFR) 230.501 (a)(9) as any entity, including a government body that owns “investments”, as defined in the CFR 270.2A51-1(b)(7)(i), such as cash and cash equivalents, for investment purposes under the Investment Company Act in excess of \$5 million.

ACCRUED INTEREST: The amount of interest that is earned but unpaid since the last interest payment date.

ADJUSTABLE RATE NOTE: (See Floating Rate Note)

AGENCY SECURITIES: (See U.S. Government Agency Securities)

AMORTIZATION: The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

AVERAGE LIFE: The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

ASKED PRICE: The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): (See Receivable-Backed Securities)

BANKERS' ACCEPTANCE (BA): Negotiable money market instruments issued primarily to finance international trade. These are time drafts in which a bank “accepts” as its financial responsibility to pay the principal at maturity even if the importer does not. In essence, these are bank obligations collateralized by goods being shipped between an exporter and an importer.

BASIS POINT: When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BID PRICE: The price at which a buyer offers to buy a security.

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most money market securities are “delivered” to an investor’s custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). The owners of these securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

BROKER: A broker brings buyers and sellers together and is compensated for his/her service.

CALLABLE BONDS: Bonds that may be redeemed by the issuing company prior to the maturity date.

CALL PRICE: The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

CALL RISK: The risk to a bondholder that a bond may be redeemed prior to maturity.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a capital asset.

CERTIFICATE OF DEPOSIT (CD or NCD): A deposit of funds at a bank for a specified period of time that earns interest at a specified rate. Commonly known as "CDs" or "negotiable CDs."

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public moneys.

COMMERCIAL PAPER (CP): Short-term unsecured promissory notes issued by corporations for maturities of 270 days or less.

CONSUMER RECEIVABLE-BACKED BONDS: (See Receivable-Backed Securities)

CONVEXITY: A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

CREDIT OUTLOOK: (See Rating Outlook)

CREDIT QUALITY: The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized statistical rating organizations.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CREDIT WATCH: indicates that a company's credit is under review and credit ratings are subject to change.

*+ (positive)

Credit is under review for possible upgrade.

*- (negative)

Credit is under review for possible downgrade.

*

Credit is under review, direction uncertain.

COUPON: The rate at which a bond pays interest.

CURRENT YIELD: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVE: A security whose interest rate of principal amount may vary and are determined by a market index or a combination of market indexes.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION: An investment principle designed to spread the risk in a portfolio by dividing investments among different sectors, industries and companies.

DOLLAR-WEIGHTED AVERAGE MATURITY: A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by the size of that investment.

DURATION: A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

FEDERAL FUNDS RATE: Interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. A target rate is set by the FOMC.

FEDERAL OPEN MARKET COMMITTEE (FOMC): This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system, which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

FITCH, INC: (see Nationally Recognized Statistical Rating Organization)

FIXED-INCOME SECURITIES: Securities that return a fixed income over a specified period.

FLOATING RATE NOTE: A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, London Interbank Offered Rate (LIBOR), Secured Overnight Financing Rate (SOFR) etc.).

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INTERNAL CONTORLS: An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

INVESTMENT COMPANY ACT OF 1940: Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

LOCAL AGENCY: County, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

MARK-TO-MARKET: The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

MARKET RISK: The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract between the parties of a repurchase agreement establishing each party's rights in all current and future transactions until termination of the contract by either party.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTES (MTN): Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term note" refers to the time it takes for an obligation to mature, and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five- year maturity range. MTNs issued by banks are also called "bank notes."

MONEY MARKET: The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invest in a variety of short-term money market instruments.

MOODY'S INVESTORS SERVICE, INC: (See Nationally Recognized Rating Services)

MUNICIPAL DEBT: Bonds, notes and other securities issued by a state, municipality or county.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO):

Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.). The primary rating agencies are the following: Standard & Poor's Corporation; Moody's Investor Services, Inc.; and Fitch, Inc.

NEGOTIABLE CD: (See Certificates of Deposit)

NET ASSET VALUE (NAV): A per-share valuation of a mutual fund based on total assets minus total liabilities.

