NEW ISSUE – FULL BOOK-ENTRY ONLY **RATINGS: Fitch: "AA+"**
S&P: "AA"
(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2022 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2022 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2022 Bonds. See "TAX MATTERS."

$83,375,000
SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022
(COUNTY OF ORANGE SHERIFF-CORONER FACILITY)

Dated: Date of Delivery **Due: June 1, as shown on the inside cover hereof**

The South Orange County Public Financing Authority Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility) (the "Series 2022 Bonds") are being issued pursuant to a Trust Agreement, dated as of July 1, 2022 (the "Trust Agreement"), by and between the South Orange County Public Financing Authority (the "Authority") and U.S. Bank Trust Company, National Association (the "Trustee"). The Series 2022 Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the County of Orange (the "County") to the Authority for the lease of certain real property (the "Facilities") from the Authority pursuant to a Facilities Sublease, dated as of July 1, 2022 (the "Facilities Sublease"), by and between the Authority, as lessor, and the County, as lessee. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" herein. The Series 2022 Bonds are being issued to provide funds to (i) finance the acquisition of and construction of certain improvements to a new facility for the County Sheriff-Coroner's department to be owned by the County, as described herein, (ii) finance capitalized interest on the Series 2022 Bonds through June 1, 2023, and (iii) pay the costs incurred in connection with the issuance of the Series 2022 Bonds. See "PLAN OF FINANCE" herein. The County has covenanted in the Facilities Sublease to take such action as may be necessary to include Base Rental Payments and Additional Payments due under the Facilities Sublease in its annual budgets, and to make necessary annual appropriations therefor. The County's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Facilities, or any defects in title to the Facilities, there is substantial interference with the County's right to use and occupy any portion of the Facilities. See "RISK FACTORS – Abatement" herein.

The Series 2022 Bonds are being issued in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Ownership interests in the Series 2022 Bonds will be in denominations of $5,000 or any integral multiple thereof. Beneficial owners of the Series 2022 Bonds will not receive physical certificates representing the Series 2022 Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers. Interest on the Series 2022 Bonds is payable semiannually on June 1 and December 1, commencing December 1, 2022 (the "Interest Payment Dates"). Principal of, premium, if any, and interest on the Series 2022 Bonds will be paid by the Trustee to DTC, which in turn will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to beneficial owners of the Series 2022 Bonds as described herein. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2022 Bonds are subject to optional, mandatory sinking fund and special mandatory redemption prior to maturity as described herein. See "THE SERIES 2022 BONDS – Redemption" herein.

THE SERIES 2022 BONDS ARE NOT A DEBT OF THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON, NOR IN ANY EVENT SHALL THE SERIES 2022 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY PROVIDED IN THE TRUST AGREEMENT. THE SERIES 2022 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

Maturity Schedule located on inside front cover

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Series 2022 Bonds were awarded to Mesirow Financial, Inc. by competitive bid to be held on July 12, 2022, as set forth in the Official Notice of Sale, dated July 6, 2022. The Series 2022 Bonds will be offered when, as and if issued by the Authority, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the County by County Counsel. Certain legal matters will be passed upon for the Authority and the County by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, as Disclosure Counsel. It is anticipated that the Series 2022 Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about July 26, 2022.

Dated: July 12, 2022

$83,375,000
SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022
(COUNTY OF ORANGE SHERIFF-CORONER FACILITY)

MATURITY SCHEDULE
(Base CUSIP[†] 839097)

$44,235,000 Serial Bonds

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP[†]
2024	$1,340,000	5.000%	1.750%	BD3
2025	1,405,000	5.000	1.850	BE1
2026	1,475,000	5.000	1.930	BF8
2027	1,550,000	5.000	1.990	BG6
2028	1,625,000	5.000	2.130	BH4
2029	1,705,000	5.000	2.260	BJ0
2030	1,795,000	5.000	2.330	BK7
2031	1,880,000	5.000	2.420	BL5
2032	1,975,000	5.000	2.500	BM3
2033	2,075,000	5.000	2.610[C]	BN1
2034	2,180,000	5.000	2.720[C]	BP6
2035	2,290,000	5.000	2.820[C]	BQ4
2036	2,405,000	5.000	2.890[C]	BR2
2037	2,520,000	5.000	2.960[C]	BS0
2038	2,650,000	5.000	3.030[C]	BT8
2039	2,780,000	5.000	3.100[C]	BU5
2040	2,920,000	5.000	3.150[C]	BV3
2041	3,065,000	5.000	3.210[C]	BW1
2042	3,220,000	5.000	3.240[C]	BX9
2043	3,380,000	5.000	3.270[C]	BY7

$15,300,000 5.000% Term Bond due June 1, 2047 Yield: 3.360%[C] CUSIP[†] CC4

$23,840,000 5.000% Term Bond due June 1, 2052 Yield: 3.450%[C] CUSIP[†] CH3

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) was for many years managed on behalf of the American Bankers Association by S&P Capital IQ. As a result of the recent divestiture by S&P Global of its interest in GCS, Connecticut-based FactSet Research Systems, Inc. acquired CGS and will manage CGS though its Content and Technology Solutions (CTS) division. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the County, the Authority, the Municipal Advisor or their agents or counsel assume responsibility for the accuracy of such numbers.
[C] Yield to call at par on June 1, 2032.

SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY

BOARD OF DIRECTORS

Doug Chaffee, Chairman
Donald P. Wagner, Vice Chairman
Andrew Do
Katrina Foley
Lisa Bartlett

AUTHORITY OFFICIALS

Frank Kim, Executive Director
Shari L. Freidenrich, Treasurer
Frank Davies, CPA, Auditor-Controller
Leon J. Page, Authority Counsel

COUNTY OF ORANGE, CALIFORNIA
BOARD OF SUPERVISORS

Doug Chaffee (Fourth District), Chairman
Donald P. Wagner (Third District), Vice Chairman
Andrew Do (First District)
Katrina Foley (Second District)
Lisa Bartlett (Fifth District)

COUNTY OFFICIALS

Frank Kim, County Executive Officer
Shari L. Freidenrich, County Treasurer-Tax Collector
Frank Davies, CPA, Auditor-Controller
Michelle Aguirre, Chief Financial Officer
Kimberly Engelby, CEO Budget & Finance Director
Leon J. Page, County Counsel

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Municipal Advisor
KNN Public Finance, LLC
Berkeley, California

Trustee
U.S. Bank Trust Company, National Association
Los Angeles, California

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, change.

This Official Statement is intended only to furnish information in connection with the purchase of the Series 2022 Bonds. The Official Statement DOES NOT constitute a recommendation, expressed or implied, to purchase or not to purchase the Series 2022 Bonds or any other obligations or bonds of the Authority.

No dealer, broker, salesperson or other person has been authorized by the Authority or the County to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the County.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2022 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth herein has been furnished by the Authority and the County and other sources as noted that the Authority and the County believe reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority and the County since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2022 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2022 BONDS, NOR SHALL THERE BE ANY SALE OF ANY OF THE SERIES 2022 BONDS, BY ANY PERSON IN ANY JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. In making an investment decision, potential investors must rely on their own examination of the Authority and the County and the terms of the offering, including the merits and risks involved. The Series 2022 Bonds have not been registered or qualified under the securities laws of any state. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The summaries and references to the Trust Agreement, the Continuing Disclosure Certificate and statutes and other documents do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such document and statute. The Series 2022 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions from the registration requirements contained in such Acts.

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OFFICIAL STATEMENT

$83,375,000
SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2022
(COUNTY OF ORANGE SHERIFF-CORONER FACILITY)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2022 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used, but not otherwise defined, herein, shall have the meanings ascribed thereto in APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—CERTAIN DEFINITIONS."

General

The purpose of this Official Statement, which includes the cover page, inside cover, table of contents and appendices hereto is to provide certain information concerning the issuance, sale and delivery by the South Orange County Public Financing Authority (the "Authority") of its Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility) (the "Series 2022 Bonds"), in the aggregate principal amount of $83,375,000.

Purpose of the Series 2022 Bonds

The Series 2022 Bonds are being issued to (i) finance the acquisition of and construction of certain improvements to a new facility for the County Sheriff-Coroner's department to be owned by the County of Orange (the "County"), (ii) finance capitalized interest on the Series 2022 Bonds through June 1, 2023, and (iii) pay the costs incurred in connection with the issuance of the Series 2022 Bonds. See "PLAN OF FINANCE."

Authority for Issuance

The Series 2022 Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and a Trust Agreement dated as of July 1, 2022 (the "Trust Agreement"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

Security and Sources of Payment for the Series 2022 Bonds

The County is required under the Facilities Sublease to pay semiannual lease payments (the "Base Rental Payments") for the use and occupancy of certain real property (as further defined herein, the "Facilities"), which amounts are designed to be sufficient in both time and amount to pay, when due, the principal of, redemption premium (if any) and interest on the Series 2022 Bonds. In the Facilities Sublease, the County has covenanted that it will take such action as may be necessary to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the County to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Facilities, the taking of the Facilities in whole or in part, or a delay in the completion of certain improvements to the Facilities (as further defined herein, the "Series 2022 Improvements"). The obligation of the County to pay Base Rental Payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to make Base Rental Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. For more information on the security for the Series 2022 Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS."

The Authority may at any time issue additional bonds (the "Additional Bonds," and together with the Series 2022 Bonds, the "Bonds") payable from the Revenues and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Trust Agreement, subject to, certain specific conditions. For more information on the conditions for issuance of Additional Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Additional Bonds."

Bonds Constitute Limited Obligations; Lease Not Debt

The Series 2022 Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the County, and amounts on deposit in certain funds and accounts held under the Trust Agreement. The Series 2022 Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable thereon, nor in any event shall the Series 2022 Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. The Series 2022 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

Abatement

The obligation of the County under the Facilities Sublease to make Base Rental Payments is in consideration for the beneficial use and possession of the Facilities. The obligation of the County to make Base Rental Payments (other than to the extent that funds are available in the Revenue Fund or from the proceeds of rental interruption insurance, if available) may be abated in whole or in part if the County does not have full use and possession of the Facilities, including if there is a delay in the completion of the Series 2022 Improvements. See "RISK FACTORS—Abatement" and "– Construction Risks."

Description of the Series 2022 Bonds

The Series 2022 Bonds will be issued as fully-registered current interest bonds without coupons in denominations of $5,000 principal amount each, or any integral multiple thereof, and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2022 Bonds. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM" herein. Interest on the Series 2022 Bonds is payable semiannually each June 1 and December 1, commencing December 1, 2022. Principal of the Series 2022 Bonds is payable on June 1 in each year due, as set forth on the inside cover page hereof. For more information on the Series 2022 Bonds, see "THE SERIES 2022 BONDS."

Continuing Disclosure

The County has covenanted for the benefit of the holders and beneficial owners of the Series 2022 Bonds to annually provide certain financial information and operating data relating to the County and to provide notices of the occurrence of certain enumerated events, if material. See "CONTINUING DISCLOSURE" and APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Summaries Not Definitive

Brief descriptions of the Series 2022 Bonds, the security and sources of payment for the Series 2022 Bonds, the Authority, the County and the Facilities are included in this Official Statement together with summaries of the Trust Agreement, the Facilities Lease and the Facilities Sublease. Such descriptions do not purport to be comprehensive or definitive. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," and if not therein, then in Trust Agreement, the Facilities Lease or the Facilities Sublease. All references herein to the Trust Agreement, the Facilities Lease and the Facilities Sublease are qualified in their entirety by reference to such documents, and references herein to the Series 2022 Bonds are qualified in their entirety by reference to the forms thereof, copies of all of which are available for inspection at the principal corporate trust office of the Trustee.

Other Information

Copies of documents referred to herein and information concerning the Series 2022 Bonds are available from the County Executive Office, Budget and Finance; Hall of Administration, 333 W. Santa Ana Boulevard, Room 323, Santa Ana, California 92701. The County may impose a charge for copying, mailing and handling.

THE AUTHORITY

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to the Joint Exercise of Powers Agreement, dated March 8, 1994, by and between the County and Community Facilities District No. 88-2 of the County of Orange (Lomas Laguna) (the "District"), as amended and restated by the Amended and Restated Joint Exercise of Powers Agreement, dated April 7, 1998 (as amended, the "Joint Exercise of Powers Agreement"), by and between the County and the County, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "JPA Act").

The Authority was formed to assist the County in financing public capital improvements and other projects. The Authority functions as an independent entity and its policies are determined by a five-member board consisting of the members of the County Board of Supervisors. The Authority has no employees and all staff work is done by County staff or by consultants to the Authority. The County and the District are not responsible in any manner for the debts and obligations of the Authority.

THE COUNTY

Information with respect to the County, including financial information and certain economic and demographic information relating to the County, is provided in APPENDIX A—"THE COUNTY." A copy of the comprehensive annual financial report of the County for the fiscal year ended June 30, 2021 is included as Appendix B and should be read in its entirety. See APPENDIX B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT." For information regarding the impact of the COVID-19 pandemic on the County, see "RISK FACTORS – Infectious Disease Outbreak – COVID-19" herein.

THE SERIES 2022 BONDS

General

The Series 2022 Bonds will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof (each, an "Authorized Denomination"). The Series 2022 Bonds will be dated as of and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside cover page hereof. Interest on the Series 2022 Bonds will be paid semiannually on June 1 and December 1 (each, an "Interest Payment Date") of each year, commencing on December 1, 2022.

Interest on the Series 2022 Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event they will bear interest from such date, or unless such date of authentication is prior to the first Interest Payment Date, in which event they will bear interest from their dated date. Payment of interest on the Series 2022 Bonds due on or before the maturity or prior redemption thereof will be paid by check mailed by first class mail on each Interest Payment Date to the person in whose name the Series 2022 Bond is registered as of the close of business on the fifteenth (15th) calendar day (whether or not a Business Day) of the month preceding such Interest Payment Date (the "Record Date") at the address shown on the registration books maintained by the Trustee; provided, however, that interest on the Series 2022 Bonds will be paid by wire transfer or other means to provide immediately available funds to any Holder of at least $1,000,000 in aggregate principal amount of such Series 2022 Bonds, at its option, according to wire instructions given to the Trustee in writing for such purpose and on file prior to the applicable Record Date preceding the Interest Payment Date.

The principal of the Series 2022 Bonds will be payable by check in lawful money of the United States of America at the Principal Office of the Trustee upon presentation and surrender thereof to the Trustee for cancellation at maturity or earlier redemption.

The Series 2022 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Series 2022 Bonds (the "Beneficial Owners") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2022 Bonds. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

Optional Redemption. The Series 2022 Bonds maturing on or before June 1, 2032 are not subject to optional redemption prior to maturity. The Series 2022 Bonds maturing on or after June 1, 2033 are subject to optional redemption prior to maturity on or after June 1, 2032 at the option of the Authority, on any date in whole or in part and among such maturities as are designated by the Authority to the Trustee, from funds derived by the Authority from any source at a redemption price equal to 100% of the principal amount of the Series 2022 Bonds called for redemption plus accrued but unpaid interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2022 Bonds maturing on June 1, 2047 are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking fund payments in the following amounts, commencing on June 1, 2044 according to the following schedule:

Mandatory Sinking Fund Redemption Date (June 1,)	Principal Amount to be Redeemed
2044	$3,550,000
2045	3,725,000
2046	3,915,000
2047†	4,110,000

† Maturity.

The Series 2022 Bonds maturing on June 1, 2052 are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking fund payments in the following amounts, commencing on June 1, 2048 according to the following schedule:

Mandatory Sinking Fund Redemption Date (June 1,)	Principal Amount to be Redeemed
2048	$4,315,000
2049	4,530,000
2050	4,755,000
2051	4,995,000
2052†	5,245,000

† Maturity.

Extraordinary Redemption. The Series 2022 Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as hereinafter provided, as a whole or in part by lot within each stated maturity in integral multiples of Authorized Denominations, from prepayments made by the County from funds received by the County due to a taking of the Facilities or portions thereof under the power of eminent domain, from the net proceeds of insurance received for material damage to or destruction of the Facilities or portions thereof under the circumstances and upon the conditions and terms prescribed in the Trust Agreement and Facilities Sublease, or from the proceeds of title insurance in the event of defective title to the Facilities as provided for in the Facilities Sublease, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date.

Procedure for and Notice of Redemption. The Trustee will cause notice of each redemption to be given to the Owner of any Series 2022 Bonds designated for redemption at the address which appears upon the registration books of the Trustee by mailing a copy of the redemption notice at least 30 but not more than 60 days prior to the redemption date. Each notice of redemption will state the date of such notice, the date of issue of the Series 2022 Bonds, the Series, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Series 2022 Bonds of such maturity, to be redeemed and, in the case of Series 2022 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said Series 2022 Bonds the redemption price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Series 2022 Bonds be then surrendered at the address of the Trustee specified in the redemption notice. The failure of any Owner to receive such notice or any defect in such notice will not affect the validity of the redemption of any Series 2022 Bonds.

Selection of Series 2022 Bonds for Redemption. If less than all Outstanding Series 2022 Bonds of the same Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee will select the Series 2022 Bonds of such maturity date to be redeemed by lot and will promptly notify the Authority in writing of the numbers of the Series 2022 Bonds so selected for redemption. For purposes of such selection, Series 2022 Bonds will be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event Term Bonds are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

Cancellation of Notice. The Authority may, at its option, prior to the date fixed for redemption in any notice of redemption, rescind and cancel such notice of redemption by Written Request to the Trustee, and the Trustee will mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

Effect of Notice of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Series 2022 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice the Series 2022 Bonds so called for redemption will become due and payable, and from and after the date so designated, interest on such Series 2022 Bonds will cease to accrue, and the Owners of such Series 2022 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

All Series 2022 Bonds redeemed pursuant to the provisions of the Trust Agreement will be canceled by the Trustee and will be destroyed with a certificate of destruction furnished to the Authority upon its request and will not be reissued.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

Pledge of Revenues

The Series 2022 Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the County and from amounts on deposit in certain funds and accounts held under the Trust Agreement. The term “Revenues” means (i) all Base Rental Payments and other payments paid by the County and received by the Authority pursuant to the Facilities Sublease (but not Additional Payments), and (ii) all interest or other income from any investment, pursuant to Section 5.05, of any money in any fund or account (other than the Rebate Fund) established pursuant to this Trust Agreement or the Facilities Sublease.

All Revenues, any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund) and any other amounts (excluding Additional Payments) received by the Authority in respect of the Facilities are irrevocably pledged under the Trust Agreement to the payment of the interest and premium, if any, on and principal of the Bonds as provided in the Trust Agreement, and the Revenues and other amounts pledged under the Trust Agreement are not to be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. Such pledge constitutes a pledge of and charge and first lien upon the Revenues, all other amounts pledged under the Trust Agreement and all other moneys on deposit in the funds and accounts established under the Trust Agreement (excluding amounts on deposit in the Rebate Fund) for the payment of the interest on and principal of the Bonds in accordance with the terms of the Trust Agreement.

As provided in the Trust Agreement, the Authority assigns to the Trustee all of the Authority's right, title and interest in the Facilities Sublease and the Facilities Lease as security for payment of the Series 2022 Bonds.

THE SERIES 2022 BONDS ARE NOT A DEBT OF THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON, NOR IN ANY EVENT SHALL THE SERIES 2022 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY PROVIDED IN THE TRUST AGREEMENT. THE SERIES 2022 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

Covenant to Appropriate Funds for Rental Payments

The County has covenanted in the Facilities Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Facilities Sublease in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the County to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Facilities, the taking of the Facilities in whole or in part, or a delay in the completion of the Series 2022 Improvements. See "RISK FACTORS—Abatement" and "– Construction Risks."

Base Rental Payments

For the right to the use and occupancy of the Facilities, the Facilities Sublease requires the County to make Base Rental Payments. While the County is obligated to pay Base Rental Payments from any lawfully available funds, it is the expectation of the County that the Base Rental Payments will be paid from the General Fund of the County.

To secure the payment of the Base Rental Payments, the County will pay to the Trustee, for deposit into the Revenue Fund, on or before each May 25 and November 25, an amount sufficient to pay the principal of and interest on the Series 2022 Bonds due on the following June 1 and December 1, respectively.

Pursuant to the Trust Agreement, on or before each Interest Payment Date and each Principal Payment Date, the Trustee will transfer amounts in the Revenue Fund as are necessary to the Interest Account and the Principal Account to provide for the payment of the interest and principal in respect of the Series 2022 Bonds. See APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Establishment of Funds and Accounts; Flow of Funds" herein.

Debt Service on the Series 2022 Bonds is set forth below under the heading "DEBT SERVICE ON THE SERIES 2022 BONDS."

Additional Payments

The Facilities Sublease requires the County to pay all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facilities Sublease, the Trust Agreement, the Authority's interest in the Facilities, and the lease of the Facilities to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Series 2022 Bonds, and the Facilities, including without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Series 2022 Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Series 2022 Bonds.

Action on Default

Should the County default under the Facilities Sublease, the Trustee, as assignee of the Authority's rights under the Facilities Sublease, may terminate the Facilities Sublease and recover certain damages from the County, or may retain the Facilities Sublease and hold the County liable for all Base Rental Payments thereunder as the same become due, and will have the right to re-enter and re-let the Property or terminate the Facilities Sublease upon a default thereunder. In the event such re-letting occurs, the County would be liable for any resulting deficiency in Base Rental Payments. Base Rental Payments may not be accelerated upon a default under the Facilities Sublease. See "RISK FACTORS – Limited Recourse on Default" and " – No Acceleration Upon Default" herein.

For a description of the events of default and permitted remedies of the Trustee contained in the Facilities Sublease and the Trust Agreement, see APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facilities Sublease—Defaults and Remedies" and "—Trust Agreement—Events of Default; Remedies of Bondholders" herein.

No Debt Service Reserve Fund

The Series 2022 Bonds are not secured by a debt service reserve fund.

Insurance

The Facilities Sublease requires the County to cause to be maintained casualty insurance insuring the Facilities against fire, lightning and all other risks covered by an extended coverage endorsement in an amount equal to the lesser of 100% of the replacement cost of the Facilities or 100% of the outstanding principal amount of the Series 2022 Bonds. The County may, subject to the restrictions contained in the Facilities Sublease, self-insure against such risks. The Facilities Sublease does not require that insurance be maintained for earthquake or flood risks.

The Facilities Sublease requires the County to cause to be maintained, throughout the term of the Facilities Sublease, rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Facilities as a result of any of the hazards covered by the insurance described in the preceding paragraph, in an amount sufficient at all times to pay maximum annual Base Rental for any two-year period.

The County is also required to obtain certain public liability and property damage insurance coverage in protection of the Authority and the County and worker's compensation insurance.

See APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facilities Sublease – Insurance," for additional information regarding the insurance requirements contained in the Facilities Sublease.

Substitution or Release of Facilities

Under the Facilities Sublease, the County and the Authority may add, substitute or release real property for all or part of, or may release part of, the Facilities for purposes of the Facilities Lease and the Facilities Sublease, but only after the County has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

1. Executed copies of the Facilities Lease and the Facilities Sublease or amendments thereto containing the amended description of the Facilities, including the legal description of any real property component of the Facilities as modified, if necessary.

2. A Written Certificate of the County, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the County) of the Facilities that will constitute the Facilities after such addition, substitution or withdrawal will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the County, in the alternative, in the event of a substitution only, the Written Certificate of the County will certify that the annual fair rental value of the new Facilities is at least equal to that of the substituted Facilities.

3. With respect to an addition or substitution of property, a leasehold owner's title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Facilities after such addition or substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, will name the Trustee as the insured, and will insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the County's right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the County under the Facilities Sublease.

4. A Written Certificate of the County stating that such addition, substitution or withdrawal, as applicable, does not adversely affect the County's use and occupancy of the Facilities.

5. With respect to the substitution of property, a Written Certificate of the County stating that the useful life of the Facilities to be substituted is at least equal to the useful life of the Facilities being released.

6. An opinion of bond counsel stating that any amendment executed in connection with such addition, substitution or withdrawal, as the case may be, (i) is authorized or permitted under the Facilities Sublease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the County; and (iii) will not cause the interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes.

Upon completion of the requirements described in 1-6 above, the Facilities or portion thereof for which other real property is substituted, pursuant to the Facilities Sublease, will be released from the Facilities Lease and the Facilities Sublease, and will no longer be encumbered thereby or by the Trust Agreement at such time as the County causes said substitution.

Additional Bonds

The Authority may at any time issue Additional Bonds payable from the Revenues and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Trust Agreement, subject to, among other things, the following specific conditions:

1. The Authority will be in compliance with all agreements and covenants contained in the Trust Agreement and no Event of Default will have occurred and be continuing.

2. The Supplemental Trust Agreement will require that the proceeds of the sale of such Additional Bonds will be applied to finance or refinance the Facilities or Improvements (which includes the Series 2022 Improvements and any Additional Improvements), or for the refunding or repayment of any Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds.

3. The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement will not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

4. The Facilities Sublease will have been amended, if necessary, so that the Base Rental Payments payable by the County thereunder in each Fiscal Year will at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year, and if Base Rental Payments are being increased, a Certificate of the County will be delivered to the Trustee certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the County) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year.

5. If additional facilities, if any, are to be leased and are not situated on property described in the Facilities Lease and Facilities Sublease, (1) the Facilities Lease will have been amended so as to lease to the Authority such additional real property; and (2) the Facilities Sublease will have been amended so as to lease to the County such additional real property.

The Authority is also permitted under the Trust Agreement to issue obligations that are junior and subordinate to the payment of the principal, premium and interest on the Bonds and which subordinated obligations are payable as to principal, premium and interest only out of Revenues after the prior payment of all amounts then required to be paid hereunder from Revenues for principal, premium and interest on the Bonds, as the same become due and payable and at the times and in the manner as required in this Trust Agreement

For more information on the proceedings for authorization of Additional Bonds, see APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement – Issuance of Bonds."

PLAN OF FINANCE

General

The Series 2022 Bonds are being issued to (i) finance the acquisition of a significantly renovated facility for the County Sheriff-Coroner's department to be owned by the County (the "Facilities," which are described in further detail below) and the construction of certain improvements to the Facilities (the "Series 2022 Improvements," which are described in further detail below), (ii) finance capitalized interest on the Series 2022 Bonds through June 1, 2023, and (iii) pay the costs incurred in connection with the issuance of the Series 2022 Bonds.

The Facilities and the Series 2022 Improvements

Description of the Facilities and the Series 2022 Improvements. The Facilities, together with the Series 2022 Improvements, consist of a significantly renovated multi-use building for the consolidation of the County Sheriff-Coroner's department and the real property located at 1382 Bell Avenue, Tustin, California. Such multi-use building is 120,000 square feet spread out over two floors with 90,000 square feet on the first floor and 30,000 square feet on the second floor. Within such multi-use building, there will be a real-time crime center, a department operations center, a dispatch center, a fusion center (for intelligence gathering), six technology labs, eight intermediate distribution frame rooms (to house information technology and network equipment), a training facility (including five training rooms), a museum area, a gym and related locker rooms, 65 offices, 213 cubicle workspaces, seven meeting and conference rooms, 16 restrooms, a cafeteria with a kitchen and dining facilities, two breakrooms, and a ground floor warehouse equipped with high-pile storage. The Facilities, together with the Series 2022 Improvements, also include an automotive shop area and a parking lot with over 350 parking spaces.

The Series 2022 Improvements refers to the capital improvements to the Facilities, which the Seller (as defined herein) has agreed to complete at the Seller's expense pursuant to the Purchase Agreement and the Work Completion Agreement (both as defined herein).

Purchase Agreement. The County and GVI-SW Bell Ave Owner, LLC, a Delaware limited liability company (the "Seller"), entered into a Purchase and Sale Agreement, effective February 18, 2022 (the "Purchase Agreement") pursuant to which the County agreed to purchase the Facilities as improved by the Series 2022 Improvements for $91,000,000 (the "Purchase Price") on or before July 31, 2022. Such purchase price will be financed entirely with proceeds of the Series 2022 Bonds. The purchase of the Facilities and the Series 2022 Improvements will occur simultaneously with the issuance of the Series 2022 Bonds on July 26, 2022 (the "Closing Date"). However, the Series 2022 Improvements will continue after the Closing Date pursuant to the terms of the Work Completion Agreement, described in more detail below.

Construction Contract. The Seller has previously entered into a separate construction agreement with a contractor for the construction of the Facilities and the Series 2022 Improvements (the "Construction Contract"), which remains in effect as of the date hereof and will continue in effect until the Series 2022 Improvements are complete. The County is not a party to the Construction Contract or a third-party beneficiary under the Construction Contract. Pursuant to the Construction Contract, the contractor's performance and completion of the Series 2022 Improvements is secured by performance and completion bonds insuring construction completion. Under the Construction Contract, upon completion of the Series 2022 Improvements, all warranties and guarantees for the work shall be assigned to the County. For more information regarding construction risks, see "RISK FACTORS – Construction Risks – *Nonperformance by the Seller under the Escrow Instructions and the Work Completion Agreement*."

Escrow Instructions. Under the Trust Agreement, on the Closing Date, the Purchase Price will be transferred in full to First American Title Insurance Company (the "Title Company"). Pursuant to the escrow instructions executed by the County and the Seller (the "Escrow Instructions"), the Title Company will disburse a portion of the Purchase Price to the Seller on the Closing Date. The remaining portion of the Purchase Price, equal to 115% of the remaining unpaid balances owed to any contractors for the Series 2022 Improvements on the Closing Date (the "Series 2022 Improvements Amount"), which is currently estimated at $12 million, will be held in an escrow account by the Title Company to be used to pay invoices relating to the construction of the Series 2022 Improvements. Upon substantial completion of the Series 2022 Improvements and payment of any amounts the Seller is responsible for paying for the Series 2022 Improvements pursuant to the terms of the Work Completion Agreement, the Title Company will release any unused portion of the Series 2022 Improvements Amount to the Seller. For more information about the availability of the Series 2022 Improvements Amount in the event of nonperformance of the Seller, see "RISK FACTORS – Construction Risks – *Nonperformance by the Seller under the Escrow Instructions and the Work Completion Agreement*."

The Purchase Price is being transferred to and held by the Title Company outside of the Trust Agreement and is not subject to the lien of the Trust Agreement. No portion of the Purchase Price held by the Title Company, even such portion remaining with the Title Company after the Closing Date to pay for the Series 2022 Improvements, will be pledged to or available for the payment of the Series 2022 Bonds or will be available to the County to pay Base Rental Payments as and when due.

Work Completion Agreement. The County and the Seller entered into a Work Completion Agreement, effective June 14, 2022 (the "Work Completion Agreement"), to address the completion of the Series 2022 Improvements following the Closing Date through November 1, 2022 (subject to any delays caused by an event of force majeure, the "Substantial Completion Date"). As defined in the Work Completion Agreement, force majeure means an actual delay caused by any of the following events which are beyond the control of either the County or the Seller: act of God, unavailability of equipment or materials (but only if such equipment and materials were ordered in a timely fashion), enemy or terrorist act, act of war, riot or civil commotion, strike, lockout or other labor disturbance, fire, earthquake, explosion, pandemic, epidemic, governmental delays (including nonstandard delays in issuance of any permit or other necessary governmental approval or the scheduling of any inspections or tests), nonstandard delays by third party utility providers, or any other matter of any kind or character beyond the reasonable control of the party delayed or failing to perform under the Work Completion Agreement despite such party's best efforts to fulfill the obligation. As of the date hereof, the County anticipates delays relating to the Series 2022 Improvements caused by one or more events of force majeure, largely due to the unavailability of equipment or materials. Currently, the Series 2022 Improvements are expected to be completed by March 2023, and the County is expected to take possession of the Facilities at such time. If the Series 2022 Improvements are completed prior to such date, then the County may take possession of the Facilities upon such earlier completion date. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Facilities Sublease."

The County's obligation to make Base Rental Payments does not commence until the Facilities, as improved by the Series 2022 Improvements, are substantially complete and available for the County's beneficial use and occupancy. If the Series 2022 Improvements are not substantially complete by June 1, 2023 (the period through which capitalized interest is being funded from the proceeds of the Series 2022 Bonds), the Base Rental Payments payable under the Facilities Sublease will be abated proportionately as further described in "RISK FACTORS – Abatement – *Delay in Series 2022 Improvements*" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facilities Sublease—Term; Occupancy."

Subject to certain conditions contained in the Facilities Sublease, the County may remove or substitute facilities. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Substitution or Release of Facilities” and APPENDIX C - “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Facilities Sublease.”

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the Series 2022 Bonds are as follows:

Sources of Funds:	
Principal Amount of Series 2022 Bonds	$83,375,000.00
Plus Original Issue Premium	12,350,477.05
Total Sources of Funds	$95,725,477.05
Uses of Funds:	
Title Company for payment of the Purchase Price of the Facilities	$91,000,000.00
Costs of Issuance Fund[1]	412,650.79
Series 2022 Capitalized Interest Subaccount[2]	3,531,857.64
Underwriter’s Discount	780,968.62
Total Uses	$95,725,477.05

[1] Costs of Issuance includes amounts to pay legal fees, rating agency fees, printing costs, title insurance premiums and other issuance costs.
[2] For payment of capitalized interest on the Series 2022 Bonds through June 1, 2023.

DEBT SERVICE ON THE SERIES 2022 BONDS

Set forth below are the annual principal, interest and total debt service requirements for the Series 2022 Bonds, assuming no redemptions. Under the Facilities Sublease, Base Rental Payments are due to the Trustee on or before each May 25 and November 25, in an amount sufficient to pay the principal of and interest on the Series 2022 Bonds due on the following June 1 and December 1, respectively.

Fiscal Year Ending	Principal	Interest	Total
2023	-	$ 3,531,857.64	$ 3,531,857.64
2024	$ 1,340,000.00	4,168,750.00	5,508,750.00
2025	1,405,000.00	4,101,750.00	5,506,750.00
2026	1,475,000.00	4,031,500.00	5,506,500.00
2027	1,550,000.00	3,957,750.00	5,507,750.00
2028	1,625,000.00	3,880,250.00	5,505,250.00
2029	1,705,000.00	3,799,000.00	5,504,000.00
2030	1,795,000.00	3,713,750.00	5,508,750.00
2031	1,880,000.00	3,624,000.00	5,504,000.00
2032	1,975,000.00	3,530,000.00	5,505,000.00
2033	2,075,000.00	3,431,250.00	5,506,250.00
2034	2,180,000.00	3,327,500.00	5,507,500.00
2035	2,290,000.00	3,218,500.00	5,508,500.00
2036	2,405,000.00	3,104,000.00	5,509,000.00
2037	2,520,000.00	2,983,750.00	5,503,750.00
2038	2,650,000.00	2,857,750.00	5,507,750.00
2039	2,780,000.00	2,725,250.00	5,505,250.00
2040	2,920,000.00	2,586,250.00	5,506,250.00
2041	3,065,000.00	2,440,250.00	5,505,250.00
2042	3,220,000.00	2,287,000.00	5,507,000.00
2043	3,380,000.00	2,126,000.00	5,506,000.00
2044	3,550,000.00	1,957,000.00	5,507,000.00
2045	3,725,000.00	1,779,500.00	5,504,500.00
2046	3,915,000.00	1,593,250.00	5,508,250.00
2047	4,110,000.00	1,397,500.00	5,507,500.00
2048	4,315,000.00	1,192,000.00	5,507,000.00
2049	4,530,000.00	976,250.00	5,506,250.00
2050	4,755,000.00	749,750.00	5,504,750.00
2051	4,995,000.00	512,000.00	5,507,000.00
2052	5,245,000.00	262,250.00	5,507,250.00
Total	$83,375,000.00	$79,845,607.64	$163,220,607.64

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating purchase of the Series 2022 Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2022 Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations - Security for the Series 2022 Bonds

The obligation of the County to make the Base Rental Payments does not constitute a debt of the County or the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

Although the Facilities Sublease does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Facilities Sublease to pay the Base Rental Payments and Additional Payments from any source of legally available funds, and the County has covenanted in the Facilities Sublease that it will take such action as may be necessary to include all rental payments due under the Facilities Sublease in its annual budgets and to make necessary annual appropriations for all such rental payments. The County is currently liable and will become liable on other obligations payable from general fund revenues, some of which may have a priority over the Facilities Sublease.

The County has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental Payments may be decreased. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other activities before making Base Rental Payments and other payments due under the Facilities Sublease.

No Debt Service Reserve Fund

The Series 2022 Bonds are not secured by a debt service reserve fund.

Construction Risks

As described herein, the County's obligation to make Base Rental Payments does not commence until the Facilities, as improved by the Series 2022 Improvements, are substantially complete and available for the County's beneficial use and occupancy. If the Series 2022 Improvements are not substantially complete by June 1, 2023 (the period through which capitalized interest is being funded from the proceeds of the Series 2022 Bonds), the Base Rental Payments payable under the Facilities Sublease will be abated proportionately in the proportion on which the acquisition and the construction costs of the Facilities not yet delivered to the County bears to the acquisition and construction cost of the entire Facilities with respect to the period between June 1, 2023 and the time when the Authority delivers possession of such part. Such abatement would have a material adverse effect on the payment of debt service with respect to the Series 2022 Bonds. For more information on abatement, see "- Abatement" herein. This section describes certain risks specifically relating to construction of the Series 2022 Improvements, but does not constitute an exhaustive list of all construction-related risks.

General Construction Risks. Completion of the Series 2022 Improvements involves many risks common to large construction projects such as shortages of materials and labor, supply chain delays, work stoppages, labor disputes, litigation, environmental law compliance, errors and omissions by architects, engineers, and contractors, substantial increases in material costs for steel, lumber, and other key commodities, weather interferences, terrorism, construction accidents, contractor or subcontractor defaults, defective workmanship, unforeseen engineering, geotechnical or environmental problems, land-use permitting problems, and unanticipated cost increases, any of which could give rise to substantial delays or cost overruns. No assurance can be given that the factors mentioned above will not cause substantial delays and cost overruns. However, all necessary approvals and permits required for the Series 2022 Improvements have been obtained.

Any and all aspects of construction, including but not limited to labor and materials, could be subject to material increases in cost. Although the County believes that its estimates of costs of the Series 2022 Improvements and the adequacy of the contingencies are reasonable, and has entered into (i) the Purchase Agreement, which provides for the Purchase Price that includes the cost of the Series 2022 Improvements, and (ii) the Work Completion Agreement, which provides for the continuation of construction on the Series 2022 Improvements from the Closing Date to the Substantial Completion Date at the portion of the Purchase Price attributable to the Series 2022 Improvements, it is possible that the construction contractor's judgments and assumptions are materially mistaken and that the actual costs of the Series 2022 Improvements will vary materially from the estimates thereof.

County Not Party to Construction Contract. Under the Purchase Agreement and the Work Completion Agreement, the Seller has agreed to complete the Series 2022 Improvements from the Series 2022 Improvement Amount at the County's direction and pursuant to plans and specifications agreed to with the County. In order to complete the Series 2022 Improvements, the Seller entered into the Construction Contract, which remains in effect as of the date hereof and will continue in effect under the Series 2022 Improvements are complete. The County is not a party to the Construction Contract or a third-party beneficiary under the Construction Contract. Pursuant to the Construction Contract, the contractor's performance and completion of the Series 2022 Improvements is secured by performance and completion bonds insuring construction completion. Under the Construction Contract, upon completion of the Series 2022 Improvements, all warranties and guarantees for the work shall be assigned to the County.

Nonperformance by the Seller under the Escrow Instructions and the Work Completion Agreement. As described in "PLAN OF FINANCE – The Facilities and the Series 2022 Improvements – *Escrow Instructions" and* "*– Work Completion Agreement*," pursuant to the Escrow Instructions and the Work Completion Agreement, on the Closing Date, the Series 2022 Improvements Amount, which is currently estimated at $12 million, will be held in an escrow account (the "Series 2022 Improvements Account") by the Title Company to be used to pay invoices relating to the construction of the Series 2022 Improvements. Pursuant to the Escrow Instructions, the funds in the Series 2022 Improvements Account can be utilized by the County to complete the Series 2022 Improvements in the event of nonperformance by the contractor or a default under the Work Completion Agreement. In addition, under the Work Completion Agreement, if substantial completion of the Series 2022 Improvements is not completed by the Substantial Completion Date, other than as a result of an event of force majeure (as described above in "PLAN OF FINANCE – The Facilities and the Series 2022 Improvements – *Work Completion Agreement*"), or a delay caused by County, as liquidated damages, the County will receive from the Seller two thousand dollars ($2,000.00) per day for the period from the Substantial Completion Date, to the actual completion date.

Abatement

General. Base Rental Payments and Additional Payments are paid by the County in each rental period for and in consideration of the right to use and occupy the Facilities during each such period. Pursuant to the Facilities Sublease, during any period in which, by reason of material damage to, or destruction or condemnation of, the Facilities, or any defect in title to the Facilities, there is substantial interference with the County's right to use and occupy any portion of the Facilities, rental payments due under the Facilities Sublease will be abated proportionately. Such abatement will continue for the period commencing on the date of such interference resulting from such damage, destruction, condemnation, or title defect, and ending, with respect to damage to or destruction of the Facilities, upon the substantial completion of the work of repair or replacement of the Facilities, or portion thereof, so damaged or destroyed.

In the event that such portion of the Facilities, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from funds and accounts established under the Trust Agreement, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Facilities or prepayment of the Series 2022 Bonds, there could be insufficient funds to make payments to Owners in full.

In the event of any such substantial interference, the Facilities Sublease continues in full force and effect, and the County waives any right to terminate the Facilities Sublease by virtue of such substantial interference. The Trustee cannot terminate the Facilities Sublease in the event of such substantial interference. Abatement of Base Rental Payments and Additional Payments is not an event of default under the Facilities Sublease, and the Trustee is not permitted in such event to take any action or avail itself of any remedy against the County. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facilities Sublease—Rental Abatement."

Delay in Series 2022 Improvements. If the Series 2022 Improvements are not substantially complete by June 1, 2023 (the period through which capitalized interest is being funded from the proceeds of the Series 2022 Bonds), the Base Rental Payments payable under the Facilities Sublease will be abated proportionately in the proportion on which the acquisition and the construction costs of the Facilities not yet delivered to the County bears to the acquisition and construction cost of the entire Facilities with respect to the period between June 1, 2023 and the time when the Authority delivers possession of such part. If such abatement results from delay in the completion of the Series 2022 Improvements, the Facilities Sublease is not void or voidable, and the Authority is not liable to the County for any loss or damages resulting from such delay. Nonetheless, the resulting proportional abatement would have a material adverse effect on the payment of debt service with respect to the Series 2022 Bonds. However, under the Work Completion Agreement, if substantial completion of the Series 2022 Improvements is not completed by the Substantial Completion Date, other than as a result of an event of force majeure (as described above in "PLAN OF FINANCE – The Facilities and the Series 2022 Improvements – *Work Completion Agreement*"), or a delay caused by County, as liquidated damages, the County will receive from the Seller two thousand dollars ($2,000.00) per day for the period from the Substantial Completion Date, to the actual completion date. See "APPENDIX C —SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Facilities Sublease—Term."

Hazardous Substances

The discovery of hazardous substances on the Facilities could impact the County's ability to make Base Rental Payments. In general, the owners and operators of a property may be required by law to remedy conditions of the Facilities relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA") is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition on the Facilities whether or not the owner or operator has anything to do with creating or handling the hazardous substance.

The effect, therefore, should the Facilities be affected by a hazardous substance, would be to reduce the marketability and value of the Facilities by the costs of, and any liability incurred by, remedying the condition. Such reduction in the value of the Facilities could adversely impact the fair rental value of the Facilities and potentially result in abatement of the Base Rental Payments.

The County is unaware of any hazardous substances on the Facilities. Further, the County has agreed in the Facilities Lease that it will not use or permit the Facilities or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials in a manner that would materially impair the ability to acquire, construct or operate the Facilities, nor will it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, the storage, transportation, disposal or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath the Facilities or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of or used in the operation of an office building, the use, storage, treatment, transportation and disposal of which will be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the County has agreed in the Facilities Lease to promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Authority, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so released, on, from or beneath the Facilities or other property, in compliance with all Environmental Regulations. Further, under the Facilities Lease, the County has agreed to indemnify and hold harmless the Authority and the Trustee (among others) from and against any and claims, demands, penalties, fines, attorneys' fees and expenses occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Facilities, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached. For more information on Hazardous Materials or the County's obligations under the Facilities Lease or Facilities Sublease, see APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Seismic Activity and Natural Disasters

Seismic Activity. The County, like all southern California communities, may be subject to unpredictable seismic activity. The County, like most regions that border the Pacific Ocean, is an area of significant seismic activity and, therefore, is subject to potentially destructive earthquakes. The San Andreas fault is the major active fault in the State, and is approximately 50 miles from the Facilities. Several active or potentially active faults are located closer to the Facilities, including the Elsinore, San Joaquin Hills thrust and Newport-Inglewood-Rose Canyon faults. Once the Series 2022 Improvements are complete, the Facilities, as improved by the Series 2022 Improvements, will meet all applicable seismic requirements. Recent environmental reports identify the area of the County in which the Facilities are located as one that is considered to be at a very low level of susceptibility to liquefaction in the event of an earthquake.

Seismic activity could lead to a reduction of assessed values in the County. In addition, an occurrence of severe seismic activity in the area of the Facilities may result in substantial damage to and/or interference with the County's right to use and occupy all or a portion of the Facilities, leading to the abatement of Base Rental Payments. The County currently maintains $125 million of earthquake insurance on certain County properties, subject to a deductible of 5% of the total insured value for the building with a minimum deductible of $100,000 per insured unit. However, there is no requirement under the Facilities Sublease that the County maintain earthquake insurance with respect to the Facilities, and the County cannot provide any assurances that it will decide to obtain or continue to maintain earthquake insurance with respect to the Facilities.

Under the Facilities Sublease, the Authority and the County are required to promptly apply for federal disaster aid or State disaster aid for which either may be eligible in the event that the Facilities are damaged or destroyed as a result of an earthquake or other declared disaster occurring at any time. Any proceeds received as a result of such disaster aid are required to be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or to redeem Outstanding Bonds if such use of such disaster aid is permitted. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

The County relies on a combination of insurance and general reserves as well as the expectation that some disaster relief funds to address any resulting damage from seismic activity. There is no assurance that, in the event of a significant seismic event disaster relief funds and other sources would be available or sufficient for the repair or replacement of the Facilities.

Wildfire. Property damage due to wildfire could result in a significant damage to, destruction of, and significant decreases in the assessed value of taxable property within the County, as well as in damage to or destruction of County facilities and property. In recent years, portions of the State, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Notable incidents that have impacted the County in recent years include the Canyon 2 Fire, Holy Fire, Silverado Fire, Blue Ridge Fire and Bond Fire. The County cannot predict the extent to which any future wildfires within the County or any of the adjoining counties could cause reduced economic activity within the boundaries of the County or the extent to which wildfires may impact County facilities or the assessed value of taxable property within the County.

Occurrence of wildfires in the County could result in substantial damage and interference with the County's right to use and occupy all or a portion of the Facilities, which could result in the Base Rental Payments being subject to abatement. See "– Abatement" above. The Facilities Sublease requires the County to maintain insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Under the Facilities Sublease, such insurance must be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land, or, in the alternative, be in an amount and in a form sufficient, in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed. See "SECURITY AND SOURCES OF PAYMENT FOR CERTIFICATES – Insurance."

Drought. In recent years, the State has experienced severe drought conditions. In March 2021, the Secretary of the United States Department of Agriculture designated 50 of 58 counties in the State as primary natural disaster areas due to drought. In April 2021, the Governor of California (the "Governor") proclaimed a regional drought emergency in two counties due to record drought conditions, and subsequently expanded such proclamation three times until the drought emergency applied to all counties in the State. Such proclamation further directs that State agencies take actions to increase drought resiliency and address drought-related emergencies, and that the California State Water Resources Control Board reconsider regulations for reservoir releases and water diversions to maintain water supply. In support of such efforts, on July 8, 2021, the Governor also signed Executive Order N-10-21 calling on a State-wide voluntary reduction in water use of 15% from 2020 levels. The County cannot predict the extent to which drought conditions within the County or any of the adjoining counties could cause reduced economic activity within the County or the extent to which drought conditions may impact County facilities or the assessed value of taxable property within the County.

Tsunami and Seiche Hazards. Similarly, the County is susceptible to tsunami and seiche hazards. A tsunami is a sea wave generated by a submarine earthquake, landslide or volcanic eruption. A seiche is another form of earthquake- or landslide-induced wave or oscillation that can be generated in an enclosed body of water such as a lagoon or harbor. According to the County, the Facilities do not appear to be located in an area that is susceptible to tsunami run up and seiche hazards.

Flood. As discussed further below in "- Climate Change and Sea Level Rise," the County is susceptible to flooding from extreme rainfall events and from sea level rise. The land comprising the Facilities is not located within a 100-year flood plain. The County currently maintains flood insurance with respect to County properties in an aggregate amount of $200 million, subject to a $25,000 loss deductible for properties outside of a 100-year flood plain. However, there is no requirement under the Facilities Sublease that the County maintain flood insurance with respect to the Facilities, and the County cannot provide any assurances that it will decide to obtain or continue to maintain flood insurance with respect to the Facilities. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Insurance" herein.

Events of Force Majeure. Operation of the Facilities may also be at risk from other events of force majeure, such as damaging storms, fires and explosions, strikes, sabotage, riots and spills of hazardous substances, among other events. The County cannot predict what force majeure events may occur in the future. For additional information regarding the required insurance coverages under the Facilities Sublease, See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the County, which could impact the ability of the County to make Base Rental Payments when due and, accordingly, could have an adverse effect on the Authority's ability to make timely payments of principal of and interest on Bonds. The County is not required under the Facilities Sublease to maintain earthquake or flood insurance on the Facilities. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Insurance" herein.

Climate Change and Sea Level Rise

The direct risks posed by climate change currently include or are expected to include more extreme heat events, rising sea levels, changes in precipitation levels, and more intense storms. In order to address these risks, California law (the Global Warming Solutions Act) requires the State to significantly reduce its emissions of greenhouse gases (GHGs), which contribute to climate change.

Sources of GHG emissions in the County include cars and trucks, electricity and natural gas use in buildings, decomposition of solid waste, landscaping and construction equipment, and water and wastewater distribution, treatment, and use. On-road vehicle use represents the largest source of GHGs, followed by energy use in residential and nonresidential buildings. Going forward, the GHG emissions within the County will continue to change due to new policies, technological improvements, and population growth and new development.

Current science indicates that sea level rise is directly linked to climate change, and sea level is expected to increase over time. Sea level rise threatens even inland areas by exacerbating flooding from very high tides, and by contributing to flooding from extreme rainfall events.

The County cannot predict the timing, extent, or severity of climate change, GHG emissions or sea level rise, and the impact on the County and the Facilities, and on the State and local economies.

Possible Insufficiency of Insurance Proceeds

The Facilities Sublease obligates the County to keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Facilities in the event of damage, destruction or title defects, subject to certain exceptions. The Authority and the County make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Facilities Sublease, and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest on the Series 2022 Bonds when due. In addition, certain risks, such as earthquakes and floods, are not covered by the insurance required under the Facilities Sublease.

Substitution and Removal of Property

The County and the Authority may add, substitute or release real property for all or part of, or may release a part of, the Facilities under the Facilities Lease and Facilities Sublease upon compliance with all of the conditions set forth in the Facilities Sublease. After a substitution or release, the portion of the Facilities for which the substitution or release has been effected will be released from the leasehold encumbrance of the Facilities Lease and Facilities Sublease. See "SECURITY FOR AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Substitution or Release of the Facilities" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Such a replacement or release could have an adverse impact on the security for the Series 2022 Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release.

Limited Recourse on Default

If the County defaults on its obligations to make rental payments with respect to the Facilities, the Trustee may retain the Facilities Sublease and hold the County liable for all rental payments on an annual basis and will also have the right to re-enter and re-let the Facilities. In the event such re-letting occurs, the County would be liable for any resulting deficiency in rental payments (without acceleration). Alternatively, the Trustee may terminate the Facilities Sublease with respect to the Facilities and proceed against the County to recover damages pursuant to the Facilities Sublease.

Due to the governmental function of the Facilities, the Facilities Lease and the Facilities Sublease, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting of the Facilities. In any case, due to the specialized nature of the Facilities, no assurance can be given that the Trustee would be able to re-let the Facilities so as to provide rental income sufficient to make principal and interest payments on the Series 2022 Bonds in a timely manner, and the Trustee is not empowered to sell the fee interest in the Facilities for the benefit of the Owners of the Series 2022 Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such re-letting will not adversely affect the exclusion of any interest on the Series 2022 Bonds from federal or state income taxation.

No Acceleration Upon Default

If the County defaults on its obligation to make Base Rental Payments, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Facilities Sublease. The County will only be liable for Base Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's rental payments.

Bankruptcy

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement, the Facilities Lease, and the Facilities Sublease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles, as now or hereinafter enacted, that may affect the enforcement of creditors' rights. The various legal opinions to be delivered concurrently with the Series 2022 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various agreements relating to the Series 2022 Bonds by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

Because they are governmental entities, neither the County nor the Authority can be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). Pursuant to Chapter 9 of the Bankruptcy Code, however, the County or the Authority may commence a voluntary bankruptcy case. A bankruptcy of the County or the Authority could result in delays or reductions in payments on, or other losses with respect to, the Series 2022 Bonds.

If the County is in bankruptcy, the parties (including the Trustee and Owners) may be prohibited from taking any action to collect any amount from the County or to enforce any obligation of the County, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Owners from funds in the Trustee's possession. Payments previously made on the Series 2022 Bonds may be recoverable from the Owners as avoidable preferences.

Under the Trust Agreement, the Trustee has a security interest in the all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement, including the Base Rental Payments, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the County. If the County is in bankruptcy, the lien of the Trust Agreement may not attach to any payments made by the County after the commencement of the bankruptcy case. The Facilities are not subject to a security interest, mortgage or any other lien in favor of the Trustee or the Owners.

If the County is in bankruptcy, the County may be able, with the approval of the bankruptcy court, but without the consent and over the objection of the Trustee and the Owners and without complying with the terms of the transaction documents, to sell to a third party the Facilities, free and clear of the Facilities Lease, the Facilities Sublease, and the rights of the Trustee and the Owners. This could result in the termination of the Facilities Lease and the Facilities Sublease, as well as the County's obligation to make payments thereunder.

In bankruptcy, the County could either reject the Facilities Lease or the Facilities Sublease or assume the Facilities Lease or the Facilities Sublease despite any provision of the Facilities Lease or the Facilities Sublease which makes the bankruptcy or insolvency of the County an event of default thereunder. In the event the County rejects the Facilities Sublease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim that may be substantially limited in amount. Moreover, such rejection would terminate the Facilities Sublease and the County's obligations to make payments thereunder. The County may also be permitted to assign the Facilities Sublease to a third party, regardless of the terms of the transaction documents, so that the County would not be obligated to make any further payments under the Facilities Sublease. In the event the County rejects the Facilities Lease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim that may be substantially limited in amount. Such rejection may terminate both the Facilities Lease and the Facilities Sublease and the obligations of the County to make payments thereunder. The County may be able to stay in possession of the Facilities, notwithstanding its rejection of the Facilities Lease or the Facilities Sublease.

The County may be able, without the consent and over the objection of the Trustee and the Owners, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Facilities Lease, the Facilities Sublease, the Trust Agreement, the Series 2022 Bonds, and other transaction documents, as long as the bankruptcy court determines that the alterations are fair and equitable.

If the Authority is in bankruptcy, the parties (including the Trustee and Owners) may be prohibited from taking any action to collect any amount from the Authority or to enforce any obligation of the Authority, unless the permission of the bankruptcy court is obtained. The Trustee may also be prohibited from exercising any of the rights of the Authority that have been assigned to the Trustee, including any rights under the Facilities Lease or the Facilities Sublease. These restrictions may also prevent the Trustee from making payments to the Owners from funds in the Trustee's possession.

In addition, the Authority may be able, with the approval of the bankruptcy court, but without the consent and over the objection of the Trustee and the Owners and without complying with the terms of the transaction documents, to sell to a third party the Authority's leasehold interest in the Facilities, free and clear of the Facilities Sublease and the rights of the Trustee and the Owners. This could result in the termination of the Facilities Sublease, as well as the County's obligation to make payments thereunder.

In bankruptcy, the Authority may be able to either reject the Facilities Lease or the Facilities Sublease or assume the Facilities Lease or the Facilities Sublease despite any provision of the Facilities Lease or the Facilities Sublease which makes the bankruptcy or insolvency of the Authority an event of default thereunder. In the event the Authority rejects the Facilities Lease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim that may be substantially limited in amount and the Authority has no material assets. Moreover, such rejection would terminate both the Facilities Lease and the Facilities Sublease and the obligations of the County to make payments thereunder, although the County may be able to remain in possession of the Facilities. In the event the Authority rejects the Facilities Sublease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim that may be substantially limited in amount and the Authority has no material assets. Moreover, such rejection may terminate the Facilities Sublease and the County's obligations to make payments thereunder, although the County may be able to remain in possession of the Facilities. The Authority may also be permitted to assign the Facilities Lease or the Facilities Sublease to a third party, regardless of the terms of the transaction documents.

If the Authority is in bankruptcy, the lien of the Trust Agreement may not attach to any payments made by the County after the commencement of the bankruptcy case. The provisions of the transaction documents that require the County to make payments directly to the Trustee rather than to the Authority may no longer be enforceable, and all payments may be required to be made to the Authority. Payments previously made on the Series 2022 Bonds may be recoverable from the Owners as avoidable preferences.

The Authority may be able to borrow additional money that is secured by a lien on any of its property (including the Base Rental Payments), which lien could have priority over the lien of the Trust Agreement, as long as the bankruptcy court determines that the rights of the Trustee and the Owners will be adequately protected. The Authority may be able to cause some of the Base Rental Payments to be released to it, free and clear of the lien of the Trust Agreement, as long as the bankruptcy court determines that the rights of the Trustee and the Owners will be adequately protected.

The Authority may be able, without the consent and over the objection of the Trustee and the Owners, to alter the priority, interest rate, principal, payment terms, maturity dates, payment sources, covenants, and other terms or provisions of the Facilities Lease, the Facilities Sublease, the Trust Agreement, and the Series 2022 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2022 Bonds while the court considers any of these issues.

There may be other possible effects of a bankruptcy of the County or the Authority that could result in delays or reductions in payments on, or other losses with respect to, the Series 2022 Bonds. Regardless of any specific adverse determinations in a bankruptcy of the County or the Authority, the fact of a bankruptcy of the County or the Authority could have an adverse effect on the liquidity and value of the Series 2022 Bonds.

The bankruptcy plans approved in connection with the bankruptcies of the cities of Vallejo, San Bernardino, and Stockton resulted in significant reductions in the amounts payable by the cities under lease obligations.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," interest on the Series 2022 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2022 Bonds, as a result of acts or omissions of the County in violation of its covenants in the Facilities Sublease or of the Authority in violation of its covenants in the Trust Agreement. Should such an event of taxability occur, the Series 2022 Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Trust Agreement.

No Liability of Authority to the Owners

Except as expressly provided in the Trust Agreement, the Authority will not have any obligation or liability to the Owners of the Series 2022 Bonds with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in the Facilities Sublease or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Infectious Disease Outbreak – COVID-19

In general, the outbreak of a highly contagious disease or epidemic disease could significantly impact the County's finances and operations. In March 2020, the outbreak of the respiratory disease caused by the Coronavirus Disease 2019 ("COVID-19") was declared a pandemic by the World Health Organization, a national emergency by former President Trump and a state of emergency by the Governor of the State. The COVID-19 pandemic has significantly affected the national capital markets and national, State and local economies in various ways. Both the State and the County took actions designed to mitigate the spread of COVID-19, including requiring the temporary closure of non-essential businesses.

The ongoing COVID-19 pandemic and the actions taken by the federal, State, and local governments had an immediate impact on County operations and finances, increasing County expenditures and reducing revenues. Several sources of federal and State funding have been made available to local governmental agencies, such as the County, to alleviate the impact of the COVID-19 pandemic, including, but not limited to, federal emergency aid administered through the Federal Emergency Management Agency ("FEMA"), the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), and the American Rescue Plan Act of 2021 (the "American Rescue Plan Act"). Since the start of the COVID-19 pandemic, the County has received (i) $88 million in FEMA reimbursements with an additional $95 million in FEMA funding expected in fiscal year 2021-22, though such funding may not be received until after fiscal year-end, (ii) $554 million in CARES Act funding, (iii) $617 million in American Rescue Plan Act funding, and (iv) approximately $253 million in other federal and State funding expected for certain specific programs or impacts, which includes $136 million in funding from the California Department of Public Health and $117 million from U.S. Treasury Department for emergency rental assistance. The County used its general fund reserves to fund increased expenditures as a result of the COVID-19 pandemic, which resulted in deficit spending in fiscal years 2019-20 and 2020-21 since FEMA's reimbursement for such expenses were not received prior to fiscal year-end. As a result of such federal and State relief funding and improved economic conditions since the start of the COVID-19 pandemic, the County expects to restore its reserves and meet its fiscal year 2021-22 target of $574.3 million. For more information on the County's current reserves, see APPENDIX A – "THE COUNTY – COUNTY FINANCIAL INFORMATION – County General Fund Budget – Reserves." Other impacts on the County associated with the COVID-19 pandemic included, but were not limited to, challenges to the County's public health and safety infrastructure.

Overall, economic conditions within the County have improved significantly since the start of the COVID-19 pandemic. According to the California Employment Development Department, Bureau of Labor Statistics, the unemployment rate declined from 14.9% in May 2020 to 3.7% in December 2021. The median price of a single-family home in the County has increased from approximately $893,100 in 2020 to approximately $1.1 million at the end of calendar year 2021 based on Chapman University's December 2021 housing forecast. Further, the growth in assessed value of property within the County continues to be positive although growth has slowed from a total assessed value of taxable property within the County of $632.8 billion in fiscal year 2019-20, representing a 5.7% growth rate, to $663.2 billion in fiscal year 2020-21, representing a 4.8% growth rate, to $689.1 billion in fiscal year 2021-22, representing a 3.9% growth rate. For more information on the County, see APPENDIX A – "THE COUNTY."

The County cannot predict the extent or duration of the COVID-19 pandemic. There can be no assurance that additional State measures or more restrictive safety protocols (including business closures) will not be imposed or reimposed in the future, depending on the course of the COVID-19 pandemic, variants, a significant increase in the number of COVID-19 cases, updated guidance by the Centers for Disease Control and Prevention, or other factors.

The County cannot predict the overall impact the COVID-19 pandemic may have on the County's financial condition or operations. Any financial information, including projections, forecasts and budgets presented herein do not account for all of the potential effects of COVID-19 unless specifically referenced. However, the County believes that the impact of COVID-19 will not result in any adverse impact to the County's financial position or its ability to make Base Rental Payments when due.

Cybersecurity

The County, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the County's information technology systems to misappropriate assets or information or to cause operational disruption and damage. The County and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, distributed denial-of-service, and other attacks on computers, networks, and systems. The County has not experienced a major cyberattack that resulted in a material compromise of the system, data loss, or financial loss.

In 2014, the County created the Cybersecurity Joint Task Force ("CSJTF") comprised of County department operations, policy and Information Technology (IT) staff. The CSJTF meets monthly and has produced the County Cybersecurity Best Practices Manual and has been actively involved in the review and approval of the County Cybersecurity Policy, which was revised most recently in May 2021. The CSJTF has also developed, reviewed and approved Countywide Security policies, plans and guidelines.

In 2017, the Board of Supervisors authorized the Chief Information Officer to execute a contract with Tevora Business Solutions, Inc. to conduct a Countywide cybersecurity assessment and audit of all departments. Such assessment and audit was based on 10 security domains established by the Department of Homeland Security (DHS) Cyber Resilience Review (CRR), Vulnerability Assessment, and On-site Validation of Physical Security Controls.

As a result of such assessment and audit, the County bolstered its cybersecurity efforts with additional personnel dedicated to cybersecurity, robust software and hardware protections, and ongoing training for County employees. The County established a Security Operations Center with cybersecurity professionals for cyber-attack monitoring, investigation, and response. The County has deployed the Security Information & Event Management (SIEM) system which enable security administrators to collect log data of all events from a wide variety of network devices in the County to identify and report on security threats and suspicious behavior. Further, the County cybersecurity efforts have increased with respect to both software and hardware, including incorporating web applications to the monthly security vulnerability scanning efforts, implementing web application firewalls for prevention/detection/response, integrating ransomware-proof (immutable storage) backup appliances to enterprise data backups, incorporating web access protections to protect remote system/user functionality, establishing privileged account management (PAM) to govern the use of administrator accounts, increasing endpoint (laptop, desktop, cellphone) security and management capabilities, and expanding email security to include inter-county emails and prevent internal infection among others. Through the Enterprise Privacy & Cybersecurity Program, the County requires a mandatory cybersecurity awareness training for all County employees and utilizes recurring cybersecurity incident response exercises to keep County employees vigilant.

No assurances can be given that the County's security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the County's Information Technology systems and cause disruption to County services and operations. Although the County carries cyber liability insurance in the amount of $10 million, the cost of any such disruption or remedying damage caused by future attacks could be substantial. The County will continue to assess cyber threats and protect its data and systems.

STATE OF CALIFORNIA BUDGET INFORMATION

State Budget and Its Impact on the County

Set forth in the following paragraphs are descriptions of the State budget process, the current State budget situation, and the potential impacts on the County.

The Budget Process. Through the State budget process, the State can enact legislation that significantly impacts the source, amount and timing of the receipt of revenues by local agencies, including the County. As in recent years, State budget deficits can result in legislation that adversely impacts local agency budgets.

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

2022-23 State Budget. The Governor signed the fiscal year 2022-23 State budget on June 27, 2022, which was amended through a series of legislative bills, many of which were signed by the Governor on June 30, 2022 (as amended, the "2022-23 State Budget"). The State's economy remains strong, and the State's revenue system has strengthened the State's fiscal health and provided record levels of available general fund and Proposition 98 resources that the 2022-23 State Budget allocates. However, economic warning signs indicate that challenging times may arrive in the coming years. The 2022-23 State Budget continues building reserves, eliminating budgetary debt, reducing retirement liabilities, and focusing on one-time spending over ongoing investments to maintain structurally balanced budgets over the long term. Given the record high inflationary conditions countrywide, the 2022-23 State Budget includes an added inflation adjustment beginning in fiscal year 2023-24 reflecting that State services are likely to cost more than currently estimated. The 2022-23 State Budget projects a structurally balanced State budget in fiscal year 2025-26, the last year in the State's multi-year forecast.