NON-CALLABLE: Bond that cannot be called at the option of the issuer.

OFFER PRICE: The price asked by a seller of securities.

PAR or PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PHYSICAL DELIVERY: The delivery of an investment to a custodian bank in the form of a physical certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

PORTFOLIO: A group of securities held by an individual or institutional investor.

PREMIUM: The difference between the par value of a bond and the market value of the bond, when the market value is above par.

PRICE RISK: The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

PRIMARY DEALER: Banks and securities brokerages authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Federal Open Market Operations.

PRIME RATE: The base rate that banks use in pricing commercial loans to their best and most creditworthy customers.

PRINCIPAL: The face value or par value of an investment.

PROSPECTUS: A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information of the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

QUALIFIED INSTITUTIONAL BUYER (QIB): Defined in CFR Section 230.144A as a class of investors that can be conclusively assumed to be sophisticated and in little need of the protection afforded by the Securities Act's registration provisions. They must own and invest on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the QIB to qualify for qualified institutional buyer status. This includes any institutional investors included in the accredited investor definition, provided they satisfy the \$100 million threshold.

RATING OUTLOOK: The potential direction of the credit rating assigned by a NRSRO for a specific company.

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

RECEIVABLE-BACKED SECURITIES: Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

RECEIVABLE PASS-THROUGH CERTIFICATE: A debt obligation that is backed by a portfolio of receivables, normally issued by a bank or financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

REFUNDED BOND: A bond secured by an escrow fund that is sufficient to pay off the entire issue of bonds at the next call date (pre-funded) or maturity (escrowed to maturity).

REGISTERED STATE WARRANT: A short-term obligation of a state governmental body issued in anticipation of revenue.

REPURCHASE AGREEMENT (REPO): The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities back at a later date at a specified price that includes interest for the buyer's holding period.

RULE 2a-7 OF THE INVESTMENT COMPANY ACT: Applies to all money market mutual funds and mandates such funds to maintain certain standards.

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD: Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

SAFEKEEPING: Storage and protection of a customer's financial assets, valuables, or documents, provided as a service by an institution serving as Agent or Custodian and, where control is delegated by the customer.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SINKING FUND: Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

STANDARD & POOR'S CORPORATION: (See Nationally Recognized Rating Services)

STRUCTURED INVESTMENT VEHICLE (SIV): A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS). Funding for SIVs comes from the issuance of commercial paper that is continuously renewed or rolled over; the proceeds are then invested in longer maturity assets that have less liquidity but pay higher yields. SIVs often employ great amounts of leverage to generate returns.

SUPRANATIONAL: An entity that is formed by two or more central governments with the purpose of promoting economic development for the member countries. Examples include the International Bank for Reconstruction and Development, International Finance Corporation, and the Inter-American Development Bank.

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period.

$$(\text{Price appreciation}) + (\text{Dividends paid}) + (\text{Capital gains}) = \text{Total Return}$$

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U. S. GOVERNMENT AGENCY SECURITIES: Debt securities issued by U.S. Government sponsored enterprises and federally related institutions. These government agencies include: Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), Federal National Mortgage Association (FNMA or Fannie Mae), Federal Farm Credit Banks (FFCB) and Tennessee Valley Authority (TVA).

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills: non-interest-bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

Treasury notes: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from date of issue.

Treasury bonds: interest-bearing obligations issued by the U.S. Treasury with maturities that range from ten to thirty years from date of issue.

UNIFORM NET CAPITAL RULE: SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

VARIABLE RATE NOTE: (See Floating Rate Note)

VOLATILITY: A degree of fluctuation in the price and valuation of securities.

WEIGHTED AVERAGE MATURITY (WAM): The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 60 days and no one security may have a maturity that exceeds 397 days.

WHEN ISSUED (WI): A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

YIELD: The annual rate of return on a debt investment computed as though held to maturity expressed as a percentage.

YIELD TO CALL (YTC): The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

YIELD TO MATURITY (YTM): The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.

ZERO-COUPON BONDS/U.S. TREASURY STRIPS: A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury bond. Zeros or strips mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.