The 2022-23 State Budget projects that total resources available in fiscal year 2021-22 will be approximately $265.4 billion, including revenues and transfers of approximately $227.1 billion and a prior year balance of approximately $38.3 billion, and total expenditures in fiscal year 2021-22 will be approximately $242.9 billion. The 2022-23 State Budget projects total resources available for fiscal year 2022-23 of approximately $242.2 billion, inclusive of revenues and transfers of approximately $219.7 billion and a prior year balance of approximately $22.5 billion. The 2022-23 State Budget projects total expenditures in fiscal year 2022-23 of approximately $234.4 billion. The 2022-23 State Budget includes $37.2 billion in reserves in fiscal year 2022-23.

Certain budgeted programs and adjustments for counties set forth in the 2022-23 State Budget include the following:

- Health Services. The 2022-23 State Budget includes the following investments related to health services: approximately $1.5 billion over two years for immediate, clinically enhanced bridge housing solutions for individuals experiencing homelessness with behavior health needs; approximately $290 million in general fund resources in fiscal year 2022-23 for investments in youth suicide prevention and behavior health; approximately $300 million in ongoing resources for State and local health departments to address vital public health priorities; approximately $200 million in one-time general fund resources over four years for behavior health workforce investments. The 2022-23 State Budget also includes approximately $64.7 million for the implementation of the Community, Assistance, Recovery, and Empowerment Court proposal, with a placeholder for potential implementation funding for counties, that is contingent on the passage of legislation to implement such proposal. Lastly, the 2022-23 State Budget approves language expanding the scope of Medi-Cal coverage to all income-eligible Californians, regardless of immigration status, no later than January 1, 2024.

- Human Services. The 2022-23 State Budget provides a 21% increase in CalWORKs grant levels to lift families out of deep poverty, and approximately $55 million to improve eligibility services within the CalWORKs single allocation. In addition, the 2022-23 State Budget provides numerous investments in aging programs and to support implementation of the Master Plan for Aging. The 2022-23 State Budget also invests approximately $50 million in ongoing general fund resources to support counties in reducing approval timelines for foster caregiver applications, approximately $150 million in one-time resources for family finding and engagement, and approximately $100 million over two years for flexible family supports for resource families.

- Housing and Homelessness. The 2022-23 State Budget includes the following investments related to housing and homelessness: approximately $1 billion in additional investments for the Homeless Housing, Assistance, and Prevention Program; approximately $700 million over two years to help local governments with resolving critical encampments and transitioning individuals into permanent housing; approximately $425 million over two years for the Infill Infrastructure Grant Program, approximately $450 million over two years for adaptive reuse of existing buildings to develop housing; approximately $350 million over two years for the affordable homeownership program; approximately $100 million over two years for affordable housing on State excess sites; and approximately $100 million over two years for the Veterans Housing and Homelessness Prevention Program created by Proposition 41.

- Public Safety. The 2022-23 State Budget includes the following investments related to public safety: approximately $120 million in general fund resources over three years for the Community Reentry Program at the California Department of Corrections and Rehabilitation; approximately $60 million in general fund resources over three years for the Adult Reentry Grant Program; approximately $85 million annually for three years in local law enforcement grants and approximately $10 million annually for three years in grants to district attorneys to address organized retail theft; approximately $55 million in one-time general fund resources for peace officer wellness and training; approximately $33.2 million in one-time resources and $1.6 million in ongoing resources to implement and support remote access in courtroom proceedings; approximately $40 million in one-time general fund resources for a firearm relinquishment pilot program with courts; and approximately $31.3 million in general fund resources over three years to support reentry housing through the Returning Home Well Program.

- Climate and Energy. The 2022-23 State Budget provides approximately $19.3 billion spread across four fiscal years for climate and energy investments. The 2022-23 State Budget also appropriates $600 million from the Greenhouse Gas Reduction Fund to support clean trucks, buses, and off-road equipment, and invests approximately $180 million in local assistance grants to improve organic waste infrastructure. Lastly, the 2022-23 State Budget provides resources to create a new racial equity and environmental justice program.

- Transportation and Infrastructure. The 2022-23 State Budget provides approximately $15 billion over four years for a comprehensive transportation infrastructure package, including approximately $1.8 billion in the current year for projects in the southern portion of the State, approximately $1.2 billion in the current year for active transportation grants to local governments, approximately $350 million for high-priority grade separation projects, and approximately $200 million for local climate adaptation planning and projects. In addition, the 2022-23 State Budget includes approximately $150 million in resources spread over two years to support an infrastructure grant program for local libraries.

The official summary of the 2022-23 State Budget may be accessed from the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. Neither the County or the Authority take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

State Funding & County Revenues. The County relies significantly upon State and federal funding, including funding for certain mandated programs. During fiscal year 2021-22, the County estimates that approximately 32.42% of its General Fund budget revenues consisted of State funding and 21.65% consisted of federal funding. For Fiscal Year 2022-23, the County budgets that approximately 33.3% of its General Fund budget revenues will consist of State funding and 23.1% will consist of federal funding. The County is currently analyzing the impacts of the 2022-23 State Budget on its Fiscal Year 2022-23 Adopted Budget, and will reflect any adjustments needed as a result of the 2022-23 State Budget in the midyear budget report presented to the Board of Supervisors. For more information, see APPENDIX A – "THE COUNTY – COUNTY FINANCIAL INFORMATION – Revenue Assumptions Incorporated into the Fiscal Year 2022-23 Adopted Budget."

Future State Budgets. The County cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the County has no control. To the extent that the State budget process results in reduced revenues to the County, the County will be required to make adjustments to its budget. Decrease in such revenues may have an adverse impact on the County's ability to pay Base Rental Payments.

Additional Information about the State Budget. Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only; the information contained within the websites has not been reviewed by the County and is not incorporated herein by reference.*

The California State Treasurer's Internet home page at www.treasurer.ca.gov, under the heading "Financial Information," posts the State's audited financial statements. In addition, the "Financial Information" section includes the State's Rule 15c2-12 filings for State bond issues. The "Financial Information" section also includes the "Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation" from the State's most current Official Statement, which discusses the State budget.

As noted above, the California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget," includes the text of proposed and adopted State Budgets.

The State Legislative Analyst's Office ("LAO") prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Products."

CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING COUNTY REVENUES AND APPROPRIATIONS

Article XIII A of the State Constitution

Article XIII A of the California Constitution, known as "Proposition 13," was approved by the California voters in June of 1978. It limits the amount of ad valorem tax on real property to 1% of "full cash value," as determined by the county assessor. Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value," or thereafter, the appraised value of real property when "purchased, newly constructed or a change in ownership has occurred" (as such terms are used in Article XIII A) after the 1975 assessment. Furthermore, all real property valuation may be increased or decreased to reflect the inflation rate, as shown by the consumer price index or comparable data, in an amount not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors. Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on 1) indebtedness approved by the voters prior to July 1, 1978, 2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two–thirds of the votes cast by the voters voting on the proposition, or 3) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% voting on the proposition, but only if certain accountability measures are included in the proposition.

The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre–decline value of the Facilities) at an annual rate higher or lower than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate persons with disabilities and for seismic upgrades to property. Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

If property values decline due to recessionary or other factors, the County may review the assessed values of properties. See APPENDIX A – "THE COUNTY."

Article XIII B of the State Constitution

On October 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by California voters in 1988 and 1990, respectively, substantially modified Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was Fiscal Year 1978-79, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91 each appropriation limit must be recalculated using the actual Fiscal Year 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitations of a local government under Article XIII B include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to all tax revenues plus the proceeds to an entity of government from (a) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (b) the investment of tax revenues, and (c) certain subventions received from the State. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If any entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. Amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs. Appropriations for "qualified capital outlays" are excluded from the limits of Proposition 111.

Section 7900 *et. seq*. of the California Government Code defines certain terms used in Article XIII B and sets forth the methods for determining the appropriations limits for local jurisdictions. Relying on these definitions and Chapter 60, Statutes of 1990 effective August 1, 1990, which implemented Proposition 111. For Fiscal Year 2021-22, the County has calculated its appropriations limit at $14,070,273,613, with appropriations subject to the limit estimated at $1,225,785,421. For Fiscal Year 2022-23, the County has calculated its appropriations limit at $15,084,155,017, with appropriations subject to the limit estimated at $2,044,797,469.

The County's appropriations have never exceeded the limitation on appropriations under Article XIII B of the California Constitution. The impact of the appropriations limit on the County's financial needs in the future is unknown.

Articles XIII C and XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of a local agency to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of a local agency require a majority vote and taxes for specific purposes, even if deposited in the general fund, require a two–thirds vote. Further, any general purpose tax which the local agency imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held prior to November 5, 1998. The voter approval requirements of Article XIII C reduce a local agency's flexibility to deal with fiscal problems by raising revenue through new or extended or increased taxes and no assurance can be given that the County will be able to raise taxes in the future to meet increased expenditure requirements.

Article XIII D contains several provisions making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property.

Article XIII D also contains several provisions affecting a "fee" or "charge," defined for purposes of Article XIII D to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the Facilities related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the Facilities in question, or (v) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The local agency must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the local agency may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIII D), no property related fee or charge may be imposed or increased without majority approval by the Facilities owners subject to the fee or charge or, at the option of the local agency, two–thirds voter approval by the electorate residing in the affected area. The County has two enterprise funds that are self–supporting from fees and charges, which could, depending upon judicial interpretation of Proposition 218, ultimately be determined to be property related for purposes of Article XIII D. In the event that fees and charges cannot be appropriately increased, or are reduced pursuant to exercise of the initiative power (described in the following paragraph), the County may have to decide whether to support any deficiencies in these enterprise funds with moneys from the general fund or to curtail service, or both.

In addition to the provisions described above, Article XIII C removes prohibitions and limitations on the initiative power in matters of any "local tax, assessment, fee or charge." Consequently, the voters of the County could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. "Assessment," "fee" and "charge," are not defined in Article XIII C and it is not clear whether the definitions of these terms in Article XIII D (which are generally property–related as described above) would limit the scope of the initiative power set forth in Article XIII C. If the Article XIII D definitions are not held to limit the scope of Article XIII C initiative powers, then the Article XIII C initiative power could potentially apply to revenue sources that currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the County will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

Statutory Limitations

On November 4, 1986, California voters adopted Proposition 62, an initiative statute that, among other things, requires (i) that any new or increased general purpose tax be approved by a two–thirds vote of the local governmental entity's legislative body and by a majority vote of the voters, and (ii) that any new or increased special purpose tax be approved by a two–thirds vote of the voters.

In *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "Santa Clara decision"), the California Supreme Court upheld a Court of Appeal decision invalidating a one–half cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two–thirds vote for the levy of a "special tax" as required by Proposition 62. The Santa Clara decision did not address the question of whether it should be applied retroactively. In *McBrearty v. City of Brawley*, 59 Cal. App. 4th 1441 (1997), the Court of Appeal, Fourth District, concluded that the Santa Clara decision is to be applied retroactively to require voter approval of taxes enacted after the adoption of Proposition 62 but before the Santa Clara decision.

Proposition 62 applies to the imposition of any taxes or the effecting of any tax increases after its enactment in 1986, but the requirements of Proposition 62 are subsumed by the requirements of Proposition 218 for the imposition of any taxes or the effecting of any tax increases after November 5, 1996. See "– Articles XIII C and XIII D of the California Constitution" above.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra et. al*. In this case, the court held that the public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 1A

The California Constitution and existing statutes give the Legislature authority over property taxes, sales taxes and the vehicle license fee (the "VLF"). The Legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State mandates a new local program or higher level of service. Due to the ongoing financial difficulties of the State in recent years, it has not provided reimbursements for many mandated costs. In other cases, the State has suspended mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A, which amended the California Constitution to, among other things, reduce the State Legislature's authority over local government revenue sources by placing restrictions on the State's access to local government's property, sales and vehicle license fee revenues. Proposition 1A generally prohibits the shift of property tax revenues from cities, counties and special districts, except to address a "severe state financial hardship," which must be approved by a two-thirds vote of both houses of the Legislature, and only then if, among other things, such amounts were agreed to be repaid with interest within three years. The measure also (a) protects the Facilities tax backfill of sales tax revenues diverted to pay the State's economic recovery bonds, and the reinstatement of the sales tax revenues once such bonds are repaid, and (b) protects local agency vehicle license fee revenue (or a comparable amount of backfill payments from the State).

If the State reduces the VLF rate below its current level of 0.65 percent of the vehicle value, Proposition 1A requires the State to provide local governments with equal replacement revenues. Proposition 1A provides two significant exceptions to the above restrictions regarding sales and property taxes. First, the State may shift to schools and community colleges up to 8 percent of local government property tax revenues if the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for the diversion of their property tax revenues, with interest, within three years. Second, Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. If the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A could result in fewer changes to local government revenues than otherwise would have been the case.

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash–flow or budget balancing purposes to the State General Fund or any other State fund. The County is unable to predict how Proposition 22 will be interpreted, or to what extent the measure will affect the revenues in the general fund of local agencies, although it could eventually provide greater stability in local agency revenues.

Proposition 26

On November 2, 2010, the voters of the State approved Proposition 26 ("Proposition 26"), revising certain provisions of Articles XIIIA and XIIIC of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two–thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two–thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two–thirds vote. In addition, for State–imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two–thirds vote if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re–adoption by the requisite two–thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase, rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Article XIII D. Fees, charges and payments that are made pursuant to a voluntary contract that are not "imposed by a local government" are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two–thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

Further Initiatives

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the County, or the County's ability to expend revenues. Neither the Authority nor the County can anticipate the nature or impact of such measures.

RATINGS

Fitch Ratings ("Fitch") and S&P Global Ratings ("S&P"), respectively, have assigned ratings of "AA+" and "AA" to the Series 2022 Bonds. Such ratings reflect only the views of such rating agencies, and an explanation of the significance of such ratings may be obtained by contacting them at: Fitch Ratings, One State Street Plaza, New York, New York 10004; and S&P Global Ratings, 55 Water Street, New York, New York 10041. The County and the Authority furnished to the rating agency certain information and materials concerning the Series 2022 Bonds and the County. Generally, the rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Series 2022 Bonds.

FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report of the County for the Fiscal Year ended June 30, 2021, included in Appendix B of this Official Statement, have been audited by Eide Bailly LLP, certified public accountants, as stated in their report therein dated December 22, 2021. The County has not requested nor obtained permission from Eide Bailly LLP to include its report in Appendix B. Eide Bailly LLP has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Eide Bailly LLP with respect to any event subsequent to the date of its report. See APPENDIX B – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2021.”

LITIGATION

There is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served or threatened, against the Authority or County, respectively, or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Series 2022 Bonds or the payments of the Base Rental Payments or challenging the validity or enforceability of the Facilities Sublease or the Trust Agreement. Various claims and suits have been and can be expected to be filed against the County in the normal course of business. The aggregate amount of the uninsured liabilities of the County which may result from all claims will not, in the opinion of the County, materially affect the County’s finances or impair its ability to make Base Rental Payments under the Facilities Sublease. For more information on litigation, see APPENDIX A – “THE COUNTY – Litigation.”

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2022 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2022 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2022 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Series 2022 Bonds is less than the amount to be paid at maturity of such Series 2022 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2022 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2022 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2022 Bonds is the first price at which a substantial amount of such maturity of the Series 2022 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2022 Bonds accrues daily over the term to maturity of such Series 2022 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2022 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2022 Bonds. Beneficial Owners of the Series 2022 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2022 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2022 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2022 Bonds is sold to the public.

Series 2022 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2022 Bonds. The Authority and the County have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2022 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2022 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2022 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2022 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2022 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2022 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2022 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2022 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2022 Bonds.

Prospective purchasers of the Series 2022 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2022 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority and the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the County have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2022 Bonds ends with the issuance of the Series 2022 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the County or the Beneficial Owners regarding the tax-exempt status of the Series 2022 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2022 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2022 Bonds, and may cause the Authority, the County or the Beneficial Owners to incur significant expense.

Payments on the Series 2022 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2022 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2022 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2022 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

The validity of the Series 2022 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will provide certain other legal services for the Authority and the County. Orrick, Herrington & Sutcliffe LLP will receive compensation from the County contingent upon the sale and issuance of the Series 2022 Bonds. Certain legal matters will be passed on for the Authority and the County by County Counsel.

MUNICIPAL ADVISOR

KNN Public Finance, LLC, Berkeley, California, served as Municipal Advisor (the "Municipal Advisor") to the Authority and the County with respect to the issuance of the Series 2022 Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement with respect to accuracy and completeness of disclosure of such information. The Municipal Advisor will receive compensation contingent upon the sale and issuance of the Series 2022 Bonds.

UNDERWRITING

The Series 2022 Bonds were purchased by Mesirow Financial, Inc. (the "Underwriter") as the winner of a competitive bid conducted on July 12, 2022, as provided in the Official Notice of Sale, dated July 6, 2022 (the "Official Notice of Sale"). The Underwriter has agreed to purchase the Series 2022 Bonds at a price of $94,944,508.43. The Official Notice of Sale provides that all Series 2022 Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in each Official Notice of Sale, the approval of certain legal matters by Bond Counsel and certain other conditions. The Purchaser will represent to the County that their related Series 2022 Bonds have been reoffered to the public at the prices or yields to be stated on the inside cover page hereof.

CONTINUING DISCLOSURE

The County will covenant for the benefit of the holders and Beneficial Owners of the Series 2022 Bonds pursuant to a Continuing Disclosure Certificate, dated the date of delivery of the Series 2022 Bonds (the "Continuing Disclosure Certificate") to provide certain financial information and operating data relating to the County (the "Annual Report") no later than February 25 after the end of each fiscal year, commencing with the report due for fiscal year 2021-22, and to provide notices of the occurrence of certain enumerated events through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. Such covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The specific nature of the information to be contained in the Annual Report and the enumerated events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The County and its related entities have entered into continuing disclosure undertakings pursuant to the Rule to provide updated annual financial information and notices of certain events in connection with the issuance of municipal obligations. On August 29, 2018, S&P Global Ratings upgraded the rating for the Community Facilities District No. 2004-1 of the County of Orange (Ladera Ranch) Series 2014A Special Tax Refunding Bonds. The notice of such rating change was not timely filed and was subsequently filed on September 17, 2018.

The official statement delivered in connection with the County's Newport Coast Phase IV Assessment District No. 01-1 Limited Obligation Improvement Bonds Group One (the "Assessment District Bonds") disclosed to investors that the County would file Annual Reports for the Assessment District Bonds by May 1 of each year. However, due to a typographical error, the continuing disclosure certificate executed by the County in connection with the Assessment District Bonds stated that the annual reports would be provided by November 1 of each year. The County has filed the annual reports for the Assessment District Bonds by May 1 of each year as disclosed in the official statement. The Assessment District Bonds were defeased in January 2018 and are no longer outstanding.

ADDITIONAL INFORMATION

References made herein to certain documents and reports are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or the Owners of any of the Series 2022 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

At the time of delivery and payment for the Series 2022 Bonds, an authorized representative of the Authority and the County will deliver a certificate stating that to the best of his or her knowledge this Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein (excepting therefrom the information contained herein describing DTC, and its book entry system), in light of the circumstances under which they were made, not misleading. Such certificate will also certify that to the best of his or her knowledge from the date of this Official Statement to the date of such delivery and payment there was no material adverse change in the information set forth herein.

SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY

By: /s/ Frank Kim
Frank Kim,
Executive Director

APPENDIX A

THE COUNTY

General

The County of Orange (the "County") is bordered on the north by Los Angeles and San Bernardino Counties, on the east by Riverside County, on the southeast by San Diego County, and on the west and southwest by the Pacific Ocean. The County encompasses 789 square miles, has a population of over 3 million, and approximately 42 miles of ocean shoreline provide beaches, marinas, and other recreational areas for use by residents and visitors.

County Government

The County is a charter county, created under a provision of the State Constitution that allows for adoption and enforcement of local ordinances, provided they do not conflict with the general laws of the state. The County is divided into five supervisorial districts on the basis of population and is governed by an elected five-member Board of Supervisors (the "Board of Supervisors") with each Supervisor serving a four-year term. A Supervisor cannot serve more than two consecutive terms, however, there is no limitation on the total number of terms. The Chairman and Vice Chairman positions are elected annually by and from the members of the Board of Supervisors. The supervisorial district boundaries were revised upon adoption on December 7, 2021, and became effective January 6, 2022, incorporating the results of the 2020 census.

The County's organizational structure consists of six Elected Officers, six positions appointed by and reporting to the Board of Supervisors, five Officers appointed by and reporting to the County Executive Officer ("CEO") and ten department heads selected by the Board of Supervisors and reporting to the Deputy County Executive Officer. The Elected Officers are elected by a countywide vote to four-year terms: Assessor, Auditor-Controller, Clerk-Recorder, District Attorney-Public Administrator, Sheriff-Coroner, and Treasurer-Tax Collector ("Treasurer"). The positions appointed by and reporting to the Board of Supervisors are the Clerk of the Board, County Counsel, Executive Director of the Office of Independent Review, CEO, Executive Director of the Office of Campaign Finance and Ethics Commission, and Internal Audit Director. The positions appointed by and reporting to the CEO are the Chief Human Resources Officer, Chief Information Officer, Chief Financial Officer ("CFO"), Chief Real Estate Officer, and Deputy County Executive Officer.

County Services

The County provides a wide range of services to its residents, including public protection, public assistance/social services, health and mental health services, infrastructure and environmental services such as airport, road, flood control, landfill and waste management services, libraries, beaches and parks. The County administers the numerous health and social service programs as the administrative agent of the State and pursuant to State law. These programs are wholly or partially funded with State and federal funds. Most of these programs are required to be maintained at certain minimum levels, which may require fluctuating contributions from the County's budget depending on the program caseloads. Certain municipal services are provided by the County to unincorporated communities and, on a contract basis, to some of the 34 incorporated cities within its boundaries.

Health Care Services. Under State law, the County is required to administer State and federal health programs and to provide for a portion of their costs with local revenues, such as sales and property taxes. The County does not operate its own hospital, but contracts for such services with a number of hospitals, clinics and other private facilities. The County is also responsible for all indigent medical care, including mental health, alcohol and other drug treatment, in the County pursuant to State law. The County responsibilities also include providing environmental health (including food services inspection and other regulatory efforts), public health (including food and nutrition services), and correctional health services.

Public Assistance and Other Social Services. The County provides a variety of services through its Social Services Agency, including cash general assistance, administration of welfare aid payments, employment services, childcare services, child welfare services, and foster care programs.

Public Protection Services. The County's criminal justice system is supported primarily by local County revenues and State funding, including receipts from a statewide sales tax dedicated to public safety approved by Proposition 172 in 1994. Major components of this system include the Sheriff-Coroner and District Attorney, operation of county jail facilities, the Probation Department, the Public Defender, Court Security and Trial Court funding obligations retained by the County subsequent to the transfer of trial court responsibility to the State. Thirteen municipalities contract with the Sheriff-Coroner's office for police services.

General Government. The County provides a full array of municipal services to residents of its unincorporated areas, including planning, zoning, library, animal control, community development and public works, and is also responsible for the administration of the numerous countywide activities such as the property tax system (including property assessment, assessment appeals, collection of taxes, and distribution of taxes to cities, redevelopment successor agencies, special districts, and local school districts), elections, and treasury services for all County school districts and special districts. In addition, services internal to the County's operations, such as information technology and building maintenance, are also accounted for within general government.

The County operates several business-type activities, including John Wayne Airport, Dana Point Harbor and the operation, expansion and closing of several existing landfills.

There are two special districts, separate legal entities from the County, which provide services to County residents: the Orange County Flood Control District and the Orange County Housing Authority. The Board of Supervisors, sitting as each district's legislative body, governs these districts.

Regional fire protection services are provided by the Orange County Fire Authority, a joint powers authority formed by 23 cities and the County with its own Board of Directors.

County Employees

As of May 6, 2022, the number of permanent filled employee positions of the County was 16,042. The following table sets forth the total number of County employees since 2013:

TABLE A-1

COUNTY OF ORANGE
Employment Positions(1)

2013	15,852
2014	16,108
2015	16,144
2016	16,341
2017	16,365
2018	16,368
2019	16,505
2020	16,488
2021	16,043(2)
2022	16,042

(1) Employment Positions represent the number of filled positions at fiscal year-end.
(2) The decrease in filled employee positions is due to the County's implementation of a Voluntary Incentive Program to incentivize retirement or resignation from the County. The program was effective from July 15, 2020 through October 8, 2020, and 617 employees took advantage of the program. See Note 20 in the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2021" in Appendix B of this Official Statement for more information.
Source: County of Orange, County Budget & Finance Office.

Most County employees are represented by one of 21 bargaining units within eight labor organizations, the principal labor organization being the Orange County Employees Association ("OCEA"), which consists of the Community Services, County General, Office Services, Sheriff Special Officers, Supervisory Management, and Health Care Professional Units. Represented County employees, as of May 6, 2022, and their appropriate bargaining agents are shown in the following table, which includes employees in dual-filled positions and excludes extra help positions.

TABLE A-2

COUNTY OF ORANGE
Employee Bargaining Representation
and Number of Positions

Bargaining Agents	Number of Positions	Contract Term
Orange County Employees Association [(1)]	11,180	June 21, 2019 to June 29, 2023
Association of Orange County Deputy Sheriffs (AOCDS)	2,902	July 1, 2019 to June 29, 2023
AOCDS Public Safety Units	808	June 23, 2018 to June 29, 2023
American Federation of State, County and Municipal Employees	1,530	June 2, 2019 to June 29, 2023
Orange County Managers Association [(1)]	1,358	June 21, 2019 to June 29, 2023
Orange County Attorneys Association	549	July 1, 2019 to June 30, 2023
Teamsters Local 952	493	June 21, 2019 to June 20, 2023
International Union of Operating Engineers [(1)]	131	June 21, 2019 to June 29, 2023
Association of County Law Enforcement Managers	84	June 21, 2019 to June 29, 2023
Unrepresented	160	N/A

(1) There are reopeners relating to retiree health benefits for these unions.

Source: County of Orange, County Budget & Finance Office.

COUNTY FINANCIAL INFORMATION

Financial Statements

The County's accounting policies and audited basic financial statements conform with generally accepted accounting principles for financial reporting established by the Governmental Accounting Standards Board (the "GASB"). The Auditor-Controller maintains the accounting system and records of account for all County funds. A separate Internal Audit Department, which reports to the Board of Supervisors, continually monitors internal controls. Legal compliance audits of State programs are conducted by State Controller auditors.

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 deferred outflows and inflows, including those related to pension and other retirement benefits, and capital assets, including intangible assets. Depreciation expense and accumulated depreciation are included in the government-wide financial statements for equipment, buildings, and infrastructure. Amortization expense and accumulated amortization are included in the government-wide financial statements for intangible 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 with revenues being recorded when available and measurable and expenditures recorded when related fund liabilities are incurred, with all current unpaid liabilities being accrued at year end. Fund financial statements are shown separately for specific major governmental funds, and in total for all other governmental funds. Fund financial statements do not include such long-term liabilities as pension and other retirement benefits, nor do they account for capital assets. Fund financial statements for proprietary funds are reported under the accrual basis of accounting and the economic resources measurement focus.

All of the County funds can be divided into three major categories of funds: governmental, proprietary, and fiduciary. 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. Proprietary funds consist of two types of funds: enterprise funds (which the County uses to account for its airport, waste management operations, and compressed natural gas facility) and internal service funds (which are used to accumulate and allocate costs internally among the County's various functions, such as insurance services, transportation, publishing and information technology). Fiduciary funds are used to account for assets held on behalf of outside parties.

The major governmental funds include the following funds: the County's General Fund; Flood Control District; Other Public Protection; and Mental Health Services Act. Financial data for nonmajor governmental funds are aggregated and reported under the "Other Governmental Funds" column in the fund financial statements. The major governmental funds associated with general government activities are briefly described below:

- The General 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 deposited to the General Fund are primarily derived from intergovernmental revenues (many of which are for restricted purposes such as public health and public assistance), property taxes, other taxes, charges for services, and other revenues. General Fund moneys are primarily expended for functions of public protection, public ways and facilities, health and sanitation, public assistance and general government. "General Purpose Revenues" describes that portion of the General Fund over which the County has discretion as to its expenditure, consisting primarily of property taxes. For discussion of General Purpose Revenues see "County General Fund Budget" herein.

- The Flood Control District is a group of funds used to account for the planning, construction, and operation of flood control and water conservation works, such as such as dams, basins, and trunk channels, and for the retardation, conservation, and controlled discharge of storm waters. Revenues consist primarily of property taxes restricted for flood control activities and charges for services.

- The Other Public Protection Fund accounts for certain 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.

- The Mental Health Services Act 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 are derived primarily from a one percent income tax on personal income in excess of one million levied by the State.

The following table presents a summary of revenues and other financing sources, expenditures and other financing uses, and the net changes in fund balances for the governmental funds for the Fiscal Years ended June 30, 2018 through June 30, 2021.

TABLE A-3

COUNTY OF ORANGE
GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES[1]
Fiscal Years Ended June 30, 2018 through June 30, 2021
(In Thousands)

	2018	2019	2020	2021
REVENUES AND OTHER FINANCING SOURCES				
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
EXPENDITURES AND OTHER FINANCING USES				
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
NET CHANGES IN FUND BALANCES				
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

(1) This statement is a summary statement only. For Fiscal Year 2020-21 results, see APPENDIX B – "COUNTY OF ORANGE, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021." The complete Orange County Annual Comprehensive Financial Report as of June 30, 2021, including the Notes to the Basic Financial Statements therein, is an integral part of this Official Statement.

Source: County of Orange Comprehensive Annual Financial Reports dated June 30, 2018 through June 30, 2021.

The following table sets forth the audited General Fund Balance Sheet as of June 30, 2018 through June 30, 2021.

TABLE A-4

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

	2018	2019	2020	2021
ASSETS				
Pooled Cash/Investments(2)	$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	$1,471,384	$1,543,757	$2,091,232	$2,333,683
LIABILITIES				
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 (3)	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	$581,152	$624,833	$1,127,957	$1,362,051
DEFERRED INFLOWS OF RESOURCES (4)				
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	$81,454	$128,191	$99,973	$235,905
FUND BALANCES				
Nonspendable (5)	$378,418	$396,541	$460,074	$515,879
Restricted	31,815	49,989	78,982	97,998
Assigned(6)	179,119	147,686	106,929	108,268
Unassigned	219,426	196,517	217,317	13,582
Total Fund Balances	$808,778	$790,733	$863,302	$735,727
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$1,471,384	$1,543,757	$2,091,232	$2,333,683

(1) This statement is a summary statement only. For Fiscal Year 2020-21 results, see APPENDIX B – "COUNTY OF ORANGE, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021." The complete Orange County Comprehensive Annual Financial Report as of June 30, 2021, including the Notes to the Basic Financial Statements therein, is an integral part of this Official Statement.

(2) In Fiscal Year 2019-2020, there was an increase of $576.8 million in current and other assets, which is primarily attributable to an overall increase in cash and cash equivalents as a result of federal assistance received from the Coronavirus Relief Fund established to assist governments to cover expenditures related to the COVID-19 pandemic, higher tax apportionments and interest revenue received.

(3) Unearned revenue for Fiscal Year 2019-2020 includes $387.8 million of CARES Act relief funds that was awarded to the County but unspent by June 30. Unearned revenue for Fiscal Year 2020-2021 includes $297.4 million of Coronavirus State and Local Fiscal Recovery Fund under ARPA and $12.1 million of FEMA funds that were awarded to the County but unspent by June 30.

(4) See Note 1 (Section J) in the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2021" in Appendix B of this Official Statement for a discussion of Deferred Outflows/Inflows of Revenue.

(5) Includes an amount equal to pension obligation bonds sold to prepay the subsequent year's pension obligations. While reported as nonspendable as a "prepaid cost" under GASB rules, this portion of fund balance is available for any legal purpose upon a vote of the Board of Supervisors. 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.

(6) The Assigned Fund Balance as of June 30, 2021 includes $30 million for Teeter Tax Loss, which is in addition to the statutory reserve of $9.9 million maintained in the Tax Losses Reserve fiduciary fund, $7.8 million for Maintenance/Construction, $45.1 million for Capital Projects/IT/Other, and $25.2 million for Contingency.

Sources: County of Orange Comprehensive Annual Financial Reports dated June 30, 2018 through June 30, 2021.

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The following table presents a more detailed summary of revenues, expenditures and changes in fund balances for the General Fund for Fiscal Years 2017-18 through 2020-21.

TABLE A-5

COUNTY OF ORANGE
COMPARISON OF STATEMENT OF GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE [(1)]
Fiscal Years Ended June 30
(In Thousands)

	2018	2019	2020	2021
REVENUES				
Taxes [(2)]	$ 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 [(3)]	318,054	353,322	415,044	292,940
Transfers Out [(3)]	(106,241)	(103,331)	(177,063)	(290,643)
Total Other Fin. 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) This Statement is a summary statement only. The complete Orange County Comprehensive Annual Financial Reports dated June 30, 2021, including the Notes to the Basic Financial Statements therein is an integral part of this Official Statement. For Fiscal Year 2020-21 results, see APPENDIX B – "COUNTY OF ORANGE, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021."

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

(3) Interfund transfers reflect the flow of assets between funds and component units of the County. See Note 8 in the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2021" in Appendix B of this Official Statement.

Sources: Orange County Comprehensive Annual Financial Reports dated June 30, 2018 through June 30, 2021.

County General Fund Budget

Budget Process. The County's annual budget process begins in late December. The CEO's County Budget & Finance Office (the "Budget & Finance Office") prepares budget policy and detailed budget instructions for County departments. County departments then prepare their budget requests and submit them to the Budget & Finance Office for review. The Budget & Finance Office will also, in coordination with the Auditor-Controller's office, establish the level of non-departmental, County-wide revenues that will be available to the County. The budget is compiled, balanced, and reviewed with the CFO and CEO.

The main focus of the budget is the "Discretionary General Fund," a component of the General Fund, which represents the County programs that are funded by General Purpose Revenue. General Purpose Revenue is revenue received in the General Fund that is not specific to a program or service and consists primarily of property taxes. General Purpose Revenue is available to meet lease revenue and pension bond debt service requirements, match or maintain requirements in State and federal programs and can otherwise be allocated at the discretion of the Board of Supervisors.

The Board of Supervisors annually holds budget hearings and adopts a final budget for the County in June. The Board of Supervisors adopted the final budget for Fiscal Year 2022-23 (the "Fiscal Year 2022-23 Adopted Budget") on June 28, 2022. After budget adoption there are budget adjustments that occur throughout the fiscal year which are primarily presented to the Board of Supervisors in Budget Reports in September, January and April. The adopted budget and adjustments thereto are referred to as the Modified Budget.

Strategic Financial Plan. In 1997, the County initiated a strategic financial planning process to establish strategic priorities. The process is a management tool and provides a structure to help the County face both short-term and long-term operational decisions. The Strategic Financial Plan ("SFP"), which is updated annually, focuses on General Purpose Revenue and contains a baseline revenue and expense forecast over a five-year horizon. In addition, a ten-year horizon is used to estimate the ability of the County to fund certain strategic priorities and implementation of new initiatives, programs, or facilities. The SFP also summarizes various County policies, containing full copies of the Reserve and Debt Policies, as well as the County's Five-Year Capital Improvement Plan. The most recent Strategic Financial Plan was released in December 2021 and was used in the development of the CEO recommended budget for Fiscal Year 2022-23. The 2021 SFP summarizes the use of American Rescue Plan Act of 2021 funds allocated to the County.

Reserves. As of April 30, 2022, the County had $605.7 million budgetary reserves within the General Fund, comprised of the following balances: $519.5 million assigned toward the reserve target (equal to two months of General Fund operating revenue or $574.8 million); $30.0 million Teeter loss reserves fund excess; maintenance and construction reserve $6.7 million; capital project reserve $47.6 million, and imprest cash/cash difference reserves of $1.9 million. Contingency reserves of $65 million were exhausted during the COVID-19 pandemic and the County plans to restore the balance using FEMA reimbursement as those funds become available. These reserve balances, at fiscal year-end, would be included in the Basic Financial Statement for Governmental Funds in the County's Comprehensive Annual Financial Report. The General Fund reserve balance for assigned reserve target would be reported as Nonspendable Fund Balance, as this amount represents the County's prepayment of the year's pension contributions in the prior year (see Note 3 on Table A-4 herein). The reserve balances for operations, Teeter loss reserve fund excess, maintenance and construction, capital projects, and contingencies would be reported as Assigned Fund Balance. These reserve balances are not legally restricted for any specific purpose; however, they are reserved by action of the Board of Supervisors and require a four-fifths vote to appropriate.

Certain other funds held outside the County General Fund have also been established, including program reserves in the amount of approximately $135.6 million as of June 23, 2022 for County-wide capital projects, County-wide IT projects, sheriff and law enforcement, child support, social services, and the health care agency.

In addition, the County maintains an account (the "Investment Account"), originally funded with proceeds of the County's 1994 Pension Obligation Bonds in the Orange County Employees Retirement System ("OCERS") which is commingled with the OCERS pool for investment purposes. Pursuant to an agreement between the County and OCERS, the County may direct the expenditure of any portion of the Investment Account to offset County contributions to OCERS. The monies in the Investment Account may not be withdrawn by the County or used for expenditures other than OCERS contributions. The balance in the Investment Account as of March 31, 2022 was $145 million. For recent expenditures from the Investment Account, see "Table A-20, Orange County Employee Retirement System County Contribution."

COVID-19 Relief Funding. Several sources of federal and State funding have been made available to local governmental agencies, such as the County, to alleviate the impact of the COVID-19 pandemic, including, but not limited to, federal emergency aid administered through the Federal Emergency Management Agency ("FEMA"), the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), and the American Rescue Plan Act of 2021 (the "American Rescue Plan Act" or ARPA). Since the start of the COVID-19 pandemic, the County has received (i) $88 million in FEMA reimbursements with an additional $95 million in FEMA funding expected in fiscal year 2021-22, though such funding may not be received until after fiscal year-end, (ii) $554 million in CARES Act funding, (iii) $617 million in ARPA funding, and (iv) approximately $253 million in other federal and State funding expected for certain specific programs or impacts, which includes $136 million in funding from the California Department of Public Health and $117 million from U.S. Treasury Department for emergency rental assistance. The County used its general fund reserves to fund increased expenditures as a result of the COVID-19 pandemic, which resulted in deficit spending in Fiscal Years 2019-20 and 2020-21 since FEMA's reimbursement for such expenses were not received prior to fiscal year-end. As a result of such federal and State relief funding and improved economic conditions since the start of the COVID-19 pandemic, the County expects to restore its reserves and meet its Fiscal Year 2021-22 target of $574.3 million. See "RISK FACTORS - Infectious Disease Outbreak – COVID-19" on forepart of this Official Statement.

General Fund Revenues

The largest single source of funding in the General Fund portion of the County Budget is intergovernmental revenue, many of which are for restricted purposes such as public health, assistance and other human services and public safety. Other revenues include shared taxes, such as the statewide sales tax for public safety. Budgeted intergovernmental revenue accounted for 20.3% of all General Fund revenue sources based on the Fiscal 2022-23 Adopted Budget. Approximately 24.2% of the County's Fiscal Year 2022-23 Adopted Budget total revenues are from the State. Changes in the revenues received by the State can affect the amount of funding, if any, received by the County from the State. The County cannot predict the outcome of future State budget negotiations and there are no assurances that actions taken by the State will not materially affect the financial condition of the County. The County has historically not backfilled State revenues shortfalls with discretionary revenues. See "STATE OF CALIFORNIA BUDGET INFORMATION" in the forepart of this Official Statement.

A breakdown of the General Fund Intergovernmental Revenues reported in the Orange County Comprehensive Annual Financial Reports dated June 30, 2018 through June 30, 2021 is as follows:

TABLE A-6

COUNTY OF ORANGE
GENERAL FUND INTERGOVERNMENTAL REVENUES
Fiscal Years Ended June 30

	2018	2019	2020	2021
State				
Homeowners' Property Tax Relief	$ 1,518,960	$ 1,495,793	$ 1,481,908	$ 1,443,001
Proposition 172 Public Safety Sales Tax	323,783,927	335,721,534	328,863,925	357,908,156
Motor Vehicle In-Lieu Tax(1)	1,403,287	1,291,587	2,129,693	1,960,325
Public Assistance Administration	242,676,702	242,971,244	257,043,227	260,026,017
Public Assistance Programs	30,523,828	20,429,353	18,075,032	27,977,828
California Children's Services	5,828,647	5,193,543	8,431,850	7,741,800
Realignment Revenue	607,926,114	635,598,772	645,831,444	653,206,434
Health Administration	19,293,286	17,171,393	14,651,880	12,760,745
Mental Health	1,425,455	7,238,467	4,536,123	8,134,604
Other Health	297,268	2,012,778	2,695,028	2,461,044
Agriculture	518,849	894,909	923,223	949,418
Disaster Relief	-	-	-	2,191,813
Veterans' Affairs	306,093	394,326	3,223,232	313,582
Other	69,897,861	51,342,407	71,306,621	63,198,3076
Federal				
Public Assistance Administration	197,674,530	195,833,034	212,434,213	229,751,137
Public Assistance Programs	53,766,687	54,931,714	80,954,307	85,508,003
Health Administration	13,249,958	14,464,155	15,742,146	13,771,638
Disaster Relief	-	-	165,398,855	550,655,965
In-Lieu Taxes	92,511	-	222,560	131,466
Other	100,280,461	87,894,291	124,888,616	112,010,973
Other				
Other Governmental Agencies	10,808,312	11,426,424	10,458,567	9,540,053
Other Local Entities-Capital Contribution	(604,137)	-	-	-
Total General Fund Intergovernmental Revenue	**$ 1,680,668,599**	**$ 1,686,305,724**	**$ 1,969,292,450**	**$ 2,401,642,308**

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(1) Over the years, the State has taken various actions to reallocate motor vehicle license fees (VLF), which are collected by the State in lieu of property tax. This line item represents VLF revenues not dedicated to public safety under 2011 Realignment, which are included in the "Realignment" line item below. In addition, property taxes are allocated to the County in lieu of certain previous VLF receipts are reported as tax revenues on Table A-5 herein.

Source: County of Orange Auditor-Controller's Office

Comparative Budgets for Fiscal Years 2019-20 through 2022-23

The following table sets forth the County's Final Budgets (which include all budget adjustments made after budget adoption) for Fiscal Year 2019-2020 through Fiscal Year 2020-21, the Modified Budget for Fiscal Year 2021-22, and the Adopted Budget for Fiscal Year 2022-23.

TABLE A-7

COMPARISON OF GENERAL FUND
FINAL, MODIFIED OR ADOPTED BUDGETS FOR FISCAL YEARS 2019-20 TO 2022-23

	2019-20[(1)] Final Budget	2020-21[(1)] Final Budget	2021-22[(1)] Modified Budget	2022-23[(1)] Adopted Budget
REQUIREMENTS:				
Public Protection	$ 1,345,230,609	$ 1,429,917,060	$ 1,462,965,326	$ 1,538,284,245
Health & Community & Social Services [(2)]	1,936,921,909	2,520,146,479	2,204,093,574	2,285,082,498
Infrastructure & Environmental Resources [(3)]	114,452,598	127,454,408	124,421,908	142,852,922
General Government & Services [(4)]	216,899,906	227,348,617	425,649,041	748,889,217
Capital Improvements [(5)]	139,642,543	34,311,573	21,990,893	16,133,931
Debt Service [(6)]	152,077	7,090,310	1,774,400	1,712,000
Insurance, Reserves & Miscellaneous [(7)]	598,981,121	154,598,607	184,623,880	63,743,341
Increase to Reserves [(15)]	-	-	128,749,207	2,536,420
Total Requirements	**$ 4,352,280,763**	**$ 4,500,867,054**	**$ 4,554,268,229**	**$ 4,799,234,574**
AVAILABLE FUNDS:				
Property Taxes [(8)]	$ 780,925,000	$ 818,781,000	$ 851,019,000	$ 891,577,000
Sales and Other Taxes [(9)]	8,389,000	7,727,000	12,239,000	13,797,000
Licenses, Permits & Franchises	24,977,844	26,979,286	27,517,826	28,382,127
Fines, Forfeitures & Penalties [(10)]	34,939,412	32,321,958	28,728,524	34,877,164
Use of Money & Property [(11)]	16,081,868	19,404,943	10,131,125	8,501,347
Intergovernmental Revenues [(21)]	2,389,102,160	2,561,843,996	2,476,227,722	2,719,975,434
Charges for Services [(13)]	506,688,280	527,779,899	548,572,115	596,756,343
Miscellaneous Revenues [(14)]	17,467,553	28,312,992	36,000,802	26,164,721
Other Financing Sources [(15)]	538,784,637	460,251,763	563,832,115	479,203,438
Decreases to Reserves [(16)]	34,925,009	17,464,217	-	-
Total Available Funds	**$ 4,352,280,763**	**$ 4,500,867,054**	**$ 4,554,268,229**	**$ 4,799,234,574**

(1) Final Budgets include all budget adjustments throughout the year after budget adoption. Modified Budget for Fiscal Year 2021-22 was approved by the Board of Supervisors on April 26, 2022. Adopted Budget was approved by the Board of Supervisors on June 28, 2022.

(2) Fiscal Years 2019-20 and 2020-21 increase in appropriations and revenue is due to additional State and Federal funding for the pandemic. In Fiscal Year 2021-22, no further COVID-19 related funding was anticipated.

(3) Fiscal Year 2021-22 Modified Budget decrease is due to removal of one-time COVID-19 related expenditures included in Fiscal Year 2020-21 budget.

(4) Increase in Fiscal Year 2021-22 and Fiscal Year 2022-23 are due to one-time ARPA funding received in May 2021 ($308 million) and received in June 2022 ($308 million). Fiscal Year 2022-23 budget includes carry-over from 2021 and 2022.

(5) Effective Fiscal Year 2020-21, capital projects are budgeted in non-general funds. Remaining general fund budget reflects the Net County Cost allocation for the countywide IT and capital projects.

(6) Effective Fiscal Year 2020-21, debt service payments for the County Admin South (CAS) facility (CMFA Lease Revenue Bonds, Series 2017A Phase I) and revenue from occupying departments. Effective Fiscal Year 2021-22, the budgeted rent collection for CAS occupants was reclassified from a revenue to a cost-apply expense.

(7) Fiscal Year 2019-20 budget included CARES Act appropriations and revenue of $554 million. Fiscal Year 2020-21 budget included $6 million for CARES Act and one-time $138 million transfers for capital and information technology projects. Fiscal Year 2021-22 budget included $128 million from FEMA revenue and transfer out to General Fund reserves. Fiscal Year 2022-23 budget excludes all one-time transfers.

(8) Property tax revenue reflects the market trend and increased assessed values.

(9) Sales and Other Taxes were budgeted as a decrease in Fiscal Year 2020-21 due to the pandemic. Fiscal Year 2021-22 and Fiscal Year 2022-23 does not include any impact from the pandemic.

(10) Fiscal Year 2021-22 decrease in Fines, Forfeitures & Penalties are due to loss of revenue Probation and Trial Courts for court related fines and penalties offset by slight increase in property tax penalties.

(11) Changes in Use of Money & Property are the result of changes in interest earnings from increases or decreases of cash balances. In Fiscal Year 2021-22 and Fiscal Year 2022-23, budgeted general fund interest earnings decreased due to treasury interest earnings.

(12) Fiscal Year 2019-20 through Fiscal Year 2022-23 budget increases in appropriations and revenue are due to additional State and Federal funding for the COVID-19 pandemic.

(13) Charges for services align with cost of services to County non-general fund departments, city contracts for Sheriff security services, correctional medical services, and charges from Health Care Agency for mental health services.

(14) Fiscal Year 2020-21's budget includes $10 million from OCERS investment account. Fiscal Year 2021-22's budget includes $20 million draw from OCERS investment account plus $1.1 million discount from OCERS. Fiscal Year 2022-23 includes $10 million draw from OCERS.

(15) 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. Effective Fiscal Year 2020-21, all carryover capital projects are budgeted in non-general funds. Fiscal Year 2021-22 budget includes $128 million in one-time FEMA revenue. Fiscal Year 2022-23 increase in reserves for capital project from OC Animal Care repayment.

(16) While budgeted as a reserve decrease in Fiscal Year 2019-20 and Fiscal Year 2020-21, by $34.9 million and $17.5 million respectively, there was an actual decrease in Fund Balance, of $3.2 million and $7 million respectively, for these two fiscal years. Fiscal Year 2021-22 budget includes

increase in reserves for repayment of prior year FEMA claims. Fiscal Year 2022-23 budget includes increase to reserves for County Utility Facility.

Source: County of Orange, County Budget & Finance Office.

Comparative General Purpose Revenue and Net County Cost for Fiscal Years 2019-20 through 2022-23

Net County Cost refers to the portion of expenditures that are funded out of discretionary revenues. General Purpose Revenue is the primary component of Net County Cost which is used to fund County mandated services to the citizens of the County. General Purpose Revenue may also be used for non-mandated services at the Board's discretion and may be used to cover state mandated programs when funding from the state is inadequate. See "County General Fund Budget – Budget Process".

The following table sets forth the County's Final Budgets (which include all budget adjustments made after budget adoption) for Fiscal Year 2019-20 through Fiscal Year 2020-21, the Modified Budget for Fiscal Year 2021-22, and the Adopted Budget for Fiscal Year 2022-23.

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TABLE A-8

COMPARISON OF GENERAL PURPOSE REVENUE AND NET COUNTY COST FINAL, MODIFIED OR ADOPTED BUDGETS FOR FISCAL YEARS 2019-20 TO 2022-23

	2019-20[1] Final Budget	2020-21[1] Final Budget	2021-22[1] Modified Budget	2022-23[1] Adopted Budget
NET COUNTY COST:				
Public Protection	$ 512,816,230	$ 533,278,466	$ 550,622,398	$ 577,878,854
Health & Community & Social Services [2]	153,222,066	160,068,796	182,968,824	173,126,501
Infrastructure & Environmental Resources	35,712,917	36,409,001	36,312,946	36,798,669
General Government & Services [2]	143,481,657	130,816,225	138,041,605	158,835,795
Capital Improvements [3]	53,814,691	28,958,893	21,990,893	16,133,931
Debt Service	50,000	50,000	50,000	50,000
Insurance, Reserves & Miscellaneous [4]	1,678,927	21,496,229	(5,865,590)	9,982,525
Increases to Reserves [5]	-	-	128,749,207	2,536,420
Total Requirements	**$ 900,776,448**	**$ 911,077,610**	**$ 1,052,840,283**	**$ 975,342,695**
AVAILABLE FUNDS/ GENERAL PURPOSE REVENUE (GPR):				
Property Taxes	$ 777,484,000	$ 815,610,000	$ 851,029,000	$ 891,577,000
Sales and Other Taxes [6]	11,830,000	10,898,000	12,239,000	13,797,000
Licenses, Permits & Franchises	2,719,979	2,651,956	2,651,655	2,648,275
Fines, Forfeitures & Penalties [7]	21,622,000	18,304,000	21,377,000	26,945,000
Use of Money & Property [8]	10,750,000	9,300,000	6,640,000	5,151,000
Intergovernmental Revenues [9]	2,946,000	2,802,000	3,533,000	3,935,000
Charges for Services [10]	21,801,000	20,780,000	20,485,000	21,143,000
Miscellaneous Revenues [11]	1,349,000	1,855,000	1,600,000	1,604,000
Other Financing Sources [12]	15,349,500	11,412,437	133,295,628	8,542,420
Decreases to Reserves [5]	34,925,009	17,464,217	-	-
Total Available Funds	**$ 900,776,488**	**$ 911,077,610**	**$ 1,052,840,283**	**$ 975,342,695**

(1) Final Budgets include all budget adjustments throughout the year after budget adoption. Modified Budget for Fiscal Year 2021-22 was approved by the Board of Supervisors on April 26, 2022. Adopted Budget was approved by the Board of Supervisors on June 28, 2022.

(2) Fiscal Year 2022-23 changes are due to the transfer of the Office of Care Coordination from Health Care Agency (Health Services) to CEO (General Government).

(3) Effective Fiscal Year 2020-21, capital projects are budgeted in non-general funds. Remaining general fund budget reflects the Net County Cost allocation for the countywide IT and capital projects.

(4) Fiscal Year 2022-23 Net County Cost increase due to $10 million decrease in revenue from OCERS investment account and $5 million decrease in one-time settlement funding.

(5) While budgeted as a reserve decrease in Fiscal Year 2019-20 and Fiscal Year 2020-21, by $34.9 million and $17.5 million respectively, there was an actual decrease in Fund Balance, of $3.2 million and $7 million respectively, for these two fiscal years. Fiscal Year 2021-22 budget includes an increase in reserves for repayment of prior year FEMA claims. Fiscal Year 2022-23 increase in reserves for capital project from OC Animal Care repayment.

(6) Sales and Other Taxes were budgeted as a decrease in Fiscal Year 2020-21 due to the pandemic. Fiscal Year 2021-22 and Fiscal Year 2022-23 does not include any impact from the pandemic.

(7) Fiscal Year 2021-22 decrease in Fines, Forfeitures & Penalties are due to loss of revenue Probation and Trial Courts for court related fines and penalties offset by slight increase in property tax penalties.

(8) Changes in Use of Money & Property are the result of changes in interest earnings from increases or decreases of cash balances. In Fiscal Year 2021-22 and Fiscal Year 2022-23, budgeted general fund interest earnings decreased due to treasury interest earnings.

(9) Fiscal Year 2021-22 and Fiscal Year 2022-23 increases are due to increases in Motor Vehicle In-Lieu Tax (VLF) revenue.

(10) Charges for services align with cost of services to County non-general fund departments, city contracts for Sheriff law enforcement services, correctional medical services, and charges from Health Care Agency for mental health services.

(11) Fiscal Year 2020-21 budget includes $10 million from OCERS investment account. Fiscal Year 2021-22 budget includes $20 million draw from OCERS investment account plus $1.1 million discount from OCERS. Fiscal Year 2022-23 includes $10 million draw from OCERS.

(12) 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. Effective Fiscal Year 2020-21, all carryover capital projects are budgeted in non-general funds. Fiscal Year 2021-22 budget includes $128 million in one-time FEMA revenue.

Source: County of Orange, County Budget & Finance Office.

General Purpose Revenues total $975.3 million or about 11.1% of the total Fiscal Year 2022-23 Adopted Budget and approximately 20.3% of the General Fund Budget. In comparison, General Purpose Revenue totaled $1,052.8 million or about 12.5% of the total Fiscal Year 2021-22 Modified Budget and approximately 23.1% of the General Fund Budget. The General Fund Net County Cost totals $975.3 million, equal to the General Purpose Revenue included in the Fiscal Year 2022-23 Adopted Budget.

Revenue Assumptions Incorporated into the Fiscal Year 2022-23 Adopted Budget

The Fiscal Year 2022-23 Adopted Budget includes the following key assumptions:

- Budgeted General Purpose Revenue total $975.3 million, $48.7 million more than the Fiscal Year 2021-22 Adopted Budget of $926.6 million, due primarily to a $44 million projected increase in property tax revenues.
- Revenue assumptions reflect moderate levels of growth including 3.4% growth in General Fund net property tax revenues over current year-end revenue estimate.
- The Fiscal Year 2022-23 budget for the one-half cent Public Safety Sales Tax (Proposition 172) revenue of $417.4 million (80% Sheriff and 20% District Attorney) is a 6% increase when compared to Fiscal Year 2021-22 projection of $393.7 million.
- The Statewide allocation of AB109 (2011 Public Safety Realignment) revenue is budgeted with an increase of approximately $27.2 million (or 29.0%) combined in base and growth revenue for Orange County when compared to the Fiscal Year 2021-22 budget.

The Fiscal Year 2022-23 Adopted Budget reflects key State budget proposals included in the Governor's proposed State budget for fiscal year 2022-23. Given the timing of the County's budget process, any additional notable impacts included in the Governor's May revision to the State budget for fiscal year 2022-23 were not included in the Fiscal Year 2022-23 Adopted Budget. However, the Governor's May revision to the State budget for fiscal year 2022-23 did not result in any negative financial impacts to the County. The Governor signed the fiscal year 2022-23 State budget on June 27, 2022, which was amended through a series of legislative bills, many of which were signed by the Governor on June 30, 2022 (as amended, the "2022-23 State Budget"). Based on its initial assessment of programs and adjustments included in the 2022-23 State Budget, the County anticipates additional increases in revenues, including $12 million in earmarked funds for dedicated projects and other allocations advantageous to the County. The impacts of the 2022-23 State Budget will be included in the midyear budget report presented to the Board of Supervisors. For more information on certain budgeted programs and adjustments for counties set forth in the 2022-23 State Budget, see "STATE OF CALIFORNIA BUDGET INFORMATION – State Budget and Its Impacts on the County *– 2022-23 State Budget"* in the forepart of this Official Statement.

Ad Valorem Property Taxation

The largest source of discretionary General Fund revenues is derived from property taxes, which make up approximately 18.5% of the General Fund Fiscal Year 2022-23 Recommended Budget and 94.6% of discretionary revenues. Property taxes are levied by the County for each fiscal year on taxable real and personal property that is situated in the County based on the owner of record as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property on which a lien on real property is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll," the majority of which is business equipment on leased or rented premises, other taxable personal property such as boats and aircraft, and delinquent possessory interests. In addition to regular secured taxes, supplemental taxes may also be levied by accelerating property reassessment when a change of ownership or completion of new construction has occurred. Supplemental tax bills representing the taxes on the changes in assessed value are prorated from the date of completion or change in ownership to the end of the fiscal year.

Secured Property Roll. Annual property taxes on the secured roll are due in two installments: November 1 and February 1 of each fiscal year. Property taxes are collected by the Treasurer in accordance with the California Revenue and Taxation Code. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty accrues with respect to any delinquent payment. If such taxes remain unpaid as of July 1 of the fiscal year for which the tax was levied, the property securing the taxes is considered tax defaulted and may only be redeemed by payment of the delinquent tax, ten percent delinquency penalty, redemption fee, collection cost, and an additional penalty of 1.5 % per calendar month beginning July 1 of the year the property became tax defaulted. Delinquent taxes may be paid under an installment plan by paying current taxes plus all delinquent taxes over a five-year period. If *ad valorem* taxes are unpaid for a period of five years or more and an installment plan is not active, such properties may thereafter be sold by the Treasurer as provided by law unless paid in full by the day before the tax auction.

Teeter Plan. On June 29, 1993, the Board of Supervisors adopted the Teeter Plan pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code (the "Teeter Plan"). The taxing agencies in the County which participate in the Teeter Plan (the "Participating Agencies") annually receive from the County the full amount of their share of taxes from the secured property tax roll, whether or not these taxes have been collected. There are 91 Participating Agencies, which includes 36 school districts and Orange County Department of Education, 8 cities, 36 special districts, 8 former redevelopment districts, 2 special funds and the County. The Teeter Plan provides these Participating Agencies with stable and timely cash flow without the collection risk, and the County receives the delinquency and redemption penalty amounts when the taxes are paid.

The County has used a combination of external borrowing to finance its advances under the Teeter Plan. In 2013, the County issued its Teeter Plan Series B Notes (the "Teeter Notes"), which replaced a commercial paper program, for the purpose of financing its then current Teeter Plan distribution to the Participating Agencies. The Teeter Notes were purchased by Wells Fargo Bank, National Association through a direct placement pursuant to a Note Purchase and Reimbursement Agreement. In July of each year, the County issues additional Teeter Notes to fund the distribution to Participating Agencies under the Teeter Plan. On June 8, 2021, the County authorized the issuance of additional Teeter Notes in the maximum amount of $150 million under an Amended and Restated Note Purchase and Reimbursement Agreement with Wells Fargo Bank, National Association. On July 14, 2021, the County issued $79.978 million in Teeter Notes to fund the distribution to Participating Agencies and pay off the prior Notes outstanding. As of June 30, 2022, $79.978 million in Notes remains outstanding and the County expects to retire a portion, approximately $45.8 million, of the Teeter Notes in July 2022 using delinquent base tax revenues associated with the Teeter Plan. The current Teeter Notes matures on July 18, 2022, and the Amended and Restated Note Purchase and Reimbursement Agreement terminates on July 30, 2024. The County expects to issue approximately $78 million of Teeter Notes on or about July 18, 2022, to refund outstanding prior notes and purchase new delinquencies.

Under the Teeter Plan, the penalties and interest associated with delinquent taxes, along with interest earnings on program cash and investment balances constitute General Purpose Revenue once the Tax Losses Reserve Fund required by State law is funded to its requirement (equal to 25% of delinquencies) and expenses of the program have been paid.

Unsecured Property Roll. Property taxes on the unsecured roll are due as of August 1 and become delinquent after August 31. A 10% penalty attaches to delinquent properties on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. The Treasurer has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the Office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interest belonging or assessed to the delinquent taxpayer.

Allocation of Property Taxes. Property taxes are allocated to local governments pursuant to legislation implementing Article XIII A of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING COUNTY REVENUES AND APPROPRIATIONS—Article XIII A of the State Constitution" in the forepart of this Official Statement. Due to legislation enacted as part of the Fiscal Year 2004-05 State Budget and effective for Fiscal Year 2004-05 and thereafter, counties, including the County, and cities received property taxes in lieu of vehicle license fee (VLFAA). The County had historically received close to 6% prior to the Fiscal Year 2004-05 change and is currently at 13% of property tax revenues collected in the County for general revenue purposes. Legislation enacted with the Fiscal Year 2009-10 State Budget Act (SB 8 X3) increased property tax revenue allocations to the County by $35 million annually in Fiscal Year 2009-10 and Fiscal Year 2010-11 and by $50 million annually thereafter. With the Adoption of Assembly Bill 701 ("AB 701") on September 27, 2013, these revenues are no longer allocated to the County. AB 701 provides for $53 million, which is permitted to change as County assessed property values changes, in annual VLFAA in lieu of the $50 million previously provided by SB 8 X3.

Dissolution of Redevelopment Agencies. Pursuant to Assembly Bill x1 26 ("AB x1 26") (a companion bill to the Fiscal Year 2011-12 State Budget Act), redevelopment agencies were dissolved, and any net tax increment revenues remaining after payment of redevelopment bonds debt service, other enforceable obligations and administrative costs will be distributed to cities, counties, special districts and school districts. Another companion bill, Assembly Bill x1 27 ("AB x1 27"), authorized redevelopment agencies to continue operations provided their establishing cities or counties agreed to make a specified payment to school districts and county offices of education, totaling $1.7 billion statewide. As a result, the County Development Agency was dissolved effective February 1, 2012 and the County became the successor agency to the County Development Agency. The County is in the process of winding down the operations of the County Development Agency in accordance with the requirements of AB x1 26. The County estimates that it will receive approximately $26.9 million in additional property tax revenue in Fiscal Year 2022-23 from the dissolution of redevelopment agencies and expects the additional revenue to continue at least at this level on an annual basis.

Assessed Valuation. The Assessor assesses all property within the County except state-assessed properties (i.e., utility property, regulated railroads) which are assessed by the State Board of Equalization.

Since Fiscal Year 1981-82, property in California has been assessed at 100% of full cash value. Under Proposition 13, Article XIII A of the California Constitution, the maximum *ad valorem* tax on real property is limited to 1% of the full cash value, to be collected by counties and apportioned according to law. The full cash value may be adjusted upward annually to account for inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. When property is transferred, or new construction occurs it is assessed at its cash value at the time of such transfer or new construction. Due to the changes in assessment methodology under Article XIII A of the California Constitution, the County assessment roll is no longer proportional to market value. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING COUNTY REVENUES AND APPROPRIATIONS—Article XIII A of the State Constitution" in the forepart of this Official Statement.

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The following table shows a history of assessed valuations in the County since Fiscal Year 2011-12.

TABLE A-9

COUNTY OF ORANGE
DETAIL OF ASSESSED VALUATION[1]

Fiscal Year	Secured	Unsecured	Total	% Change
2011-12	$ 405,588,977,572	$ 19,180,663,956	$ 424,769,641,528	0.95%
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: Orange County Office of Auditor-Controller, Assessed Valuation Reports.

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Largest Secured and Unsecured Taxpayers. Table A-10 provides a list of the twenty largest secured taxpayers in the County for Fiscal Year 2021-22. For purposes of this table, multiple properties may be consolidated into a single entry.

TABLE A-10

COUNTY OF ORANGE
TOP 20 SECURED TAXPAYERS
FISCAL YEAR 2021-22

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

Source: Orange County Treasurer-Tax Collector.

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Table A-11 provides a list of the ten largest unsecured taxpayers in the County for Fiscal Year 2021-22.

TABLE A-11

COUNTY OF ORANGE
TOP 10 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 company, if identifiable.
(2) Total Unsecured Taxes as of October 30, 2021 were $275,001,194.

Source: Orange County Treasurer-Tax Collector.

Table A-12 provides a summary of the assessed value and parcels by land use for Fiscal Year 2021-22.

TABLE A-12

COUNTY OF ORANGE
ASSESSED VALUTION AND PARCELS BY LAND USE
FISCAL YEAR 2021-22

Non-Residential:	2021-22 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Rural/Undeveloped	$ 1,011,516,612	0.15%	1,438	0.16%
Commercial	95,253,439,594	14.48	26,581	2.97
Industrial	39,034,784,142	5.94	13,436	1.50
Government/Social/Institutional	17,676,256	0.00	28	0.00
Miscellaneous	453,166,535	0.07	520	0.06
Subtotal Non-Residential	$135,770,583,139	20.65%	42,003	4.70%
Residential:				
Single Family Residence	$382,384,826,455	58.15%	569,409	63.70%
Condominium/Townhouse	82,187,696,501	12.50	171,291	19.16
Mobile Home	833,815,655	0.13	22,284	2.49
Timeshare Parcels	374,563,130	0.06	62,659	7.01
2+ Residential Units/Apartments	56,082,494,556	8.53	26,274	2.94
Subtotal Residential	$521,863,396,297	79.35%	851,917	95.30%
Total	$657,633,979,436	100.00%	893,920	100.00%

(1) Local Secured Assessed Valuation. Excludes parcels with $0 taxable value.

Source: California Municipal Statistics, Inc.

Table A-13 provides a listing of the per parcel assessed valuation of single-family homes and condominiums for Fiscal Year 2021-22.

TABLE A-13

COUNTY OF ORANGE
PER PARCEL ASSESSED VALUTION OF SINGLE FAMILY HOMES AND CONDOMINIUMS
FISCAL YEAR 2021-22

	No. of Parcels	2021-22 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential (SFR)	569,409	$382,384,826,455	$671,547	$514,055
Condominiums (Condo)	171,291	$82,187,696,501	$479,813	$422,935
Total	740,700	$464,572,522,956	$627,207	$486,139

2021-22 Assessed Valuation	No of SFR and Condon Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	6,728	0.908%	0.908%	$ 183,728,324	0.040%	0.040%
$50,000 - $99,999	37,056	5.003	5.911	2,833,099,881	0.610	0.649
$100,000 - $149,999	31,389	4.238	10.149	3,896,035,553	0.839	1.488
$150,000 - $199,999	30,992	4.184	14.333	5,450,398,823	1.173	2.661
$200,000 - $249,999	40,777	5.505	19.838	9,240,395,812	1.989	4.650
$250,000 - $299,999	47,820	6.456	26.294	13,160,424,407	2.833	7.483
$300,000 - $349,999	49,556	6.690	32.985	16,110,321,605	3.468	10.951
$350,000 - $399,999	48,325	6.524	39.509	18,122,112,349	3.901	14.852
$400,000 - $449,999	45,951	6.204	45.713	19,513,399,385	4.200	19.052
$450,000 - $499,999	43,489	5.871	51.584	20,641,298,377	4.443	23.495
$500,000 - $549,999	39,594	5.345	56.930	20,765,646,303	4.470	27.965
$550,000 - $599,999	37,324	5.039	61.969	21,450,895,853	4.617	32.582
$600,000 - $649,999	35,386	4.777	66.746	22,095,730,777	4.756	37.338
$650,000 - $699,999	32,411	4.376	71.122	21,862,797,879	4.706	42.044
$700,000 - $749,999	28,971	3.911	75.033	20,992,955,708	4.519	46.563
$750,000 - $799,999	25,882	3.494	78.527	20,044,843,149	4.315	50.878
$800,000 - $849,999	21,841	2.949	81.476	18,001,064,008	3.875	54.753
$850,000 - $899,999	18,435	2.489	83.965	16,111,164,030	3.468	58.220
$900,000 - $949,999	14,957	2.019	85.984	13,820,843,485	2.975	61.195
$950,000 - $999,999	11,943	1.612	87.596	11,630,646,673	2.504	63.699
$1,000,000 and greater	91,873	12.404	100.000	168,644,720,575	36.301	100.000
	740,700	100.000%		$464,572,522,956	100.000%	

[1] Improved single family residential parcels and condominiums. Excludes parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Sales Tax

A sales tax is imposed upon retailers for the privilege of selling tangible personal property in California. Most retail sales and leases are subject to the tax. However, exemptions have been provided for certain essentials such as food for home consumption, prescription drugs, gas delivered through main gas lines and electricity. Other exemptions provide relief for a variety of sales ranging from custom computer software to aircraft.

Currently the total state and local sales tax rate of 7.75% is imposed in the County. The breakdown of the state and local sales tax rate is as follows:

- 3.9375% imposed as a State General Fund tax;
- 0.5% dedicated to local governments (including the County) for health and social programs realignment;
- 0.5% dedicated to local governments (including the County) for public safety services ("Proposition 172 Funds"). See Table A-6 for General Fund Intergovernmental Revenue herein;
- 1.25% local tax imposed under the Uniform Local Sales and Use Tax Law (known as the "Bradley-Burns Act"), with 0.25% dedicated to county transportation purposes and 1% for city and county general purpose use (the County receives the 1% portion of the tax for sales that occur in unincorporated areas);
- 0.5% Optional Local Sales Tax for transportation improvements ("Measure M Sales Tax"); Local agencies are allocated 14.6% of the tax revenues, after certain administrative costs, the County receives the unincorporated share of these revenues for use on transportation improvements; and
- 1.0625% to fund the Local Revenue Fund 2011 for AB 109.

Realignment Revenues

There have been three legislative actions by the State that resulted in significant changes in the responsibilities for major public and community programs. Each legislative action transferred programs administered by the State to local government and therefore changed program cost-sharing ratios and provided the local governments with dedicated funding from sales tax revenues and vehicle license fees. The County expects to receive $677 million of Realignment Revenue in Fiscal Year 2021-22 and has budgeted $764 million for Fiscal Year 2022-23.

1991 Realignment. The Fiscal Year 1991-92 State Budget Act enacted the first realignment program (1991 Realignment), which transferred the responsibility and funding for various health, mental health and social service programs to local governments. The State dedicated funding through a portion VLF collected and a half-cent sales tax increase and adjusted the applicable sharing ratios within social service programs shifting the proportionate costs to local governments. Realignment funds received must be used for the programs realigned to the County and provides for flexibility and innovation for the County to create and maintain programs to best meet the needs of the community. The County expects to receive $199.8 million in 1991 Realignment Revenues for Fiscal Year 2021-22 and has budgeted $207.4 million for Fiscal Year 2022-23.

2011 Realignment. The Fiscal Year 2011-12 State Budget Act included a Realignment Plan (2011 Realignment) which transferred authority and funding responsibility for certain State Support Services and Law Enforcement Services and Programs to local governments including: court security, adult offender and parolees, public safety grants, mental health services, substance abuse treatment, child welfare programs, adult protective programs, and California Work Opportunity and Responsibility to Kids (CalWORKs).

The Support Services and Law Enforcement Services and Programs is primarily funded by Sales & Use Tax with 1.0625 cents of the State sales tax base guaranteed and a specified amount of VLF. The realignment of these programs was expected to have a minimal financial impact on the County as long as the programs remained fully funded by the State. However, the growth in funding for the Law Enforcement Account has not kept pace with the increased costs of providing that service, specifically for Trial Court Services, with the current net impact of approximately $6 million. This is a state-wide issue that continues to be worked towards resolution. The County expects to receive $479.6 million in 2011 Realignment Revenue in Fiscal Year 2021-22 and has budgeted $556.8 million for Fiscal Year 2022-23.

Juvenile Justice Realignment. Senate Bill 823, Juvenile Justice Realignment, was enacted on September 30, 2020, which began the closure of the State's Division of Juvenile Justice (DJJ) and realigned the management of all youthful offenders to county governments. The Juvenile Justice Realignment Block Grant program was established for the purpose of providing County-based custody, care and supervision of youth who are realigned from DJJ or who will be otherwise eligible for a commitment to DJJ prior to its closure. To be eligible for the funding, the County is required to create a subcommittee of the multiagency Juvenile Justice Coordinating Council to develop the plan describing the facilities, programs, placements, services, supervision, and reentry strategies that are needed to provide appropriate rehabilitation and supervision services for the target population. The County of Orange convened the SB 823 subcommittee and submitted its implementation plan by the established due date of May 1, 2022. The anticipated funding for the County for FY 2022-23 is approximately $6.6 million.

Outstanding Long-Term Debt and Lease Obligations

The County's outstanding long-term debt as of June 30, 2022 is shown in the following table.

TABLE A-14

COUNTY OF ORANGE
OUTSTANDING LONG-TERM DEBT AND LEASE OBLIGATIONS

Description	Source of Repayment	Outstanding Principal Balance (June 30, 2022)	Final Maturity Date
County of Orange Teeter Plan Obligation Notes, Series B	Series A Taxes	79,978,000	07/18/2022
South Orange County Public Financing Authority, Central Utility Facility Lease Revenue Bonds, Series 2016	General Fund	44,425,000	04/01/2036
California Municipal Finance Authority Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program - Phase I)	General Fund	146,650,000	06/01/2047
TOTAL		**$ 271,053,000**	
California Municipal Finance Authority Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program - Phase II) (1)	General Fund	$185,705,000	06/01/2048

(1) The lease payments for the Series 2018A Bonds will become an obligation of the County upon substantial completion and the County has taken occupancy, which is expected to occur in Fall 2022.

Source: County of Orange, County Budget & Finance Office.

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The County's General Fund debt service payments for Fiscal Years 2021-22 through 2025-26 is shown in the following table.

TABLE A-15

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)	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) [2]	$0	$3,676,889	$6,330,065	$6,329,698	$6,329,575

(1) Represents scheduled debt service. Historically, the County has voluntarily 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 and expects to continue doing so in the future. For additional information on the maturity of the existing Teeter Notes and the Teeter Notes expected to be issued, see "Teeter Plan Notes" herein.

(2) The lease payments for the Series 2018A Bonds will become an obligation of the County upon substantial completion and the County has taken occupancy, which is expected to occur in Fall 2022.

Source: County of Orange, County Budget & Finance Office.

Short Term Debt

For the past decade, the County has issued 18-month pension obligation bonds to finance the prepayment of its contributions to its retirement system in order to secure a discount. On January 13, 2022, the County issued its Taxable Pension Obligation Bonds, 2022 Series A (the "2022 Series A Bonds") in the amount of $521.8 million in a private placement with the County Treasurer. The outstanding balance as of June 30, 2022 is $521.8 million. The 2022 Series A Bonds will mature on April 28, 2023. The 2022 Series A Bond proceeds were combined with $43.7 million in contributions from County departments to prepay the County's Fiscal Year 2022-23 pension obligation. The OCERS Board of Retirement approved a discount rate of 5.8% for the pension prepayment in connection with the issuance of the 2022 Series A Bonds. The discount, combined with the interest and issuance costs, resulted in a net savings of $30.3 million to the County.

The County borrows internally from the OC Waste & Recycling Department's solid waste enterprise fund for various information technology and capital projects to be paid off within a three-year period. At the end of Fiscal Year 2020-21, there was a $55.0 million balance in funds borrowed from the OC Waste & Recycling Department for the Sheriff-Coroner Department's Musick Jail Expansion Project ($50 million) and the Probation Department's Multi-Purpose Rehabilitation Center ($5 million). Both projects are funded from the State revenue and the internal borrowing provides flexibility as state revenues are received in arrears. Amounts borrowed are fully repaid over three years including interest at the Treasurer commingled pool rate. At the end of Fiscal Year 2021-22, there will be $40 million outstanding on the loan, with a $20 million payment planned for Fiscal Year 2022-23.

Also see the "Teeter Plan Notes" herein for information about the short-term debt. The County has not issued Tax and Revenue Anticipation Notes since 2011, as sufficient cash is available due to an increased General Fund reserve balance.

Capital and Operating Lease Obligations

The County is the lessee under a number of capital leases in effect with respect to real property and equipment used by the County. For additional information, see Note 14 in the Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2021 in Appendix B of this Official Statement.

Civic Center Master Plan

On April 25, 2017, the Board of Supervisors approved the County of Orange Civic Center Facilities Strategic Plan. The Facilities Strategic Plan involves the approximately 11-acre County "superblock" (bounded by Ross Street, Civic Center Drive, Broadway and Santa Ana Boulevard), as well as County satellite buildings within the vicinity of the Civic Center. Key goals of the plan are to improve the delivery of County services to the community by grouping similar and related services; to improve efficiencies through these departmental adjacencies; reduce energy costs by capitalizing on the Central Utilities Facility; and to improve space usage which are projected to result in lower long-term operating and maintenance costs for the County. To accomplish these goals, the plan anticipates the renovation of several existing facilities and the replacement of several facilities with new construction. These activities would result in a net increase of 390,000 square feet of government office uses within the Facilities Strategic Plan area. Implementation would occur in four phases over approximately 18 years. Phase I of the Facilities Strategic Plan was financed with $152.4 million California Municipal Finance Authority Lease Revenue Bonds, Series 2017A. The Phase I project was completed in September 2019. Phase II of the Facilities Strategic Plan was financed with $185.7 million California Municipal Finance Authority Lease Revenue Bonds, Series 2018A. The Phase II project is currently in process with an expected completion date in July 2022 with departments moving into the building in August 2022. Phase III and IV projects are discretionary and still in the early planning stages.

Overlapping Debt and Debt Ratios

The County contains numerous municipalities, school districts, and special purpose districts such as water and sanitation districts, which have issued indebtedness that is repaid out of tax revenues. Set forth in the following table is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. as of June 1, 2022. The Debt Report is included for general information purposes only. Neither the County or the Authority make any representations as to its completeness or accuracy. Some of the issues may be payable from self-supporting enterprises or revenue sources other than property and other taxes.

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TABLE A-16

COUNTY OF ORANGE
DIRECT AND OVERLAPPING DEBT
As of June 1, 2022

2021-22 Assessed Valuation: $689,088,931,331 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 06/01/22
Metropolitan Water District	20.078%	$ 4,050,737
Coast Community College District	99.999	945,789,966
North Orange County Joint Community College District	97.734	204,595,416
Rancho Santiago Community College District & School Facilities Improvement District No. 1	100.000	351,492,727
Unified School Districts	0.172-100	2,151,514,457
Anaheim Union High School District	100.000	256,268,955
Fullerton Joint Union High School District	91.744	171,937,430
Huntington Beach Union High School District	100.000	163,654,998
Elementary School Districts	36.940-100	972,328,305
Irvine Ranch Water District Improvement Districts	100.000	513,545,000
Santa Margarita Water District Improvement Districts	100.000	32,885,000
Cities	100.000	24,440,000
Orange County Community Facilities Districts	100.000	450,090,000
Other Community Facilities Districts	100.000	1,786,069,262
City and Special District Special Assessment Bonds	100.000	730,353,186
County 1915 Act Bonds	100.000	25,793,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$8,784,808,439
OTHER DIRECT AND OVERLAPPING DEBT:		
Orange County General Fund Obligations	100.000%	$ 376,780,000 (1)
Orange County Pension Obligation Bonds	100.000	521,784,000
Orange County Board of Education General Fund Obligations	100.000	11,620,000
Coast Community College District General Fund and Pension Obligation Bonds	99.999	3,689,963
Unified School District General Fund Obligations	99.989-100	292,762,878
High School District General Fund Obligations	91.744-100	104,245,960
Elementary School District General Fund Obligations	100.000	82,498,265
City of Anaheim General Fund Obligations	100.000	641,711,829
Other City General Fund Obligations	100.000	1,139,812,332
Moulton-Niguel Water District General Fund Obligations	100.000	53,095,000
TOTAL GROSS OTHER DIRECT AND OVERLAPPING DEBT		$3,228,000,227
Less: City of Anaheim supported obligations		252,706,829
TOTAL NET OTHER DIRECT AND OVERLAPPING DEBT		$2,975,293,398
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		
Anaheim Redevelopment Agency	100.000%	$125,160,000
Brea Redevelopment Agency	100.000	92,961,668
Westminster Redevelopment Agency	100.000	95,645,000
Fullerton Redevelopment Agency	100.000	42,940,000
Buena Park Redevelopment Agency	100.000	41,440,000
Other Redevelopment Agencies	100.000	321,315,127
TOTAL OVERLAPPING TAX INCREMENT DEBT		$719,461,795
GROSS COMBINED TOTAL DEBT		$12,732,270,461 (2)
NET COMBINED TOTAL DEBT		$12,479,563,632

Ratios to 2021-22 Assessed Valuation:
- Total Direct and Overlapping Tax and Assessment Debt 1.27%
- **Combined Direct Debt ($898,564,000) 0.13%**
- Gross Combined Total Debt 1.85%
- Net Combined Total Debt 1.81%

Ratios to Redevelopment Successor Agencies Incremental Valuation ($82,011,149,047):
- Total Overlapping Tax Increment Debt 0.88%

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(1) Excludes the Series 2022 Bonds listed on this Official Statement and the County of Orange Teeter Plan Obligation Notes, Series B (including the current $79.978 million outstanding and the approximate $78 million anticipated to be issued on July 18, 2022). See "Teeter Plan Notes" herein.

(2) 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.

COUNTY RETIREMENT SYSTEM

General

The County contributes to the Orange County Employees Retirement System (OCERS), which was established in 1945 pursuant to the County Employees Retirement Law of 1937 (California Government Code § 31450 et seq.) (the "Retirement Law"). OCERS is an independent, defined-benefit retirement plan in which member employees of the County, Orange County Superior Court, and certain cities and special districts within the County participate. Participating employers, including the County, share proportionally in all risks and costs, including benefit costs. OCERS is governed by the Board of Retirement (the "Retirement Board"), which is independent of the Board of Supervisors, although the Board of Supervisors appoints four members of the nine-member Retirement Board. In addition, the Treasurer sits as an ex-officio member of the Retirement Board, as required by the Retirement Law. The California Constitution vests the Retirement Board with sole and exclusive responsibility over OCERS, including without limitation, the assets of OCERS, the administration of OCERS and the actuarial services provided to OCERS. Members of the Retirement Board must discharge their duties solely in the interest of and for the exclusive purposes of providing benefits to participants and their beneficiaries, minimizing employer contributions, and ensuring reasonable expenses of OCERS. The Retirement Board's duty to OCERS participants and their beneficiaries takes precedence over any other duty. The Retirement Board also determines the annual contributions required of the County and other participating local governmental entities to fund OCERS.

OCERS practice has been to determine contribution rates by conducting an actuarial valuation on an annual basis as of each December 31. The County and other participating employers begin making contributions attributable to each annual valuation eighteen months after the respective valuation date. County payments represent approximately 75% of the payments into OCERS. The Retirement Law requires the Board of Supervisors to annually make budgetary appropriations for the purpose of making required County contributions to OCERS.

OCERS provides a "defined benefit" pension to eligible members (all regular full-time employees or part-time employees scheduled to work 20 hours or more per week) upon retirement (OCERS also provides certain disability and death benefits). Benefits formulas authorized under the Retirement Law are typically adopted through labor contracts negotiated between the County and employee bargaining units. Members' annual benefits are determined by multiplying a specified percentage of pay times years of service. The product constitutes the member's retirement benefit. In addition, benefit formulas include an age at which the member can retire and begin to receive the full amount of his benefit. There are various benefit formulas depending on the employee's hire date and bargaining unit. The majority of General members hired prior to January 1, 2013 are enrolled in a 2.7% at age 55 retirement formula. Due to the passage of the Public Employees' Pension Reform Act ("PEPRA") of 2013, most new General members hired on or after January 1, 2013 are enrolled in a 1.62% at age 65 retirement formula. The majority of Safety members hired prior to January 1, 2013 are enrolled in a 3% at age 50 retirement formula. As a result of PEPRA, new Safety members hired on or after January 1, 2013 are enrolled in a 2.7% at age 57 retirement formula.

Actuarial Valuation and Funding Methodology

OCERS' actuarial valuations determine, as of the date of the calculation (e.g., December 31, 2021), the funding (contributions) required for the Fiscal Year commencing eighteen months from the valuation date, based substantially upon analysis of the prior year's plan experience. OCERS uses the Entry Age Normal Actuarial Costs Method for funding. The actuary employs a series of economic and demographic assumptions including expected return on invested assets, the assumed future pay increases for current employees, assumed rates of disability, the assumed retirement ages of active employees, the assumed marital status at retirement, and the post-employment life expectancies of retirees and beneficiaries, contributions to OCERS, inflation, and other factors. All OCERS actuarial assumptions are subject to change at the direction of the Retirement Board.

See "Significant Changes to Actuarial Assumptions" below. Assumptions used in the December 31, 2021 actuarial valuation include:

Investment Rate of Return	7.00%
Inflation Rate	2.50% per annum
Cost of Living Adjustments	2.75% per annum
Real Across the Board Salary Increase	0.50%
Projected Salary Increases	4.00% to 11.00% for General Members; 4.60% to 15.00% for Safety Members based on Service

The valuation determines annual contribution requirements, which are expressed as a percentage of pay for each benefit formula. Employer contribution rates are comprised of both normal cost and an amount to amortize the outstanding balance of the unfunded actuarial accrued liability ("UAAL"). The "normal cost" represents the amount of contributions required to fund the cost associated to the current year of service, plus a cost of living factor. Member employees also pay a normal contribution, based on formulas specified in the Retirement Law. Additionally, certain bargaining agreements require employees to pay a portion of the UAAL on behalf of the County.

The UAAL represents the amount by which the actuarial accrued liability (the present value of projected future benefits earned by employees as of the respective valuation date) of OCERS exceeds the Actuarial Value of Assets. The Actuarial Value of Assets means the market value of assets exclusive of the unrecognized gains and losses from investment over the previous five years. The unrecognized return is equal to the difference between the actual return and the assumed return on a market value basis. The difference each year is "smoothed" by separately recognizing the difference in 20% increments over the subsequent five (5) years. The "smoothing" technique is intended to recognize market value gains and losses over time to reduce volatility in resulting contribution rates. The UAAL is owed to OCERS by all participating employers, including the County, amortized over a period of years and once a UAAL is determined, in order to calculate required contributions, OCERS uses differing amortization periods for gains and losses depending upon the reason for such gain or loss.

In 2013, OCERS reset the UAAL amortization period combining and re-amortizing the entire outstanding balance of the December 31, 2012 UAAL over a single 20-year period. Any future changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in plan amendments will be amortized over separate 15-year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.

December 31, 2021 Actuarial Valuation

OCERS' December 31, 2021 actuarial valuation (the "2021 Valuation") calculated UAAL as of December 31, 2021 as $4.5 billion (County's portion is approximately $3.9 billion), a decrease of $852 million from OCERS' December 31, 2020 valuation (the "2020 Valuation"). The decrease in the UAAL is primarily due to investment gains and individual salary increases less than expected partially offset by actual contributions less than expected and cost of living adjustment increases more than expected in 2022. The ratio of the Valuation Value of Assets (the Actuarial Value of Assets less certain non-valuation reserves) to Actuarial Accrued Liabilities in the 2021 Valuation increased to 81.15% from 76.51% in the 2020 Valuation. The average employer contribution rate has decreased from 40.76% of payroll to 37.82% of payroll in the 2021 Valuation. For more information regarding the funding progress of OCERS, see table A-18 herein. The County would begin making contribution payments attributable to the 2021 Valuation on July 1, 2023, although it has been the County's practice to prepay these contributions in January.

Significant Changes to Actuarial Assumptions

On October 16, 2017, the Retirement Board adopted a reduction in the assumed investment rate of return from 7.25% to 7.00% and a decrease in the inflation assumption rate from 3.00% to 2.75%, which were effective July 1, 2019. On August 1, 2020, the OCERS Board adopted a further decrease in the inflation rate assumption to 2.50%, which will be effective July 1, 2022.

OCERS' rate of return on an actuarial and market basis for the last ten years is shown in the following table. As of May 31, 2022, OCERS' current calendar year-to-date market rate of return is (4.26)%, but the County cannot predict the final market rate of return for 2022.

TABLE A-17

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
INVESTMENT RETURNS

Year Ended December 31	Actuarial Value Investment Return	Market Value Investment Return
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
2021	11.38	17.71
5-Year Average Return	7.98	11.13
10-Year Average Return	7.13	9.04

Source: Orange County Employees Retirement System Actuarial Valuation and Review December 31, 2021.

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Table A-18 shows the funding progress for OCERS: the funding ratio and the ratio of UAAL to annual payroll. OCERS' Actuarial Value of Assets recognizes each year's asset gains or losses over a five-year period, one fifth per year.

TABLE A-18

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
(Dollars in Thousands)

Actuarial Valuation Dec. 31	Valuation 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]	Projected Covered Payroll[5]	UAAL as a Percentage of Projected Covered Payroll[6]
2012	$9,469,208	$9,750,989	$15,144,888	$5,675,680	62.52%	63.17%	$1,609,600	352.55%
2013	10,417,125	11,011,261	15,785,042	5,367,917	65.99	67.65	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
2021	19,488,761	21,738,794	24,016,073	4,527,312	81.15	90.52	2,052,706	220.55

(1) The Valuation Value of Assets exclude assets held in the Investment Account and prepaid employer contributions. See "County General Fund Budget – Reserves" herein.
(2) Actuarial Accrued Liability minus Valuation Value of Assets, County's December 31, 2021 portion is approximately $3.9 billion.
(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.

Source: OCERS Comprehensive Annual Financial Reports and actuarial valuations.

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TABLE A-19

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
CHANGES IN FIDUCIARY NET POSITION [1]
(In Thousands)

	Years Ended December 31		
	2019	**2020**	**2021**
Contributions Received[2]	$ 933,166	$ 939,191	970,125
Net Investment Income (Loss)	2,182,666	2,220,401	3,298,237
Net Securities Lending Income	1,142	866	956
Participant's Benefits[3]	(887,653)	(961,778)	(1,031,289)
Withdrawals and Refunds	(13,249)	(11,547)	(14,449)
Administrative Expenses	(19,171)	(20,428)	(21,473)
Increases in Net Position Restricted for Pension and OPEB	$ 2,196,901	$ 2,166,705	$ 3,202,107

(1) Reported on a market value
(2) Includes employer and employee pension contributions to OCERS.
(3) Participant benefits include death benefits.

Sources: OCERS Comprehensive Annual Financial Reports.

Table A-20 below shows the County's required contributions and the percentage contributed for Fiscal Years 2011-12 to 2020-21.

TABLE A-20

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
COUNTY CONTRIBUTIONS
(Dollars in Thousands)

Year Ended June 30	County Cash Contribution	Investment Account Contribution[1]	Total Annual Required Contribution	Percentage Contributed
2012	$310,736	$11,000	$321,736	100%
2013	328,953	0	328,953	100
2014	348,597	10,000	358,597	100
2015	371,810	0	371,810	100
2016	384,133	0	384,133	100
2017	405,494	0	405,494	100
2018	433,098	0	433,098	100
2019	440,634	0	440,634	100
2020	475,676	0	475,676	100
2021	503,799	10,000	513,799	100

(1) See "County General Fund Budget – Reserves" herein.

Sources: County of Orange Comprehensive Annual Financial Report.

The UAAL, the funded ratio, calculations of normal cost as reported by OCERS and the resulting amounts of required contributions by the County are "forward looking" information. Such "forward looking" information reflects the judgment of the Retirement Board and its actuaries as to the amount of assets which OCERS will be required to accumulate to fund its liabilities for future benefits over the lives of the currently active employees, vested terminated employees and existing retired employees. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or may be changed in the future.

For additional information, see Note 19 in the "Notes to the Basic Financial Statements Fiscal Year Ended June 30, 2021," which appears in Appendix B of this Official Statement. Various reports for OCERS including the OCERS Comprehensive Annual Financial Report are posted from time to time on the OCERS' website, www.ocers.org. Neither the County or the Authority take responsibility for the continued accuracy of this internet address or for its accuracy, completeness or timeliness of information posted therein, and such reports and other information is not incorporated herein by such reference.

Post Employment Health Care Benefits

Plan Description. The County of Orange Third Amended Retiree Medical Plan (the "Retiree Medical Plan") is an Other Post Employment Benefit plan ("OPEB"), intended to assist career employees in maintaining health insurance coverage following retirement from County service. The Retiree Medical Plan was established by the Board of Supervisors. The Board of Supervisors is also the authority for amending the Retiree Medical Plan. The Retiree Medical Plan is not required by the Retirement Law. 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 does not create any vested right to the benefits.

In order to be eligible to receive the Grant upon retirement, the employee must have completed at least 10 years of County 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 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 2022 is $24.63 per year of County service, and the maximum monthly Grant is $615.75. 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 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 date the Board of Supervisors approved the restructuring of the Retiree Medical Plan for each labor agreement are not subject to the Medicare reduction. The Grant is also reduced by 7.5% for each year of age prior to age 60 and increased by 7.5% for each year of age after age 60 up to age 70 for current employees retiring after the effective date. The effective date varies by the date the Board of Supervisors approved each labor agreement. 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.

The Retiree Medical Plan also provides a frozen lump sum payment to terminated employees 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 plan) multiplied by the employee's qualifying hours of service (as defined) since the Retiree Medical Plan's effective date.

Employees represented by the American Federation of State, County and Municipal Employees ("AFSCME") who retired before September 30, 2005 are not subject to the Medicare reduction or age adjustment to the Grant. The amount of the Grant 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 if they meet the minimum plan requirements.

Employees represented by the Association of Orange County Deputy Sheriffs ("AOCDS") who were hired on or after October 12, 2007 are not eligible to participate in the Retiree Medical Plan. 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 Health Reimbursement Arrangement ("HRA") plan was established to replace the Grant for new (employed after October 12, 2007) AOCDS employees, and to supplement the frozen grants for current AOCDS employees.

Employees represented by the Association of County Law Enforcement Managers ("ACLEM") who were hired on or after June 19, 2009 are not eligible for participation in the Retiree Medical Plan. Service hour accruals for the Grant calculations for Law Enforcement Management 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 health reimbursement arrangement Plan was established to replace the Grant for new employees, and to supplement the frozen grants for current employees.

Employees represented by the Orange County Attorneys Association ("OCAA") hired on or after July 8, 2016 are not eligible for participation in the Retiree Medical Plan. An HRA was established to replace the Grant or lump sum for all active OCAA employees.

Effective January 1, 2008, health insurance premium rates were separated by active and retired employees except for employees represented by AOCDS. Effective July 1, 2008, retiree health insurance premium rates for retired employees enrolled in the AOCDS health plans will be 10% higher than active employees. For additional information, see Note 20 in the Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2021 in Appendix B of this Official Statement.

Funding Policy. Prior to Fiscal Year 2007-08, the County paid Retiree Medical Plan liabilities on a "pay-as-you-go" basis from a combination of County contributions and certain excess reserves from OCERS. In order to more adequately fund benefits under the Retiree Medical Plan, on June 19, 2007, the Board of Supervisors adopted the County of Orange Retiree Medical Trust (the "115 Trust") effective July 2, 2007. The 115 Trust is a trust under Section 115 of the Internal Revenue Code. In addition, the County and OCERS have entered into agreements for OCERS to establish an Internal Revenue Code Section 401(h) Trust (the "401(h) Trust") and to invest monies and pay benefits from the 401(h) Trust (except for the lump sum payment). The County has deposited the full Actuarially Determined Contribution ("ADC") into the 401(h) Trust beginning in Fiscal Year 2007-08. The County implemented a policy to make an employer contribution in an amount equal to the ADC for the affected labor groups except ACLEM. The costs to administer the Trust are paid from the Trust.

In Fiscal Year 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.

The County is currently contributing 0.2% 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 ADC for those groups. Additionally, ACLEM employees covered under the "3@50" safety retirement formula contributed 1.6% of base pay.

Reporting Requirements. In June 2015, Government Accounting Standards Board ("GASB") issued two statements that address financial reporting for OPEB, GASB Statement No. 74 and GASB Statement No. 75. GASB Statement No. 75 expands the required OPEB related noted disclosures and supplementary information in the financial statements of employers such as the County as well as requiring such employers to recognize the full amount of net OPEB liabilities on their balance sheets. The County has included the required disclosures beginning with the County's Annual Comprehensive Financial Report for the Fiscal Year ending June 30, 2018. As of June 30, 2021, the County reported a liability of $305.4 million for its proportionate share of the collective net OPEN liability. The collective OPEB liability was measured as of December 31, 2020, and the County's proportion of the collective 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.

Actuarial Methods and Assumptions. The County contracts with an outside actuarial consultant, Bartel Associates, LLC ("Bartel"), to prepare the actuarial valuations in conformance with GASB Statements No. 74 and 75. The County received a June 30, 2021 valuation for Fiscal Years 2022-23 and 2023-24 for the Retiree Medical Plan. Among the actuarial methods and assumptions used in the 2021 valuation are:

- The entry age normal actuarial cost method.
- Closed period amortization of the June 30, 2008 UAAL over 29 years (15 years remaining as of June 30, 2022).
- A 7.00% long-term expected rate of return on funds held in the Trust.
- A 3.00% per annum payroll increase assumption.
- A 2.50% per annum general inflation rate assumption.
- The assumed annual increases in the monthly Grant of 5% for American Federation of State, County and Municipal Employees ("AFSCME") employees and 3% for non-AFSCME employees. The healthcare trend (the growth in healthcare costs) was assumed to be greater than or equal to the Grant through 2021 and beyond. Therefore, healthcare trend rates have little impact on the projected benefits and UAAL due to the 3% (or 5% for AFSCME) cap on Grant annual increase.
- There are an estimated 27,324 participants in the plan of which 17,706 are employees, 53 are deferred retirees, and 9,565 are retirees.

The 2021 valuation reports a UAAL of $310.3 million for the Retiree Medical Plan for the Fiscal Year ended June 30, 2021. GASB requires the blended rates benefit be included in the UAAL calculation, 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 ratio were calculated reflecting the County's funding policy rather than GASB requirements, it would be larger than that shown below. Excluding the Actuarial Accrued Liability (AAL) for the blended rates benefit, which are funded on a pay-as-you-go basis, from the Total GASB AAL for the Plan, the Actuarial Value of Plan Assets as a percentage of the AAL for the Grant and lump sum benefit is 64.0%. The following table shows the funding progress for the Retiree Medical Plan.

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TABLE A-21

ORANGE COUNTY RETIREE MEDICAL PLAN
SCHEDULE OF FUNDING PROGRESS
(Dollars 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)
2013	$155,702	$573,763	$418,061	27.1%	$1,217,052	34.4%
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.

Source: Orange County Comprehensive Annual Financial Reports June 30, 2021 and June 30, 2021 Actuary Valuation.

RISK MANAGEMENT AND LITIGATION

Insurance

The County has maintained a formal risk management program since the mid 1970's. The functions of CEO Risk Management include risk identification, avoidance, prevention, transfer, mitigation and financing programs. Risk mitigation is achieved through both self-insurance (risk retention) programs and the purchase of commercial insurance. Claims and litigation management also includes subrogation cost recovery activities.

Resources are budgeted in the Workers' Compensation Internal Service Fund and the Property and Casualty Risk Internal Service Fund. These internal service funds pay program costs including losses, expenses and administration costs. The cash reserves held in these internal services funds are retained for the payment of current and future costs. Actuarial studies are performed annually to determine the funding requirements for these activities.

Commercial insurance coverage is purchased for the County's property and for certain specialized liability exposures, including those related to airport, aircraft and watercraft operations. Additional coverages include but are not limited to earthquake, crime policies, cyber liability, notary bonds, and excess insurance for liability exposures. General and auto liability exposures are self-insured up to $5 million. Excess liability insurance provides up to an additional $60 million in liability coverage. Workers' Compensation is self-insured up to $20 million. Various risk control techniques, including employee accident prevention training and regular work-site inspections, have been established to minimize losses.

Litigation

The Office of County Counsel generally represents the County's interests in lawsuits involving actions of the Board of Supervisors, County employees or agents of the County. These actions include employment, environmental and land use, contractual obligations, inverse condemnation and property tax refunds. Legal matters controlled by the CEO's Office of Risk Management are assigned to a panel of lawyers and law firms selected by the Board of Supervisors following a recommendation by the Office of Risk Management. There are a number of lawsuits pending against the County which, depending on their outcome, may have financial impacts on the County. The County believes however, that the aggregate liability it might incur as a result of adverse decisions in such cases will not have a material adverse effect on the County's ability to make Base Rental Payments in amounts sufficient to pay the principal of and interest on the Bonds as described in this Official Statement.

Orange County Catholic Worker et al. v. Orange County et al. **and** ***Ramirez et al. v. The County of Orange***

In January 2018, the Orange County Catholic Workers and seven individual plaintiffs sued the County as well as the Cities of Anaheim, Costa Mesa and Orange claiming the defendants failed to adequately address the homeless problem within the County and the named cities. Shortly thereafter, the City of Santa Ana filed a Cross-Complaint against the County, and all cities in the County, claiming that the City of Santa Ana is disproportionally burdened by the homeless population and has incurred expenses as a result. In February 2018, the Legal Aid Society of Orange County, on behalf of People's Homeless Task Force and seven individual alleged homeless plaintiffs sued the County, alleging they had no reasonable alternative due to their disabilities but to live on the Santa Ana Riverbed and that the County's intention to remove the plaintiffs from the Santa Ana Riverbed violated the American with Disabilities Act, the Civil Rights Act, and the United States and California Constitutions.

In September 2018, the County and the City of Santa Ana entered into a Memorandum of Understanding with respect to the acquisition and funding of a homeless shelter, which would provide up to 425 beds. While the County agreed to fund up to $10 million for the shelter acquisition and up to $1,000,000 a year for operating costs, such funds were already previously budgeted by the County for homeless and mental health issues. Later, the City of Santa Ana withdrew from the Memorandum of Understanding with the County and the shelter is now run and owned by the County, with the City of Santa Ana having priority access to a certain number of shelter beds a night.

The plaintiffs' counsel in the *OC Catholic Worker* case and the *Ramirez* case negotiated a joint settlement agreement (the "Settlement Agreement"), which was approved by the court in February 2019. The Settlement Agreement settled the injunctive relief portion of both matters. In addition, pursuant to the Settlement Agreement, the County paid a total of $2 million in total in attorneys' fees, damages, and costs for the two cases.

Under the Settlement Agreement, the County and the plaintiffs agree to "Standards of Care" for shelters. While this case has settled, Judge Carter will retain jurisdiction to settle/decide disputes regarding the terms of the Settlement Agreement, including any dispute with respect to the shelters, for a period of three years from the effective date of the Settlement Agreement, which the County has agreed with plaintiffs is August 2023, three years after the "Standards of Care" were finalized.

Laguna Greenbelt, Inc., et al., v. County of Orange (100-Acre) Sacramento Co. Superior Ct. Consolidated Case # 34-2018-80002878-CU-WM-GDS [consolidated with Heritage Fields El Toro, LLC v. County of Orange (100-Acre), City of Irvine v. County of Orange (100-Acre), County of Orange v. City of Irvine (100-Acre), City of Laguna Beach v. County of Orange (100-Acre), City of Irvine v. County of Orange (WAP), City of Laguna Beach v. County of Orange (WAP), Heritage Fields El Toro, LLC v. County of Orange (WAP)]

This consolidated action arises out of the County's November 14, 2017, approval of the El Toro 100-Acre Development Plan project and related EIR certification, and the June 5, 2018, approval of the West Alton Parcel Development Plan project and its related EIR certification, respectively (collectively referred to as "the projects"). The projects consisted of administrative frameworks to guide development of two parcels of County-owned and/or controlled property in the City of Irvine ("City"), on the former Marine Corps Air Station El Toro (El Toro), to which the County asserted land use authority to approve and permit the projects.

On June 5, 2020, the Board of Supervisors vacated all approvals and related environmental certifications for the projects, after receiving the court's decision on the County's Motion for Summary Judgment ("MSJ"; decided in February 2020). This vacation rendered most of the litigation moot. The County action against the City was fully resolved as a result of the court's MSJ ruling and judgment. The County, through settlement, also fully resolved the two lawsuits filed by the City of Laguna Beach, including all claims for attorneys' fees, at no cost to the County. Further, petitioners Laguna Greenbelt, Heritage Fields and the City voluntarily dismissed their California Environmental Quality Act and Reverse Validation claims, without prejudice. These latter three petitioners will seek to recover attorneys' fees and costs associated with the dismissed claims, at a time to be determined by the judge. At this point, it is uncertain whether and to what extent the court will grant attorneys' fees.

The only claims that remain to be adjudicated are those brought by Heritage Fields and the City, seeking declaratory relief that the former's development agreements with the latter (to which the County is not a party) impose encumbrances on the County's properties, which restrict the County's uses to "institutional" or those stated in the development agreements. Heritage Fields and the City do not seek monetary damages but do ask for costs of suit and attorneys' fees under the private attorney general statute. The County does not believe that the subject development agreements impose any restrictions or encumbrances on County uses, and, thus, has filed a second MSJ seeking to dispose of the litigation. Discovery has been continued until July 2022. If settlement discussions are not successful, discovery will resume and the litigation will become active once again.

Given the remaining claims in the litigation, the County no longer has exposure for monetary damages. However, there remains potential exposure for attorneys' fees and costs payable to Laguna Greenbelt, Heritage Fields and the City, based on the dismissed CEQA actions as well as the pending declaratory relief claims. The amount of these costs is difficult to estimate, given that they are attorney-specific and dependent on the number of hours worked and individual rates charged, and that the County believes it has defenses to some or all claims of attorneys' fees under the private attorney general statute.

Melissa Ahlman et al. v. Don Barnes and County of Orange (Defense of Federal Court Action by County Counsel)* and *Campbell, Cynthia, et al. v. Don Barnes

The American Civil Liberties Union (ACLU) filed the *Ahlman* action against the Sheriff and the County on April 30, 2020, seeking emergency injunctive relief, including (1) mandated compliance with CDC guidelines for COVID-19 in the County Jail, and (2) the immediate release of all "medically vulnerable" jail inmates. The ACLU then filed the *Campbell* action in state court on June 2, 2020, against the Sheriff, seeking similar relief as the *Ahlman* case, but under state law, alleging the Sheriff violated the rights of medically vulnerable inmates in the County Jail due to the COVID pandemic.

These cases resolved with the execution of a global settlement agreement, which was ratified by the Board of Supervisors on May 24, 2022. Preliminary approval of the settlement agreement is pending before the federal court judge. The settlement agreement requires the Sheriff to continue following the CDC guidance and public health recommendations for COVID-19 as well as periodic reporting to the ACLU of COVID case numbers, COVID vaccine rates, jail population, etc., and the payment of plaintiffs' attorney fees in the amount of approximately $3.7 million. The agreement terminates upon the COVID-19 emergency declarations terminating, the California Department of Public Health declaring the COVID-19 to be in endemic status, six months from final court approval, or February 1, 2023, whichever occurs earliest.

Pizzeria Ortica LLC, individually, and on behalf of all others similarly situated, v. County of Orange* and *Darya Restaurant, Inc., individually and on behalf of all others v. County of Orange

These two cases arise out of State mandated shutdowns related to COVID-19. Pizzeria Ortica LLC ("Pizzeria") and Darya Restaurant, LLC ("Darya") filed their class actions on January 11, 2021, and June 17, 2021, respectively. Both actions are filed on behalf of the named Plaintiffs and "and all businesses or related persons who have paid fees, taxes, or charges in connection with a public permit and/or license to the County of Orange, Orange County Health Care Agency and the State of California Department of Alcohol and Beverage Control, while being prevented from operating." Plaintiffs are seeking a judicial declaration that the County and State's imposition and collection of health permit and licensing fees, and/or other charges from businesses that are prevented from operating in the past year is an unlawful tax; they further are seeking an injunctive relief to prevent the County and the State from further collection of such fees; and they are seeking a refund of all fees, taxes, and/or charges collected and damages sustained as a result of their legally mandated participation in the public health permit and/or license program with the County of Orange and the State of California Department of Alcohol and Beverage Control ("ABC"). Finally, Plaintiffs seek to recover attorney's fees and costs. Plaintiffs have named the County, the Orange County Health Care Agency and ABC as Defendants.

Plaintiffs have filed virtually similar lawsuits against various counties. Plaintiffs recently prevailed in their motion for judicial coordination for the above-referenced matters (and the matter is now pending before Judge Stuart Rice and known as "*Restaurant Fee Cases*," Case No. JCCP5180. Judge Rice recently sustained ABC's demurrer effectively dismissing ABC from each of the cases on jurisdictional grounds. This has given many of the County defendants the basis for a remand motion back to their home courts, which has been filed but may end up stayed (along with the rest of the litigation) pending Plaintiffs' appeal of ABC's demurrer. At this time, the County cannot predict the outcome of such litigation or any final award of damages or settlement amounts.

Vedanta Society of Southern California vs. OC Parks District

Vedanta Society of Southern California ("VSSC") filed this action against the County (erroneously named in the Complaint as the "OC Parks District") on March 29, 2021, for declaratory relief, quiet title, injunctive relief and nuisance. VCSS seeks quiet title to a 232-acre property, which VSSC had conveyed to the OC Harbors, Beaches, and Parks District (the "District) in 1974. VCSS also seeks injunctive relief as to the 232-acre parcel (in the alternative to quiet title) and another 13-acre parcel which VSSC had conveyed to the District in 1975.

The two parcels at issue became part of O'Neill Regional Park after the District's acquisition. The deeds for these parcels include various restrictions and conditions. VSSC alleges that these conditions are conditions subsequent and that it reserved a reversionary interest for its benefit. After dissolution of the District in 1988, the County of Orange acquired ownership of this property as successor in interest to the District. VSSC alleges that the County has breached the conditions of the deeds for the two parcels. Based on those allegations, VSSC is seeking to enforce its reversionary interest in the 232-acre parcel to quiet title in VSSC's favor. In its requests for injunctive relief, VSSC is seeking to compel the County to return the property to its "1974 condition," and for the County to repair Monastery Road (which is a road that traverses both parcels, is in apparent disrepair, and is a road for which VSSC holds an easement for access to its Monastery).

The parties reached an impasse in mediation and settlement negotiations. The County intends to defend the matter vigorously, but it is too soon in the litigation to predict the likelihood of an unfavorable result at this time. The County could be liable for attorneys' fees. The discovery phrase of the litigation is ongoing, and the next court hearing is early Fall 2022.

Delux Public Charter LLC, et al. v. County of Orange, et al.

On December 14, 2020, County Counsel received notice from counsel for Plaintiffs, Delux Public Charter, LLC D/B/A JSX Air and JetSuitex, Inc. ("JSX") that a Complaint and Application for TRO had been filed in the United States District Court, Central District of California, challenging a lease provision in ACI Jet's lease ("Lease Provision").

On December 23, 2020, a United States District Court Judge Josephine Staton issued an oral ruling granting the Application for TRO. On January 4, 2021, Judge Staton issued a written order enjoining the County from enforcing the Lease Provision.

On January 19, 2021, after the Board of Supervisors took action to remove the Lease Provision from ACI Jet's lease and two other Fixed Base Operator ("FBO") leases. The Plaintiffs have filed amended complaints adding various State law causes of action, including for interference with business relations and contract. The plaintiffs seek damages in excess of $2 million.

At this time, it is difficult to speculate the outcome as the County needs more information to evaluate the new causes of action and is waiting for its motion to dismiss to be heard this summer 2022. In addition to alleged monetary damages in excess of $2 million, Plaintiffs also seek an award of attorneys' fees in connection with their cause

Nine Claims re District Attorney Manager

Seven County employees allege a manager in the District Attorney's office sexually harassed them in the workplace. They have filed suit against the County claiming sexual harassment and retaliation. A private attorney has filed a lawsuit against the County claiming defamation and negligence regarding alleged discriminatory acts by the same manager. In addition, a former District Attorney executive manager filed a lawsuit against the County alleging the District Attorney's office took adverse employment actions against her that impaired her ability to perform her job. These lawsuits are at the pleading stage, and the County cannot predict the outcome of such litigation or any final award of damages or settlement amounts.

COUNTY INVESTMENT POLICY

The Treasurer's authority to deposit and invest County funds comes from an annual delegation from the Board of Supervisors. Additionally, the California Education Code requires community colleges and school districts located in the County to deposit their money with the Treasurer. The Treasurer may invest deposits from other districts and local agencies under a procedure established by California Government Code Section 53684 and other statutory provisions.

The total investment responsibility of the Treasurer as delegated by the Board of Supervisors is the Orange County Investment Fund ("OCIF"). The OCIF consists of pooled funds and specific investment accounts, called the County Treasury. The total pooled funds are referred to as the Orange County Treasurer's Pool ("OCTP") and consist of the Orange County Investment Pool ("OCIP") that includes the County's and the Voluntary Participants' funds, the Orange County Educational Investment Pool ("OCEIP") that includes all funds of the Educational Districts, and each Specific Investment Account. The investment practices and policies of the Treasurer comply with State law and prudent money management. The primary investment goal of the County funds is to ensure and maintain security of principal, a secondary emphasis of adequate liquidity, and thirdly a rate of return within the parameters of prudent risk management. The Board of Supervisors approved the 2022 Investment Policy Statement ("IPS") on December 14, 2021. A copy of the 2022 IPS is located at https://www.octreasurer.com/publicfunds. Neither the County or the Authority take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

The maximum maturity of any investment purchased will be five years except for investments and investment pools authorized by the Board of Supervisors or the appropriate legislative body to be invested in longer than five-year maturities. The maximum duration of the OCTP is 1.5 years, and the duration at May 2022 is at 0.83 years. All investments in OCIF are marked to market daily to calculate their daily fair value. The OCTP augments safety by diversifying investments across top-rated securities and maturities while maintaining robust internal controls for accounting, reporting, compliance, document safekeeping, collateralization, and ensuring the qualification of broker-dealers.

TABLE A-22

AUTHORIZED INVESTMENTS

Type of Investment	CA Gov Code % of Funds Permitted	Orange County IPS	CA 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 1/1/20)	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	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

Source: Orange County Treasurer-Tax Collector.

The IPS expressly prohibits leverage, reverse repurchase agreements, structured notes, structured investment vehicles ("SIV"), derivatives or Money Market Mutual Funds that do not maintain a constant Net Asset Value ("NAV"). Examples of structured notes include inverse floaters, leveraged floaters, structured certificates of deposit, equity-linked securities, and event-linked securities. This prohibition includes all floating rate, adjustable rate or variable rate securities where a change in interest rates or other variables during their term can reasonably be foreseen and would result in their market value not returning to par at the time of each interest rate adjustment.

Investment Credit Rating Restrictions

All short-term and long-term investments, except as noted below, must have the minimum ratings required of A-1/AA or P-1, MIG1/VMIG1, Aa or F1/AA by at least two Nationally Recognized Statistical Ratings Organizations ("NRSRO") and the lowest rating of any NRSRO must meet or exceed this minimum rating requirement. 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 rating.

- Municipal debt issued by the County of Orange, U.S. Government obligations and State Pool, are exempt from the credit rating requirements listed above.

- Money Market Mutual funds and Investment Pools require the highest ranking or the highest letter and numerical rating provided by at least one NRSRO. The State Pool is exempt from the credit rating requirements.

Any issuer, and all related entities, that has 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 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 and also approved in writing by the Treasurer prior to purchase.

On December 19, 1995, pursuant to the Government Code, the Board of Supervisors established the Treasury Oversight Committee. The Treasurer nominates and the Board of Supervisors confirms the public members of the Treasury Oversight Committee, which is currently comprised of the CEO, the Auditor-Controller, the County Superintendent of Schools and four public members, a majority of which is required to have expertise in public finance.

Pursuant to the IPS, monthly, quarterly, and annual reports (in compliance with Government Code Sections 53607, 53646, and 27134) will be submitted to the Treasury Oversight Committee, the Pool Participants, the CEO, the Director of Internal Audit, the Auditor-Controller, and the Board of Supervisors. These reports will contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and will comply with Government Code. In accordance with GASB Statements No. 31, 40, 72 and 84, financial information is reported within the County's Annual Comprehensive Financial Report. The annual audit report of the Treasury will be provided as required by California Government Code Section 26920-26923. In addition, an annual compliance audit is conducted as required by California Code Section 27134. Daily compliance of the investment portfolio is performed by the Accounting and Compliance Units in the Office of the Treasurer Tax Collector.

In addition to the above reports, the Auditor-Controller, at the request of the Treasury Oversight Committee, conducts quarterly compliance monitoring of the Treasurer's investment portfolio. The purpose of the Auditor-Controller's monitoring is to determine whether the County's investment portfolio managed by the Treasurer complies with certain provisions specified in the IPS and that all portfolio non-compliance, including technical incidents and required diversification disclosures, are properly reported in the Treasurer's Monthly Investment report.

As of May 31, 2022, the market value of the OCIP was $5,919,294,945. The diversification of the OCIP's assets as of May 31, 2022, is shown in the following table.

Type of Investment	% of County Pool
U.S. Treasuries	56.38%
U.S. Government Agencies	30.51
Money Market Mutual Funds	8.33
Municipal Debt[1]	4.18
Local Agency Investment Fund	0.60

(1) Includes County's Taxable Pension Obligation Bonds, 2022 Series A (market value)

Source: Orange County Treasurer-Tax Collector.

The weighted average maturity of OCIP was 306 days for May 2022. The current gross and net year-to-date yields for Fiscal Year 2021-22 are 0.51% and 0.46% for OCIP as of May 2022, which is slightly lower than the current forecasted for the OCIP gross and net yields for Fiscal Year 2021-22 of 0.54% and 0.48%.

Amendments to the County Investment Policy

The State Legislature could modify the currently authorized investments and place restrictions on the ability of public agencies, including the County, to invest in various securities. Therefore, there can be no assurances that the investments in the Pools will not vary significantly from the investments described herein or as authorized by Section 53601 of the California Government Code. There can be no assurance that State law and/or the IPS will not be amended in the future to allow for investments which are currently not permitted under such State law or the IPS, or that the objectives of the County with respect to investments will not change.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

The following economic and demographic information pertains to the County. The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors.

Population

Growth 2011-2021. The County is the third most populous county in the State and the sixth most populous in the nation. During the period 2011 through 2021, the population of the County increased by approximately 3.8%, compared to 5.0% for the State and 6.5% for the United States.

TABLE A-23

COUNTY OF ORANGE, STATE OF CALIFORNIA AND UNITED STATES POPULATION GROWTH

Date	County	State	United States
2011	3,037,205	37,561,624	311,583,481
2012	3,072,381	37,924,661	313,877,662
2013	3,103,018	38,269,864	316,059,947
2014	3,122,962	38,556,731	318,386,329
2015	3,144,663	38,865,532	320,728,994
2016	3,160,401	39,103,587	323,071,755
2017	3,180,125	39,352,398	325,122,128
2018	3,186,254	39,519,535	326,838,199
2019	3,185,378	39,605,361	328,329,953
2020	3,180,491	39,648,938	331,501,080
2021	3,153,764	39,466,855	331,893,745

Sources: County and State - State of California, Department of Finance, E-4 Population Estimates for Counties and State 2011-2021, with 2010 Benchmark. United States - U.S. Census Bureau statistics, July 2021.

Public Schools (Elementary and Secondary)

Public instruction in the County is provided by 13 elementary school districts, three high school districts, and 12 unified (combined elementary and high school) districts. For 2020-21, the largest district, the Capistrano Unified District, had 50,419 students enrolled. Public school enrollment for the period 2015-16 through 2020-21 is presented in Table A-24.

TABLE A-24

COUNTY OF ORANGE PUBLIC SCHOOL ENROLLMENT

Grade Levels	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Total Enrollment K-12	493,030	490,430	485,835	478,823	473,612	456,572

Source: California Department of Education, DataQuest Reports.

Colleges and Universities

The County has a number of top-rated, college-level educational institutions, including the University of California at Irvine, the California State University at Fullerton, several private colleges, universities and law schools and four community college districts.

Employment

The following table summarizes the historical numbers of workers in the County since 2017.

TABLE A-25

COUNTY OF ORANGE
ESTIMATED WAGE AND SALARY WORKERS BY INDUSTRY*

	January 2017	January 2018	January 2019	January 2020	January 2021	January 2022
Agricultural (Farm)	2,100	1,800	1,700	17,700	1,800	1,800
Mining & Logging	400	500	500	400	300	400
Construction	94,300	101,700	103,700	105,100	99,000	97,300
Manufacturing (Durable & Nondurable)	159,400	160,100	159,900	158,400	144,800	147,700
Trade, Transportation and Utilities	260,800	263,000	260,700	259,900	248,100	252,400
Information (Telecom & Publishing)	26,500	26,500	26,300	25,600	23,000	24,300
Finance, Insurance & Real Estate	119,000	119,800	116,400	118,600	116,500	115,000
Services (Professional, Health, Ed. Leisure, Other.)	765,400	796,300	819,300	841,800	713,500	809,500
Government	159,600	160,400	160,800	163,800	150,700	156,400
Total All Industries	1,587,500	1,630,100	1,649,300	1,675,300	1,497,700	1,604,800

* Does not include proprietors, self-employed, unpaid volunteers or family workers, and private household employees. Employment reported by place of work. Items may not add to totals due to independent rounding.

Source: California Employment Development Department, Current Employment Statistics dataset.

Agriculture

Although representing a small percentage of the jobs in the County, agriculture remains an important sector of the County's economy. The total dollar value of agricultural products grown within the County during the calendar year 2020 is $93,135,000, which represents an increase of 4% when compared to the 2019 overall income. Agricultural production values are based upon free-on-board packed price at the first point of delivery for a farmer and includes cost of production, harvesting and preparation for market. A five-year summary of farm production in the County is provided in Table A-26.

TABLE A-26

COUNTY OF ORANGE
GROSS VALUE OF FARM PRODUCTION

Production Type	2016	2017	2018	2019	2020
Animal Industry	$887,000	$2,094,000	$1,425,000	$1,451,000	$1,130,000
Field Products	732,000	1,187,000	188,000	192,000	820,000
Nursery	55,685,000	61,670,000	48,058,000	47,069,000	49,599,000
Orchards	38,344,000	33,935,000	27,791,000	24,062,000	28,406,000
Vegetables	19,147,000	14,351,000	16,867,000	16,415,000	13,180,000
Total	$114,795,000	$113,237,000	$94,329,000	$89,189,000	$93,135,000

Source: Orange County Agricultural Commissioner, Annual Orange County Crop Reports.

Labor Force, Employment and Unemployment

The following table summarizes the labor force, employment, and unemployment figures over the period 2015 through January 2022 for the County and the State.

TABLE A-27

COUNTY OF ORANGE AND STATE OF CALIFORNIA
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
YEARLY AVERAGE

Year and Area	Civilian Labor Force	Civilian Employment	Civilian Unemployment	Civilian Unemployment Rate
2015				
Orange County	1,584,300	1,513,100	71,200	4.5%
California	18,824,000	17,647,400	1,176,700	6.3
2016				
Orange County	1,597,400	1,532,700	64,700	4.1
California	19,012,000	17,965,400	1,046,600	5.5
2017				
Orange County	1,606,800	1,550,100	56,700	3.5
California	19,173,800	18,246,800	927,000	4.8
2018				
Orange County	1,616,000	1,568,000	48,100	3.0
California	19,263,900	18,442,400	821,500	4.3
2019				
Orange County	1,613,100	1,567,200	45,900	2.8
California	19,353,700	18,550,500	803,200	4.2
2020				
Orange County	1,553,300	1,416,700	136,600	8.8
California	18,821,200	16,913,100	1,908,100	10.1
2021				
Orange County	1,574,300	1,516,200	58,100	3.7
California	19,041,000	18,127,700	913,300	4.8
2022				
Orange County	1,572,100	1,505,900	66,200	4.2
California	19,150,000	18,104,900	1,045,100	5.5

Source: California Employment Development Department. Local Area Unemployment Statistics 1990-2020. 2021-2022: Local Area Unemployment Statistics Final December 2021 and Preliminary January 2022. Data not seasonally adjusted.

Taxable Sales

Table A-28 summarizes the annual volume of taxable transactions since 2017.

TABLE A-28

COUNTY OF ORANGE
TAXABLE TRANSACTIONS[1]
(In Millions)

Type of Business	2017	2018	2019	2020	2021[2]	2022[2]
General Merchandising and Clothing	$9,494	$9,845	$10,063	$8,660	$11,524	$12,375
All Food and Drink	10,353	10,656	11,042	8,864	10,941	12,276
Motor Vehicles and Parts	8,928	9,408	9,647	9,483	12,077	14,083
Service Stations	3,746	4,204	4,142	2,670	3,900	4,866
All Other	32,627	33,356	34,795	34,157	39,743	43,533
Total Taxable Sales	$65,148	$67,469	$69,689	$63,834	$78,186	$87,133

(1) May not add due to rounding
(2) 2021 reflects year-end estimate and 2022 reflects year-end forecast.

Source: The Chapman University Economic & Business Review, December 2021.

Housing Characteristics

The total number of housing units in the County was estimated by the California State Department of Finance to be 1,118,971 as of January 1, 2021. This compares to 1,046,118 reported as of April 1, 2010 and 875,105 in 1990. According to the California Association of Realtors, the January 2022 median home sale price in the County was $1,195,000 as compared to the $740,000 for the six Southern California Counties combined. Since 2012, the median price of existing detached homes in the County has grown more than 145%.

Building Permits

The total valuation of residential building permits issued in the County is projected to exceed $2.4 billion in 2022. Table A-29 provides a summary of residential building permit valuations in the County during the period 2017 through 2022.

TABLE A-29

COUNTY OF ORANGE
RESIDENTIAL BUILDING PERMIT VALUATIONS

	2017	2018	2019	2020	2021[1]	2022[1]
Permit Valuation						
Residential*	$ 3,217	$ 2,776	$ 2,650	$ 1,884	$ 2,422	$ 2,419
Nonresidential*	2,062	3,507	3,144	1,929	1,485	1,687

(1) 2021 reflects year-end estimate and 2022 reflects year-end forecast.
* Permit valuations are in millions

Source: The Chapman University Economic & Business Review, December 2021.

Water Supply

Maintaining the County's water supply is the responsibility of the Orange County Water District, manager of the County's groundwater basin, and the Municipal Water District of Orange County, the County's largest manager of imported water. Approximately 75% of the County's water is from local groundwater sources; the rest is imported. The County's natural underground reservoir is sufficient to carry it through temporary shortfall periods, but local supplies alone cannot sustain the present population.

Clean Water Compliance

The federal Clean Water Act ("CWA") was adopted to restore the physical, chemical, and biological integrity of the nation's waters by, among other requirements, establishing water quality standards. The states are required to evaluate the quality of their jurisdictional waters against these water quality standards periodically. Failure to meet standards results in a finding that a water body is impaired, which requires development of a Total Maximum Daily Load ("TMDL") for every pollutant contributing to impairment. A TMDL establishes the maximum amount of a pollutant that a water body can receive and still achieve water quality standards under the CWA.

The CWA made it unlawful to discharge anything except clean rainwater into the waters of the United States without a permit from the National Pollutant Discharge Elimination System ("NPDES"), which was also established by the CWA. In California, nine Regional Water Quality Control Boards ("Water Boards") issue NPDES permits, with approval by the California State Water Resources Control Board and the US Environmental Protection Agency ("EPA"). Municipal separate storm sewer systems ("MS4") are also required to have NPDES permits ("MS4 permits"). The County and local cities are under the jurisdiction of two MS4 permits. Jurisdictions in the northern portion of the County are subject to the Santa Ana Water Board MS4 permit, while jurisdictions in the south are subject to the San Diego Water Board MS4 permit. The County serves as lead permittee for both permits and the cities are co-permittees.

The MS4 permits have numerous requirements with which the County and cities must comply, including monitoring and assessment of water quality, reporting, and implementation of strategies to eliminate prohibited discharges during dry weather and reduce pollutants in wet weather runoff. The Water Boards have the legal authority to assess administrative fines of up to $10,000 per violation for each day the violation occurs. In addition, the CWA provides the ability for a citizen to sue for non-compliance, exposing the County and cities to litigation by third parties.

The MS4 permit adopted for the areas of south Orange County in 2015 required the development of a comprehensive watershed management plan which identifies strategies and a schedule for meeting water quality standards in receiving waters. The Santa Ana Water Board has released a draft MS4 permit which would require the development of watershed management plans for the areas of north Orange County. Adoption of this MS4 permit is anticipated in 2023. While every attempt is being made to optimize the use of non-structural strategies to reduce pollutant loads in runoff, these watershed management plans will rely heavily on a master planning effort which will prioritize stream restoration and structural water quality improvement projects at key locations to meet compliance deadlines and schedules. This watershed project master planning effort will be a long and complex process. It is still early in the planning and prioritization process, and costs of these stream restoration and structural water quality improvement projects could be very significant over the next 30 years during the implementation schedule of such projects. At this time, the County currently estimates that (i) projects relating to new structural treatment best management practices may range from approximately $150 million to $480 million, with the bulk of such costs occurring in years 10 through 20, (ii) projects relating to dry weather outfall diversion or treatment (excluding land acquisition) may range from approximately $44 million to $130 million, with such costs occurring over the 30 year implementation, and (iii) projects relating to stream rehabilitation (excluding land acquisition) may range from approximately $43 million to $85 million, with such costs occurring in years 5 through 30. The County's current estimated cost ranges associated with the various projects will be allocated among all municipal MS4 permittees, including the County. At this time, the County cannot determine its allocation of such estimated costs associated with the various projects. Nonetheless, the County expects that the portion of such project costs allocated to the County on an annual basis over the course of the 30 year implementation plan will not have a material adverse effect on the County's ability to make Base Rental Payments in amounts sufficient to pay the principal of and interest on the Bonds as described in this Official Statement.

The County is employing a multi-faceted strategy to comply with MS4 permit requirements and reduce the costs to develop and implement watershed management plans to meet water quality standards in receiving waters. The County works closely with the applicable Water Boards to assess monitoring data and implement special studies to help identify the causes of water quality impairments, which in turn may lead to amendments to water quality regulations and reductions in implementation costs. In this way, the County can focus its resources on improvements that are likely to have greater benefits to water quality. The County also implements a public education and outreach program to help educate businesses and residents on the importance of water quality, with a substantial effort toward educating youth. One of the goals of this approach is to influence behavior to prevent pollutants from being generated or exposed to rain in the first place, which is much more efficient than mitigating water pollution after it has already become runoff. Another strategy the County and other MS4 co-permittees employ is to seek outside funding opportunities, including grants, to help fund special studies and structural water quality improvement projects, which will help defray compliance costs.

Recreation and Tourism

The County is a tourist center in Southern California because of the broad spectrum of amusement parks and leisure, recreational, and entertainment activities that it offers. These tourist attractions are complimented by the year-round mild climate.

Along the County's Pacific Coast shoreline are five state beaches and parks, five municipal beaches, and five County beaches. There are three small-craft harbors in the County; Newport, Huntington, and Dana Point harbors.

Other major recreational and amusement facilities include Disneyland, Disney's California Adventure, Knott's Berry Farm, and the Spanish Mission of San Juan Capistrano. Also located within the County are the Anaheim Convention Center, Angel Stadium of Anaheim home of the Major League Baseball Team Los Angeles Angels of Anaheim, Honda Center of Anaheim home of the National Hockey Team Anaheim Ducks, Segerstrom Center for the Arts, and the Art Colony at Laguna Beach with its annual art festival.

Transportation

The County is situated in one of the most heavily populated areas in California and has access to excellent roads, rail, air, and sea transportation. The Santa Ana Freeway (I 5) provides direct access to downtown Los Angeles and connects with the San Diego Freeway (I 405) southeast of the City of Santa Ana providing a direct link with San Diego. The Garden Grove Freeway (SR 22) and the Riverside Freeway (SR 91) provide east-west transportation, linking the San Diego Freeway, Santa Ana Freeway and the Newport Freeway (SR 55). The Newport Freeway provides access to certain beach communities.

Drivers in the County have access to five toll roads. The 91 Express Lanes is a 10-mile express lanes toll road in the median of the SR 91 connecting Orange County and Riverside County. The San Joaquin Toll Road (73) runs from Costa Mesa to Mission Viejo connecting to the I-405 and the I-5 freeways. The Foothill Eastern Toll Roads consisting of the 241, 261 and 133 connect to the SR 91 near the Riverside County line and I-5 freeway in the City of Irvine, the Laguna Canyon Road, and other cities in South County.

Rail freight service is provided by the Burlington Northern Santa Fe Railway and the Union Pacific Railroad Company. Amtrak provides passenger service to San Diego to the south, Riverside and San Bernardino Counties to the east, and Los Angeles and Santa Barbara to the north. Metrolink provides passenger service to San Bernardino and Riverside Counties to the east, San Diego County to the south and Los Angeles County to the north. Bus service is provided by Greyhound Bus Lines. The Orange County Transportation Authority provides bus service between most cities in the County. Most interstate common carrier truck lines operating in California serve the County.

John Wayne Airport, Orange County, is located in the unincorporated area between the cities of Costa Mesa, Irvine, and Newport Beach and is owned and operated by the County. The airport is classified as a medium air traffic hub by the Federal Aviation Administration, serving the County and portions of Los Angeles, Riverside, San Bernardino and San Diego counties (its "Trade Area"). The airport is an origination and destination airport, primarily for short-to-medium haul markets in its Trade Area. Presently, 16 airlines operate out of the airport, including 12 commercial airlines (Air Canada, Alaska, Allegiant, American, Delta, Frontier, Horizon (operating as Alaska) Southwest, Spirit, Sun Country, United, and WestJet), two commuter airlines (SkyWest and Delux (dba JSX)), and two cargo airlines (FedEx and UPS). From January through December 2021, the airport served approximately 7.7 million passengers. General aviation activities at the airport are served by two full service Fixed Base Operators ("FBA") and one limited-service FBO.

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APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2021

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2021

COUNTY OF ORANGE CALIFORNIA

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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COUNTY OF ORANGE
CALIFORNIA

AUDITOR-CONTROLLER
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COUNTY EXECUTIVE OFFICE
COUNTY OF ORANGE

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333 W. SANTA ANA BLVD.
SANTA ANA, CALIFORNIA 92701

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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.

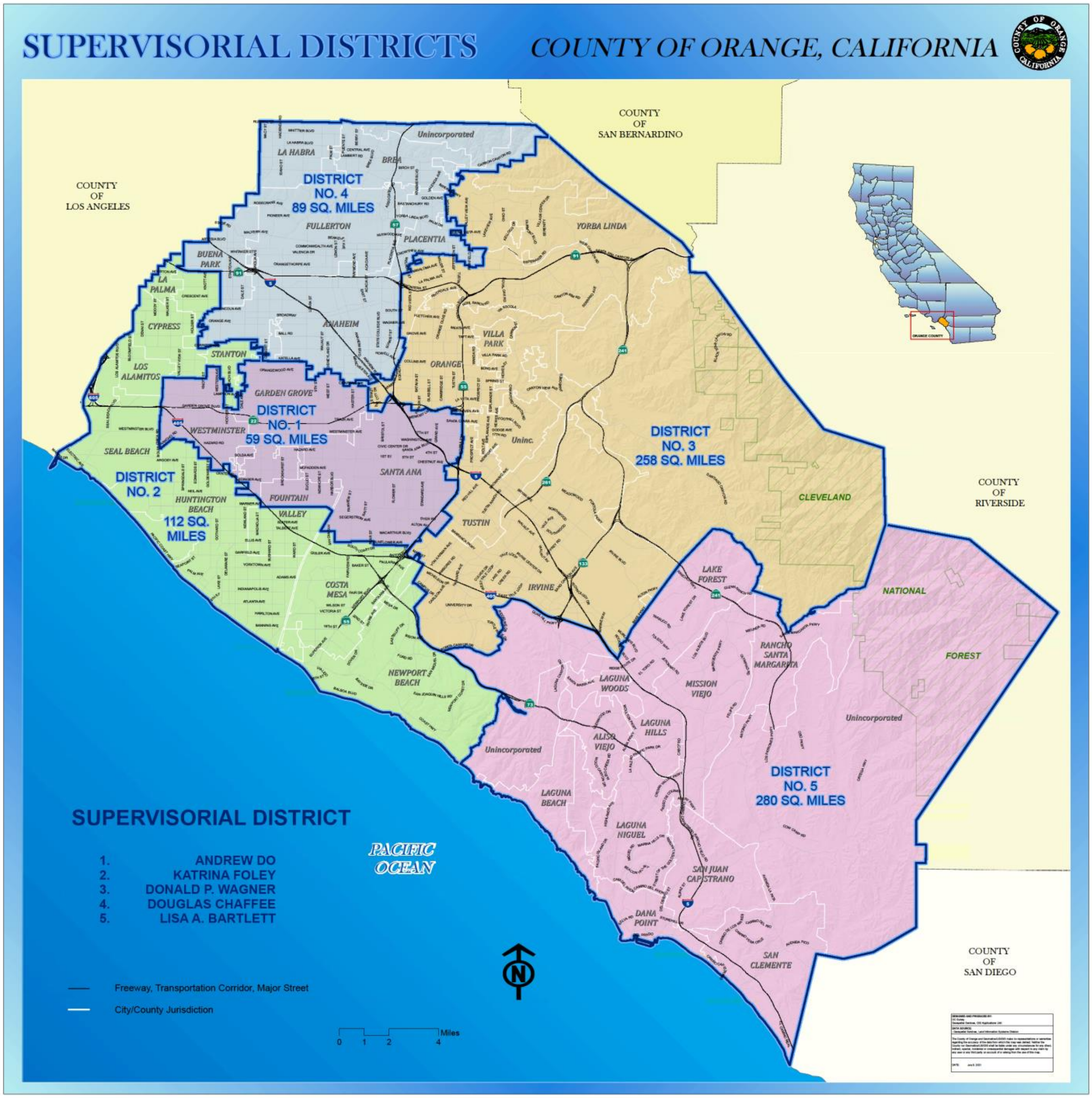
This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. MD&A provides a narrative introduction, overview, and analysis of the basic financial statements.

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	
Affordable Housing (Housing Authority)	Veterans Services
Agricultural Commissioner	Indigent Medical Services
Airport	Jails & Juvenile Facilities
Child Protection & Social Services	Juvenile Justice Commission
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	

Unincorporated Area Services	
Animal Care & Control	Libraries
Flood Control	Parks
Land Use	Waste Disposal Collection
Law Enforcement	

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.

(Dollar Amounts in Thousands)

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

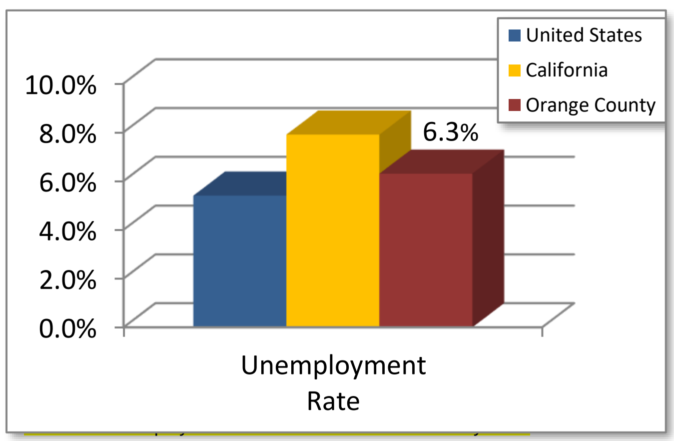


Table 2: 2021 – Projected Increase of the CPI

United States	California	Orange County
1.9%	2.0%	1.7%

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

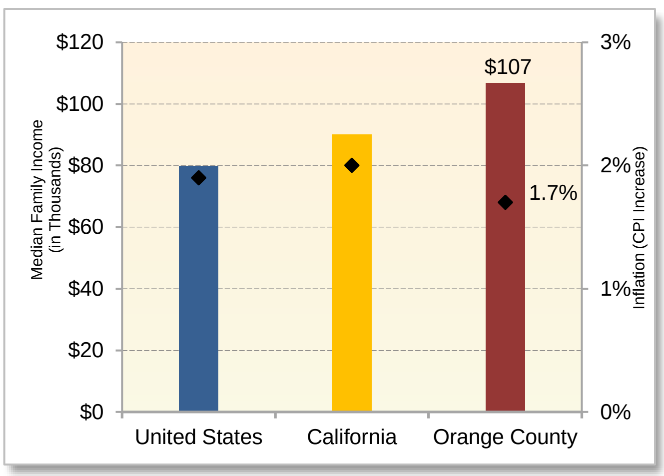
(Dollar Amounts in Thousands)

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).

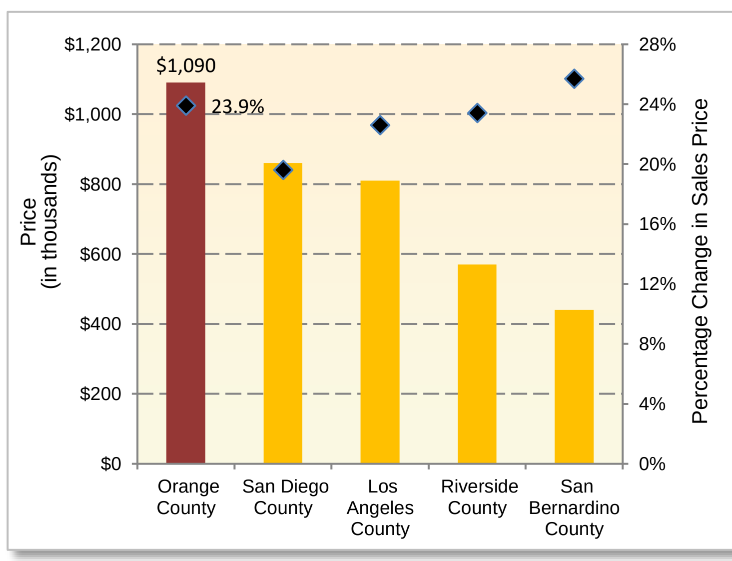
In terms of internal trends, current and projected indicators forecast modest recovery in the Orange County economy, with job growth expected to increase by 2.8% in 2021.

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

(Dollar Amounts in Thousands)

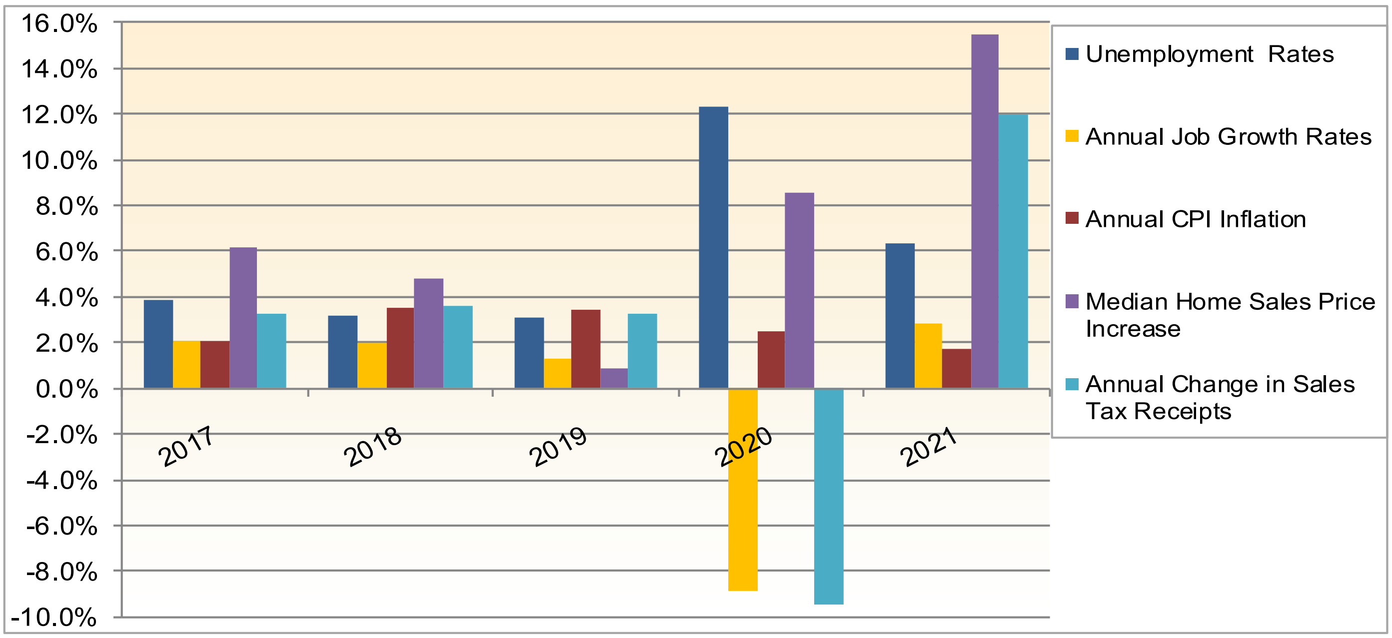
Table 5 shows various internal indicators reflecting modest to strong growth of the County's economy. The unemployment rate decreased from 12.3% in July 2020 to 6.3% in July 2021. According to the June 2021 Chapman University Economic & Business Review, job growth is expected to increase by 2.8% in 2021; 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%

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.

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



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.

<u>James A. Musick Facility Expansion:</u> 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.

<u>Westminster Watershed Feasibility Study/East Garden Grove Wintersburg Channel (Project)</u>: 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).

(Dollar Amounts in Thousands)

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	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. 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.

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	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. 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.
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,

Frank Davies, CPA
Auditor-Controller

Michelle Aguirre
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Orange
California

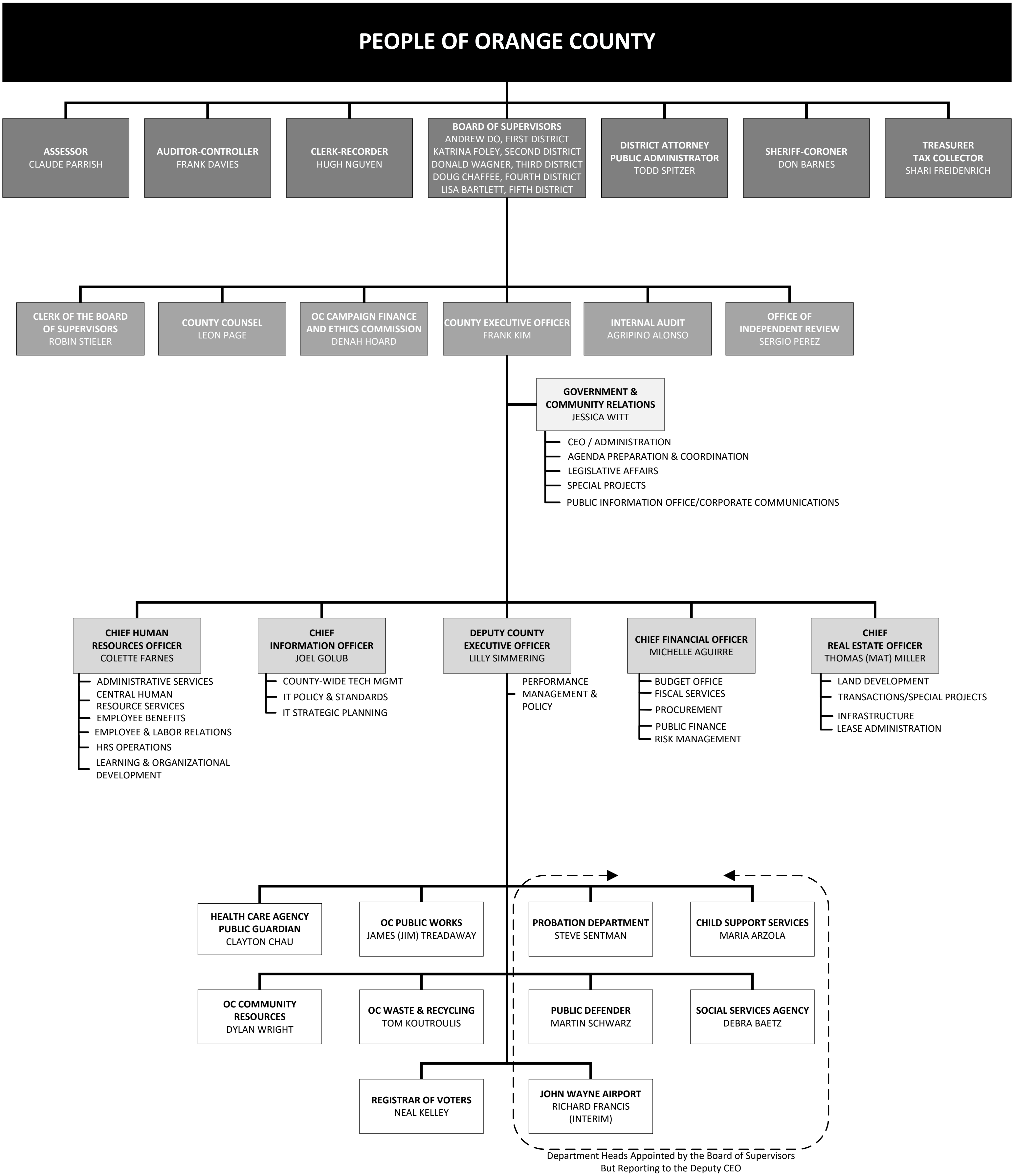
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

County of Orange Organizational Chart



COUNTY OF ORANGE

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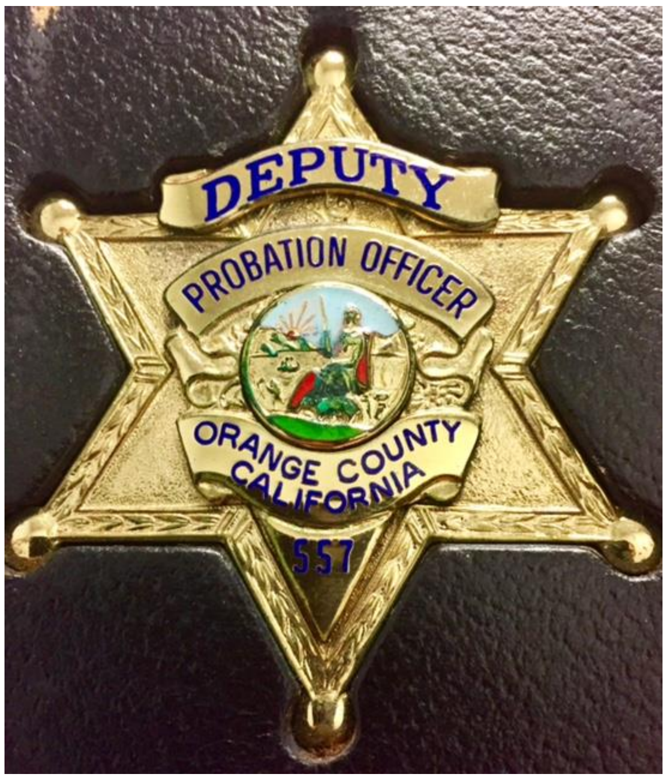


Deputy Probation Officer Badge

COUNTY OF ORANGE

CALIFORNIA

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:

	Assets	Net Position/ Fund Balances	Revenues
CalOptima:			
Aggregate discretely presented component units	97.5%	95.8%	99.1%
OCERS:			
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.

Eide Bailly LLP

Laguna Hills, California
December 22, 2021

Deputy Probation Officer Arrest

COUNTY OF ORANGE
CALIFORNIA

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

<table>
<tr><th colspan="4">Basic Financial Statements</th></tr>
<tr><th rowspan="2">Government-wide Financial Statements</th><th colspan="3">Fund Financial Statements</th></tr>
<tr><th>Governmental Funds</th><th>Proprietary Funds</th><th>Fiduciary Funds</th></tr>
<tr><td>Statement of Net Position</td><td>Balance Sheet</td><td>Statement of Net Position</td><td>Statement of Fiduciary Net Position</td></tr>
<tr><td rowspan="2">Statement of Activities</td><td>Statement of Revenues, Expenditures, and Changes in Fund Balances</td><td>Statement of Revenues, Expenses, and Changes in Fund Net Position</td><td rowspan="2">Statement of Changes in Fiduciary Net Position</td></tr>
<tr><td>Budgetary Comparison Statements</td><td>Statement of Cash Flows</td></tr>
<tr><td colspan="4">Notes to the Basic Financial Statements</td></tr>
</table>

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.ac.ocgov.com. A separate stand-alone CalOptima annual financial report can be obtained by accessing the website at http://wpso.dmhc.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

(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.

(Dollar Amounts in Thousands)

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	
	2021	2020	2021	2020	2021	2020
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:

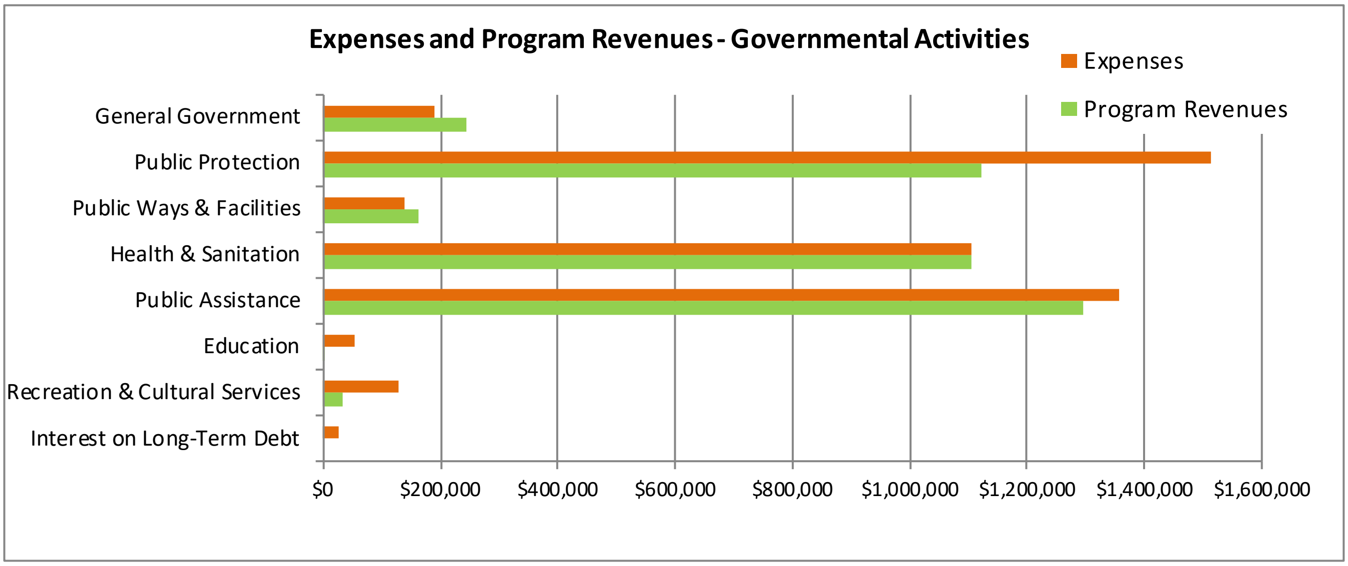
Revenues

- 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.

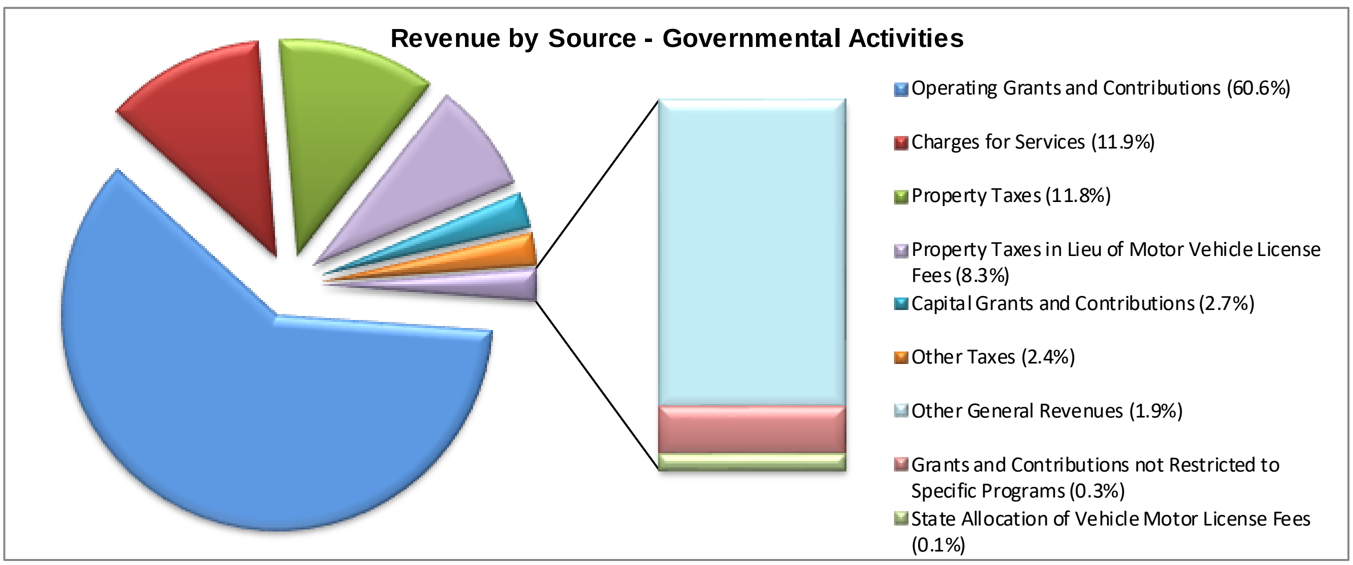
Expenses

- 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:

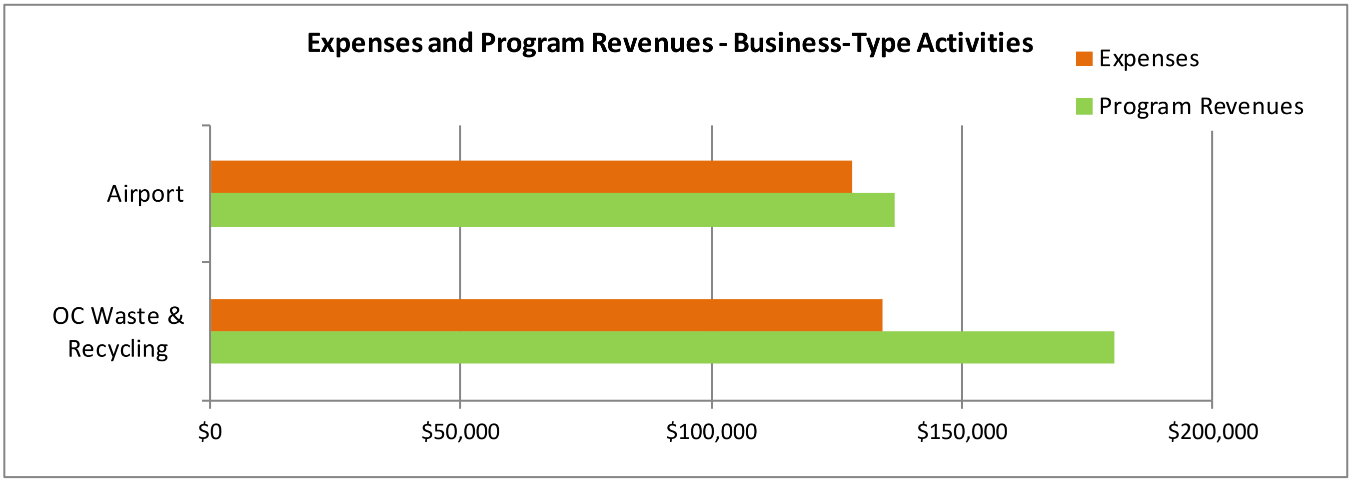


The chart below presents the percentage of total revenues by source for governmental activities:



Business-Type Activities

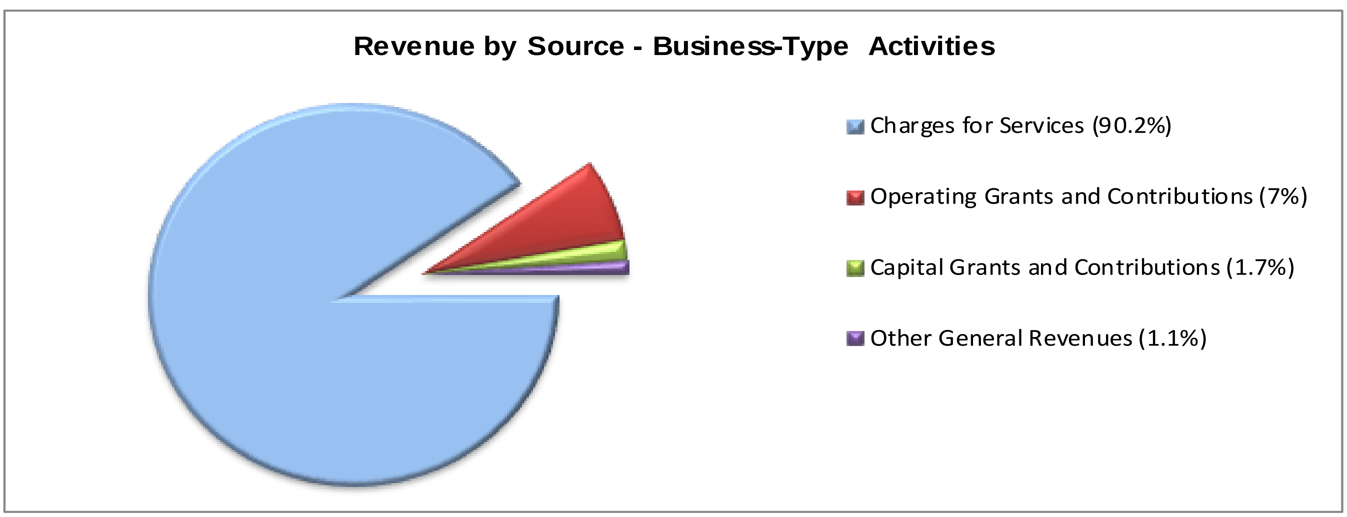
The County has three business-type activities: Airport, OC Waste & Recycling, and CNG. In keeping with the intent of recovering all or a significant portion of their cost through user fees and charges, business-type activities reported charges for services as their largest source of revenues.



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):



(Dollar Amounts in Thousands)

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	
	2021	2020	2021	2020	2021	2020
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.

(Dollar Amounts in Thousands)

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	
	2021	2020	2021	2020	2021	2020
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.

(Dollar Amounts in Thousands)

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 Activities		Business-Type Activities		Total		Increase/ (Decrease)
	2021	2020	2021	2020	2021	2020	% Change
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

(Dollar Amounts in Thousands)

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)
	2021	2020	2021	2020	2021	2020	% Change
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)%

(Dollar Amounts in Thousands)

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 CALIFORNIA

(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

(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

(Dollar Amounts in Thousands)

	Expenses		Program Revenues		
Functions/Programs	**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	4,517,022	(1,633)	625,080	3,199,181	141,883
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	260,740	1,633	289,325	22,371	5,387
Total Primary Government	$ 4,777,762	$ --	$ 914,405	$ 3,221,552	$ 147,270
Component Units					
Children and Families					
Commission of Orange County	$ 25,687	$ --	$ --	$ 27,298	$ --
CalOptima	3,870,635	--	4,148,335	--	--
Total Component Units	$ 3,896,322	$ --	$ 4,148,335	$ 27,298	$ --

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

(Dollar Amounts in Thousands)

Net (Expense) Revenue and Change in Net Position

Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Governmental CFCOC	Component Units: Proprietary CalOptima	Functions/Programs
					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

(Dollar Amounts in Thousands)

	General Fund	Flood Control District	Other Public Protection
ASSETS			
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	$ 2,333,683	$ 542,957	$ 253,957
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	1,362,051	29,685	32,781
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	235,905	45,164	2,012
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	735,727	468,108	219,164
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,333,683	$ 542,957	$ 253,957

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

(Dollar Amounts in Thousands)

Mental Health Services Act	Other Governmental Funds	Total Governmental Funds	
			ASSETS
$ 201,732	$ 960,713	$ 3,096,930	Pooled Cash/Investments
--	--	12,924	Cash/Cash Equivalents
--	45	1,883	Imprest Cash Funds
--	138,286	138,294	Restricted Cash and Investments with Trustee
--	2,362	12,165	Deposits In-Lieu of Cash
			Receivables
--	3,384	22,340	Accounts
--	29,655	37,010	Taxes
226	972	3,608	Interest/Dividends
--	51	899	Deposits
--	--	7,864	Advances
--	(322)	(1,461)	Allowance for Uncollectible Receivables
--	200,829	346,028	Due from Other Funds
--	--	142	Due from Component Unit
24,945	48,711	538,742	Due from Other Governmental Agencies, Net
--	--	2,081	Inventory of Materials and Supplies
--	20,640	543,377	Prepaid Costs
--	61,127	61,127	Notes Receivable, Net
$ 226,903	$ 1,466,453	$ 4,823,953	Total Assets
			LIABILITIES
$ --	$ 40,591	$ 147,146	Accounts Payable
--	2,159	4,666	Retainage Payable
--	3,267	80,493	Salaries and Employee Benefits Payable
--	55	937	Interest Payable
--	54,875	103,664	Deposits from Others
44,744	42,775	336,463	Due to Other Funds
--	56,247	106,056	Due to Other Governmental Agencies
--	51,434	456,439	Unearned Revenue
--	--	484,800	Bonds Payable
--	55,000	55,000	Advances from Other Funds
44,744	306,403	1,775,664	Total Liabilities
			DEFERRED INFLOWS OF RESOURCES
--	9,934	252,474	Unavailable Revenue-Intergovernmental Revenues
--	--	17,380	Unavailable Revenue-Senate Bill 90 Mandated Claims, Net
--	801	7,230	Unavailable Revenue-Property Taxes
--	--	16,732	Unavailable Revenue-Other
--	10,735	293,816	Total Deferred Inflows of Resources
			FUND BALANCES
--	20,840	545,658	Nonspendable
182,159	751,247	1,709,737	Restricted
--	377,228	485,496	Assigned
--	--	13,582	Unassigned
182,159	1,149,315	2,754,473	Total Fund Balances
$ 226,903	$ 1,466,453	$ 4,823,953	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Dollar Amounts in Thousands)

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

(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		$ 2,151,198

(Dollar Amounts in Thousands)

	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	3,840,607	165,570	49,740
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	3,970,479	180,832	25,575
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)	2,297	(4,469)	12,808
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	$ 735,727	$ 468,108	$ 219,164

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

(Dollar Amounts in Thousands)

Mental Health Services Act	Other Governmental Funds	Total Governmental Funds	
			Revenues
$ --	$ 168,164	$ 1,152,471	Taxes
--	1,039	27,819	Licenses, Permits, and Franchises
--	17,681	57,845	Fines, Forfeitures, and Penalties
473	32,156	43,339	Use of Money and Property
239,468	473,044	3,142,386	Intergovernmental
--	38,160	571,132	Charges for Services
--	39,439	70,549	Other
239,941	769,683	5,065,541	Total Revenues
			Expenditures
			Current
--	29,997	227,528	General Government
--	51	1,559,227	Public Protection
--	90,400	130,831	Public Ways and Facilities
104	706	1,131,047	Health and Sanitation
--	253,946	1,383,768	Public Assistance
--	53,372	53,372	Education
--	125,363	125,363	Recreation and Cultural Services
--	234,385	341,409	Capital Outlay
			Debt Service
--	55,300	60,982	Principal Retirement
--	33,132	40,115	Interest
104	876,652	5,053,642	Total Expenditures
239,837	(106,969)	11,899	Excess (Deficit) of Revenues Over Expenditures
			Other Financing Sources (Uses)
--	273,654	601,093	Transfers In
(189,753)	(94,765)	(601,321)	Transfers Out
--	50,725	50,725	Debt Issued
(189,753)	229,614	50,497	Total Other Financing Sources (Uses)
50,084	122,645	62,396	Net Change in Fund Balances
132,075	1,026,670	2,692,077	Fund Balances-Beginning of Year
$ 182,159	$ 1,149,315	$ 2,754,473	Fund Balances-End of Year

(Dollar Amounts in Thousands)

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	3,006	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	5,987	10,552

(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	170,694	
Property Tax Revenues	(254)	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	(849)	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	24,922	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	38,146	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	487,652	274,514
Change in Net Position of Governmental Activities		$ 768,146

(Dollar Amounts in Thousands)

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.

(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	237,915	237,965	245,123	7,158
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	438,695	440,392	260,304	180,088
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(200,780)	(202,427)	(15,181)	$ 187,246
Fund Balances-Beginning of Year	483,839	483,839	483,839	
Fund Balances-End of Year	$ 283,059	$ 281,412	$ 468,658	

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

(Dollar Amounts in Thousands)

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	54,815	87,979	88,289	310
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	164,313	206,920	49,272	157,648
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(109,498)	(118,941)	39,017	$ 157,958
Fund Balances-Beginning of Year	160,680	160,680	160,680	
Fund Balances-End of Year	$ 51,182	$ 41,739	$ 199,697	

(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	185,600	185,600	241,018	55,418
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	256,885	256,885	189,857	67,028
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(71,285)	(71,285)	51,161	$ 122,446
Fund Balances-Beginning of Year	130,567	130,567	130,567	
Fund Balances-End of Year	$ 59,282	$ 59,282	$ 181,728	

(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
ASSETS					
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
DEFERRED OUTFLOWS OF RESOURCES					
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

(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
LIABILITIES					
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
DEFERRED INFLOWS OF RESOURCES					
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
NET POSITION					
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	

(Dollar Amounts in Thousands)

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

	Business-Type Activities - Enterprise Funds				
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
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	$ 770,564	$ 755,965	$ 338		$ 109,686
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				(978)	
Increase in Net Position of Business-Type Activities				$ 50,733	

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

COUNTY OF ORANGE
CALIFORNIA

(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
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	12,764	45,230	199	58,193	24,645
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	18,222	(32,152)	14	(13,916)	12,948
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	(39,387)	(17,445)	--	(56,832)	(18,266)
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	(3,253)	1,722	2	(1,529)	786
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	$ 213,249	$ 628,980	$ 301	$ 842,530	$ 330,911

(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
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	$ 12,764	$ 45,230	$ 199	$ 58,193	$ 24,645
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	$ 213,249	$ 628,980	$ 301	$ 842,530	$ 330,911

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.

(Dollar Amounts in Thousands)

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

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

(Dollar Amounts in Thousands)

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	56,069	9,982,912	3,293,456	11,397,368
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	52,765	9,547,868	1,050,178	11,487,692
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	$ 65,662	$ 6,151,060	$ 19,525,274	$ 518,193

COUNTY OF ORANGE
CALIFORNIA

Probation K-9

COUNTY OF ORANGE CALIFORNIA

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.dmhc.ca.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 reclassed 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.

(Dollar Amounts in Thousands)

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	$ 4,133,547	$ 165,785	$ 84,024	$ 239,941
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	$ 4,261,122	$ 185,516	$ 47,051	$ 189,857

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:

(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
Endowment	--	--	--	--	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 Countywide 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-Newport 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
Endowment	--	--	--	--	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

(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
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 Softw are 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
Countyw ide 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	$ 735,727	$ 468,108	$ 219,164	$ 182,159	$ 1,149,315	$ 2,754,473

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

(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

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**

(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

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	$ 17,281,996	$ 62,358	$ 608,517

	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	$ 16,678,581	$ 41,401	$ 370,381	$ 164

* 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

(Dollar Amounts in Thousands)

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		108,907
Investments:		
Pooled Investments for OCIF with Treasurer		10,739,371
Specific Investments with Treasurer		112,334
Restricted Investments with Trustees		432,072
Total Investments		11,283,777
Fiduciary Component Unit Deposits and Investments:		
External-OCERS (1)		19,889,299
Total Deposits and Investments	$	31,281,983

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	$	31,281,983

(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

(Dollar Amounts in Thousands)

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

(Dollar Amounts in Thousands)

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.

With Treasurer:	Fair Value	Principal	Interest Rate Range (%) (3)	Maturity Range	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
OCIF-Pooled Funds							
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%
	$ 10,739,371	**$ 10,726,441**			**1.062** (2)		**100.00%**

With Treasurer:	Fair Value	Principal	Interest Rate Range (%) (3)	Maturity Range	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
Specific Investments							
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%
	$ 112,334	**$ 108,273**			**2.925** (2)		**100.00%**

(Dollar Amounts in Thousands)

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Investment Disclosures (Continued)

With Trustees:	Fair Value	Principal	Interest Rate Range (%) (3)	Maturity Range	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
Restricted Investments with Trustees							
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%
	$ 432,072	**$ 429,187**			**0.309** (2)		**100.00%**

(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.

(Dollar Amounts in Thousands)

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	Fair Value Measurement: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
OCIF-Pooled Funds				
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**			
Specific Investments				
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**			
With Trustees				
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

(Dollar Amounts in Thousands)

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:

Investment Type		Fair Value	Portfolio %	Duration (In Years)
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

(Dollar Amounts in Thousands)

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.

Investment Type	Issuer	Fair Value	Portfolio %
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

	OCIP	OCEIP	Total
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

	OCIP	OCEIP	Total
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

(Dollar Amounts in Thousands)

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Condensed Financial Statements (Continued)

External Pool Portion

Combining Statement of Fiduciary Net Position

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

Combining Statement of Changes in Fiduciary Net Position

	OCIP	OCEIP	Total
Additions:			
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	851,208	9,131,704	9,982,912
Deductions:			
Distributions from Pooled Investments	639,427	8,908,441	9,547,868
Total Deductions	639,427	8,908,441	9,547,868
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	$ 707,752	$ 5,443,308	$ 6,151,060

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

(Dollar Amounts in Thousands)

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:

Invesment Category	Target Ranges	Actual
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%
Total		100%

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.

(Dollar Amounts in Thousands)

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:

	Rating as of December 31, 2020										
Investment Type	AAA	AA	A	BBB	BB	B	CCC	D	N/R	N/A	Total
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:

(Dollar Amounts in Thousands)

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Interest Rate Risk-Investments (Continued)

Investment Type	Fair Value	Portfolio %	Duration (in Years)
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:

Currency in U.S. Dollar	Cash	Equity	Fixed Income	Forward Contracts	Swaps	Total
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**

(Dollar Amounts in Thousands)

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.

	Changes in Fair Value Net Appreciation/ (Depreciation) (4)	Fair Value at December 31, 2020		
Derivative Instruments	**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

(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

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 Forward Contracts			
Currency Name	Options	Net Receivables	Net Payables	Swaps	Total Exposure
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.

(Dollar Amounts in Thousands)

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	$ 233,834	$ 239,640	$ --	$ 239,640

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.

(Dollar Amounts in Thousands)

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 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 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

(Dollar Amounts in Thousands)

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

	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 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			
Investments Derivative Instruments:				
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			
Investments Securities Lending Collateral:				
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.

(Dollar Amounts in Thousands)

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
Investments measured at the net asset value (NAV):				
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	1,196,299	--		
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	1,948,164	1,214,581		
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	4,904,580	1,676,283		
Total investments measured at the NAV	$ 8,049,043	$ 2,890,864		

* 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.

(Dollar Amounts in Thousands)

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:

		2021
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	$	1,993,223

(Dollar Amounts in Thousands)

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:

			Investment Maturities (In Years)			
		Fair Value		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				

(Dollar Amounts in Thousands)

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
	$ 265,739

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	$ 1,938,257		$ 713,666	$ 589,902	$ 177,442	$ 119,293	$ 101,236	$ 111,064	$ 125,654

(Dollar Amounts in Thousands)

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:

Investment Type	Issuer	Percentage of Portfolio June 30, 2021
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.

(Dollar Amounts in Thousands)

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
	$ 384,597	$ 1,262,402	$ --	$ 1,646,999

(Dollar Amounts in Thousands)

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)	$ 871,293
Land Use Rights (Permanent)	6,439	--	--	6,439
Construction in Progress	182,788	264,584	(120,111)	327,261
Intangible in Progress	18,798	11,111	(2,539)	27,370
Total Capital Assets Not Depreciable/Amortizable	1,079,344	275,711	(122,692)	1,232,363
Capital Assets, Depreciable/Amortizable:				
Structures and Improvements	1,596,269	45,160	(2,691)	1,638,738
Land Improvements	4,256	2,762	--	7,018
Equipment	521,279	44,458	(44,906)	520,831
Software	142,877	2,259	--	145,136
Infrastructure:				
Flood Channels	1,317,390	57,404	--	1,374,794
Roads	436,122	21,158	--	457,280
Bridges	156,725	234	--	156,959
Trails	46,938	--	--	46,938
Traffic Signals	17,164	2,708	--	19,872
Harbors and Beaches	41,238	--	--	41,238
Total Capital Assets, Depreciable/Amortizable	4,280,258	176,143	(47,597)	4,408,804
Less Accumulated Depreciation/Amortization For:				
Structures and Improvements	(777,006)	(43,130)	2,465	(817,671)
Land Improvements	(1,179)	(289)	--	(1,468)
Equipment	(333,641)	(26,785)	48,024	(312,402)
Software	(108,304)	(7,062)	--	(115,366)
Infrastructure:				
Flood Channels	(386,192)	(18,331)	--	(404,523)
Roads	(192,557)	(18,147)	--	(210,704)
Bridges	(49,891)	(2,854)	--	(52,745)
Trails	(38,045)	(806)	--	(38,851)
Traffic Signals	(12,578)	(380)	--	(12,958)
Harbors and Beaches	(33,439)	(654)	--	(34,093)
Total Accumulated Depreciation/Amortization	(1,932,832)	(118,438)	50,489	(2,000,781)
Total Capital Assets, Depreciable/Amortizable (Net)	2,347,426	57,705	2,892	2,408,023
Governmental Activities Total Capital Assets, Net	$ 3,426,770	$ 333,416	$ (119,800)	$ 3,640,386

(Dollar Amounts in Thousands)

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	$ 946,913	$ 25,678	$ (29,800)	$ 942,791

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	118,438
Business-Type Activities:	
Airport	34,117
OC Waste & Recycling	21,831
Total Business-Type Activities Depreciation/Amortization Expense	55,948
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.

(Dollar Amounts in Thousands)

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 MHSA 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:

	Receivable Funds							
Payable Funds	General Fund	Flood Control District	Other Public Protection	Other Governmental Funds	Airport	OC Waste & Recycling	Internal Service Funds	Total
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.

(Dollar Amounts in Thousands)

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
	49,060	252,424
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	--
	122,505	208,734
Total future minimum rentals	$ 171,565	$ 461,158

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 In Funds						
Transfer Out Funds	General Fund	Flood Control District	Other Public Protection	Other Governmental Funds	OC Waste & Recycling	Internal Service Funds	Total
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	$ 292,940	$ 215	$ 34,284	$ 273,654	$ 709	$ 9,048	$ 610,850

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.

(Dollar Amounts in Thousands)

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
County of Orange Taxable Pension Obligation Bonds, 2020 Series A					
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)	$ --	$ --
County of Orange Taxable Pension Obligation Bonds, 2021 Series A					
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 XIIIA, 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.

(Dollar Amounts in Thousands)

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:						
South Orange County Public Financing Authority Central Utility Facility Lease Revenue Bonds, Series 2016						
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
California Municipal Finance Authority Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program-Phase I)						
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
California Municipal Finance Authority Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program-Phase II)						
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 Taxable Refunding Pension Obligation Bonds, Series 1997 A						
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

(Dollar Amounts in Thousands)

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
Direct Placement Obligations:						
County of Orange						
Teeter Plan Notes						
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	34,661	50,725	--	(47,980)	37,406	37,406
Subtotal-Governmental Activities	500,199	49,956	849	(68,339)	482,665	46,871
Business-Type Activities:						
Airport Revenue Refunding Bonds-						
Series 2019A and 2019B						
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	93,462	--	--	(13,552)	79,910	13,720
Total	$ 593,661	$ 49,956	$ 849	$ (81,891)	$ 562,575	$ 60,591

(Dollar Amounts in Thousands)

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.

	Governmental Activities				Business-Type Activities		
	Revenue Bonds and POBs		Direct Placement Obligations		Revenue Bonds		
Fiscal Year(s) Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Total
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.

(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

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:

Fiscal Year Ending June 30	Equipment	Real Property	Total
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	$ 5,266	$ 435,581	$ 440,847

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:

	Governmental Activities	Business-type Activities
Land	$ 14,831	--
Equipment	15,584	2,717
Less: Accumulated Depreciation	(1,228)	(22)
Structures & Improvements	65,121	--
Less: Accumulated Depreciation	(45,897)	--
Total	$ 48,411	$ 2,695

(Dollar Amounts in Thousands)

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:

Fiscal Year Ending June 30	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	$ 32,993	$ 994

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 &

(Dollar Amounts in Thousands)

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	$ 270,467

(Dollar Amounts in Thousands)

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
	1,053
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
	82,751
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
	131,225
Internal Service Funds	
Purchase of Various Vehicles	9,472
Redundant Bus and ATS Installation and Upgrade	2,801
	12,273
Business-Type Activities:	
Airport	
Rental Car Reconfiguration	6,801
Terminal Building Curtain Wall Modifications	2,648
	9,449
Total Commitments	$ 236,751

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,

(Dollar Amounts in Thousands)

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	$ 159,536	$ 67,289	$ 669	$ 9,988	$ 237,482

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.

(Dollar Amounts in Thousands)

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	$	994

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

(Dollar Amounts in Thousands)

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	$	13,668

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.

(Dollar Amounts in Thousands)

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	$ 1,032,810	$ 1,068,568

$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.

(Dollar Amounts in Thousands)

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	$	(588,927)

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:

(Dollar Amounts in Thousands)

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

(Dollar Amounts in Thousands)

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	$	(152)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		103.06%

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.

(Dollar Amounts in Thousands)

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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ --	$ 399
Total	$ --	$ 399

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	$ (399)

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.

(Dollar Amounts in Thousands)

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
Assets					
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	56,590	5,118	9,794	22,802	18,876
Net Position					
Restricted for Pension	56,590	5,118	9,794	22,802	18,876
Total Net Position	$ 56,590	$ 5,118	$ 9,794	$ 22,802	$ 18,876

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	15,642	874	1,493	5,153	8,122
Deductions:					
Benefits Paid to Participants	2,177	1,040	510	589	38
Total Deductions	2,177	1,040	510	589	38
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	$ 56,590	$ 5,118	$ 9,794	$ 22,802	$ 18,876

(Dollar Amounts in Thousands)

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
	23,951

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.

(Dollar Amounts in Thousands)

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	$	334,052
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	$ 24,377	$ 38,849

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

(Dollar Amounts in Thousands)

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	$	(34,746)

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 2076 and later; for Medicare eligible members, 6.3% was used for 2021, decreasing to 4.00% for 2076 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.

(Dollar Amounts in Thousands)

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

(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

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:

Statement of Fiduciary Net Position	Total	Orange County Employees Retirement System-401(h)*	Retiree Medical Plan 115 Trust *	Health Reimbursement Arrangement Plan
Assets				
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	646,378	428,668	2,843	214,867
Liabilities				
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	16,855	12,809	4,046	--
Net Position				
Restricted for OPEB Benefits	629,523	415,859	(1,203)	214,867
Total Net Position	$ 629,523	$ 415,859	$ (1,203)	$ 214,867

Statement of Changes in Fiduciary Net Position	Total	Orange County Employees Retirement System-401(h)*	Retiree Medical Plan 115 Trust *	Health Reimbursement Arrangement Plan
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	159,321	82,284	4,760	72,277
Deductions:				
Benefits Paid to Participants	48,665	36,784	6,127	5,754
Administrative Expense	22	22	--	--
Total Deductions	48,687	36,806	6,127	5,754
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	$ 629,523	$ 415,859	$ (1,203)	$ 214,867

*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

COUNTY OF ORANGE

CALIFORNIA

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)

	2020	2019	2018	2017	2016	2015	2014
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)	252.60%	313.93%	386.49%	319.36%	336.98%	392.70%	325.19%
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)

	2021	2020	2019	2018	2017	2016	2015
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)	$ (32,009)	$ (35,634)	$ (21,475)	$ (31,775)	$ (19,356)	$ (53,323)	$ (56,418)
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.

(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

2017	2016	2015	2014	
				Total Pension Liability
--	$ --	$ --	$ --	Service cost
436	435	271	282	Interest
--	--	--	--	Changes of benefit terms
--	73	--	--	Difference between expected and actual experience
--	73	--	--	Changes of assumptions
(372)	(424)	(522)	(695)	Benefit payments, including refunds of member contributions
64	157	(251)	(413)	Net change in total pension liability
8,498	8,341	8,592	9,005	Total Pension Liability-beginning
8,562	$ 8,498	$ 8,341	$ 8,592	**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)**
76.24%	65.89%	61.35%	60.53%	**Plan Fiduciary Net Position as a percentage of the Total Pension Liability**
4,725	$ 1,747	$ 1,829	$ 1,876	**Covered payroll** [2]
43.05%	165.94%	176.27%	180.76%	**Plan Net Pension Liability as a percentage of covered payroll** [2]

(Dollar Amounts in Thousands)

Orange County Extra-Help Defined Benefit Plan (Continued)

Schedule of Investment Returns

	2021	2020	2019	2018	2017	2016	2015	2014
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 acturially 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.

(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

Orange County 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.

(Dollar Amounts in Thousands)

Orange County Retiree Medical Plan (Continued)

Notes to Schedule

Methods and assumptions used to determine actuarilly 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

COUNTY OF ORANGE
CALIFORNIA

Juvenile Court

COUNTY OF ORANGE

CALIFORNIA

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.

(Dollar Amounts in Thousands)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

		Special Revenue		
	Total Nonmajor Governmental Funds	Parking Facilities	Service Areas, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
ASSETS				
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	$ 1,466,453	$ 5,448	$ 15,302	$ 14,802
LIABILITIES				
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	306,403	1,243	721	4,724
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Intergovernmental Revenues	9,934	--	--	--
Unavailable Revenue-Property Taxes	801	--	--	--
Total Deferred Inflows of Resources	10,735	--	--	--
FUND BALANCES				
Nonspendable	20,840	79	--	--
Restricted	751,247	2,863	14,581	2,108
Assigned	377,228	1,263	--	7,970
Total Fund Balances	1,149,315	4,205	14,581	10,078
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,466,453	$ 5,448	$ 15,302	$ 14,802

(Dollar Amounts in Thousands)

Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor	
Special Revenue				
				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
				Receivables
--	1,181	1,336	174	Accounts
--	--	964	--	Taxes
--	131	153	78	Interest/Dividends
--	--	7	--	Deposits
--	--	--	--	Allowance for Uncollectible Receivables
--	4,439	2,136	--	Due from Other Funds
--	3,589	459	--	Due from Other Governmental Agencies
--	380	7,258	--	Prepaid Costs
--	34,342	--	--	Notes Receivable, Net
$ 25,458	$ 165,518	$ 142,699	$ 67,442	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

(Dollar Amounts in Thousands)

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue			
	Housing Asset	OC Public Libraries	Health Care Programs	Roads
ASSETS				
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	$ 30,228	$ 90,723	$ 104,512	$ 238,985
LIABILITIES				
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	115	4,389	56,850	83,296
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Intergovernmental Revenues	--	--	113	4,086
Unavailable Revenue-Property Taxes	--	296	--	--
Total Deferred Inflows of Resources	--	296	113	4,086
FUND BALANCES				
Nonspendable	--	6,568	--	4,212
Restricted	30,113	79,470	33,961	147,391
Assigned	--	--	13,588	--
Total Fund Balances	30,113	86,038	47,549	151,603
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 30,228	$ 90,723	$ 104,512	$ 238,985

(Dollar Amounts in Thousands)

Special Revenue: Orange County Housing Authority	Special Revenue: Other Governmental Resources	Debt Service: Teeter Plan Notes	Debt Service: Pension Obligation Bonds	
				ASSETS
$ 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
				Receivables
343	--	--	--	Accounts
--	--	28,076	--	Taxes
10	2	91	--	Interest/Dividends
--	--	--	--	Deposits
(221)	--	--	--	Allowance for Uncollectible Receivables
--	--	--	--	Due from Other Funds
1,288	--	9,588	--	Due from Other Governmental Agencies
2,143	--	--	--	Prepaid Costs
1,275	--	--	--	Notes Receivable, Net
$ 26,492	$ 2,071	$ 106,691	$ 3,329	Total Assets
				LIABILITIES
$ 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
				DEFERRED INFLOWS OF RESOURCES
--	--	--	--	Unavailable Revenue-Intergovernmental Revenues
--	--	--	--	Unavailable Revenue-Property Taxes
--	--	--	--	Total Deferred Inflows of Resources
				FUND BALANCES
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

(Dollar Amounts in Thousands)

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Debt Service		Capital Projects
	Capital Facilities Development Corporation	South OC Public Financing Authority	Criminal Justice Facilities
ASSETS			
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	$ 16,299	$ --	$ 78,232
LIABILITIES			
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	--	--	69,632
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue-Intergovernmental Revenues	--	--	4,830
Unavailable Revenue-Property Taxes	--	--	--
Total Deferred Inflows of Resources	--	--	4,830
FUND BALANCES			
Nonspendable	--	--	--
Restricted	16,299	--	3,770
Assigned	--	--	--
Total Fund Balances	16,299	--	3,770
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 16,299	$ --	$ 78,232

(Dollar Amounts in Thousands)

Capital Projects: Countywide Capital Projects Non-General Fund	Capital Projects: Capital Facilities Development Corporation Construction	Permanent: Regional Park Endowment	
			ASSETS
$ 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
$ 235,502	$ 96,352	$ 368	Total Assets
			LIABILITIES
$ 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
6,641	7,846	--	Total Liabilities
			DEFERRED INFLOWS OF RESOURCES
--	--	--	Unavailable Revenue-Intergovernmental Revenues
--	--	--	Unavailable Revenue-Property Taxes
--	--	--	Total Deferred Inflows of Resources
			FUND BALANCES
--	--	200	Nonspendable
--	88,506	168	Restricted
228,861	--	--	Assigned
228,861	88,506	368	Total Fund Balances
$ 235,502	$ 96,352	$ 368	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Dollar Amounts in Thousands)

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	$ 1,149,315	$ 4,205	$ 14,581	$ 10,078

(Dollar Amounts in Thousands)

	Special Revenue				
	Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor	
Revenues					
Taxes	$ --	$ --	$ 103,479	$ --	
Licenses, Permits, and Franchises	--	877	154	--	
Fines, Forfeitures, and Penalties	--	--	93	1	
Use of Money and Property	168	731	12,752	2,467	
Intergovernmental	--	48,421	2,021	--	
Charges for Services	--	2,898	14,304	57	
Other	33,419	3,338	1,107	6	
Total Revenues	33,587	56,265	133,910	2,531	
Expenditures					
Current					
General Government	11	--	--	--	
Public Protection	--	11	--	--	
Public Ways and Facilities	--	--	--	--	
Health and Sanitation	--	--	--	--	
Public Assistance	--	40,754	--	--	
Education	--	--	--	--	
Recreation and Cultural Services	--	--	118,512	6,851	
Capital Outlay	--	--	10,673	--	
Debt Service					
Principal Retirement	--	--	--	--	
Interest	--	--	--	--	
Total Expenditures	11	40,765	129,185	6,851	
Excess (Deficit) of Revenues Over Expenditures	33,576	15,500	4,725	(4,320)	
Other Financing Sources (Uses)					
Transfers In	11	16,474	--	--	
Transfers Out	(28,654)	(16,189)	(1,075)	(1)	
Debt Issued	--	--	--	--	
Total Other Financing Sources (Uses)	(28,643)	285	(1,075)	(1)	
Net Change in Fund Balances	4,933	15,785	3,650	(4,321)	
Fund Balances-Beginning of Year	17,609	103,591	123,999	70,247	
Fund Balances-End of Year	$ 22,542	$ 119,376	$ 127,649	$ 65,926	

(Dollar Amounts in Thousands)

**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

(Dollar Amounts in Thousands)

	Special Revenue		Debt Service	
	Orange County Housing Authority	Other Governmental Resources	Teeter Plan Notes	Pension Obligation Bonds
Revenues				
Taxes	$ --	$ --	$ --	$ --
Licenses, Permits, and Franchises	--	--	--	--
Fines, Forfeitures, and Penalties	--	--	10,269	--
Use of Money and Property	101	10	345	82
Intergovernmental	216,944	--	--	--
Charges for Services	3	132	--	--
Other	25	--	--	--
Total Revenues	217,073	142	10,614	82
Expenditures				
Current				
General Government	--	1	137	2
Public Protection	--	--	--	--
Public Ways and Facilities	--	--	--	--
Health and Sanitation	--	--	--	--
Public Assistance	212,396	--	--	--
Education	--	--	--	--
Recreation and Cultural Services	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal Retirement	--	--	47,980	2,451
Interest	--	--	1,189	13,049
Total Expenditures	212,396	1	49,306	15,502
Excess (Deficit) of Revenues Over Expenditures	4,677	141	(38,692)	(15,420)
Other Financing Sources (Uses)				
Transfers In	--	1	--	--
Transfers Out	(45)	(9)	--	--
Debt Issued	--	--	50,725	--
Total Other Financing Sources (Uses)	(45)	(8)	50,725	--
Net Change in Fund Balances	4,632	133	12,033	(15,420)
Fund Balances-Beginning of Year	15,213	1,938	94,573	18,749
Fund Balances-End of Year	$ 19,845	$ 2,071	$ 106,606	$ 3,329

(Dollar Amounts in Thousands)

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	67	--	56,582
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	19,266	4,487	99,239
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)	10,735	4,338	39,591
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	$ 16,299	$ --	$ 3,770

(Dollar Amounts in Thousands)

	Capital Projects		Permanent
	Countywide Capital Projects Non-General Fund	Capital Facilities Development Corporation Construction	Regional Park Endowment
Revenues			
Taxes	$ --	$ --	$ --
Licenses, Permits, and Franchises	--	--	--
Fines, Forfeitures, and Penalties	--	--	--
Use of Money and Property	464	3,782	1
Intergovernmental	4,223	--	--
Charges for Services	--	--	--
Other	--	--	--
Total Revenues	4,687	3,782	1
Expenditures			
Current			
General Government	--	--	--
Public Protection	--	--	--
Public Ways and Facilities	--	--	--
Health and Sanitation	--	--	--
Public Assistance	--	--	--
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	32,530	66,095	--
Debt Service			
Principal Retirement	--	--	--
Interest	--	--	--
Total Expenditures	32,530	66,095	--
Excess (Deficit) of Revenues Over Expenditures	(27,843)	(62,313)	1
Other Financing Sources (Uses)			
Transfers In	198,444	--	--
Transfers Out	(17,175)	(4,440)	--
Debt Issued	--	--	--
Total Other Financing Sources (Uses)	181,269	(4,440)	--
Net Change in Fund Balances	153,426	(66,753)	1
Fund Balances-Beginning of Year	75,435	155,259	367
Fund Balances-End of Year	$ 228,861	$ 88,506	$ 368

(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Parking Facilities				
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	
Service Area, Lighting, Maintenance, and Assessment Districts				
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	
Other Environmental Management				
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.

(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE (Continued)

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Tobacco Settlement				
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	
Community and Welfare Services				
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	
OC Parks				
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	

(Dollar Amounts in Thousands)

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	

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(Dollar Amounts in Thousands)

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	

(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE (Continued)

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Orange County Housing Authority				
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	
Other Governmental Resources				
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.

(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-DEBT SERVICE

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Teeter Plan Notes				
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	
Pension Obligation Bonds				
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	

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(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Criminal Justice Facilities				
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	179,101	204,815	141,286	(63,529)
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	208,263	242,767	112,738	130,029
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(29,162)	(37,952)	28,548	$ 66,500
Fund Balances-Beginning of Year	33,894	33,894	33,894	
Fund Balances-End of Year	$ 4,732	$ (4,058)	$ 62,442	
Countywide Capital Projects Non-General Fund				
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	46,798	208,767	202,638	(6,129)
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	96,209	265,921	48,972	216,949
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(49,411)	(57,154)	153,666	$ 210,820
Fund Balances-Beginning of Year	75,429	75,429	75,429	
Fund Balances-End of Year	$ 26,018	$ 18,275	$ 229,095	

*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)
Regional Park Endowment				
Revenues and Other Financing Sources				
Use of Money and Property	$ 7	$ 7	$ 3	$ (4)
Total Revenues and Other Financing Sources	7	7	3	(4)
Expenditures and Other Financing Uses				
Recreation and Cultural Services:				
Limestone Regional Park Mitigation Maintenance Endowment	7	7	--	7
Total Expenditures and Other Financing Uses	7	7	--	7
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	--	--	3	$ 3
Fund Balances-Beginning of Year	207	207	207	
Fund Balances-End of Year	$ 207	$ 207	$ 210	

*Budgeted amounts, which include carried forward prior year encumbrance, may differ from the adopted budget.

COUNTY OF ORANGE
CALIFORNIA

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.

(Dollar Amounts in Thousands)

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)

(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
					Receivables
--	4	55	--	20	Accounts
5	93	36	5	24	Interest/Dividends
--	--	(55)	--	(52)	Allowance for Uncollectible Receivables
--	410	1,802	13	782	Due from Other Funds
--	25	2	11	210	Due from Other Governmental Agencies
--	--	235	--	--	Inventory of Materials and Supplies
--	177	913	185	1,249	Prepaid Costs
4,740	80,948	39,776	3,359	28,916	Total Current Assets
					Noncurrent Assets
					Capital Assets
--	--	--	--	1,948	Construction in Progress
--	--	--	--	--	Intangible Assets-Amortizable
--	--	--	--	--	Accumulated Amortization
--	--	9,800	559	8,264	Structures and Improvements
--	--	(6,049)	(85)	(2,321)	Accumulated Depreciation
--	--	71,036	4,778	95,658	Equipment
--	--	(34,542)	(1,917)	(76,432)	Accumulated Depreciation
--	--	40,245	3,335	27,117	Total Capital Assets
4,740	80,948	80,021	6,694	56,033	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

(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	463,181	67,152	179,240	815	60,558
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	470,343	80,767	179,500	811	44,073
Operating Income (Loss)	(7,162)	(13,615)	(260)	4	16,485
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	16,962	4,788	242	1	2,725
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	$ 109,686	$ 17,249	$ 6,681	$ 85	$ (22,026)

(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology	
					Operating Revenues
$ --	$ --	$ --	$ --	$ 1,372	Use of Money and Property
--	--	27,699	4,766	87,596	Charges for Services
--	33,983	--	--	--	Insurance Premiums
--	33,983	27,699	4,766	88,968	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

(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

(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology	
					CASH FLOWS FROM OPERATING ACTIVITIES
$ --	$ --	$ 27,701	$ 4,755	$ 1,313	Receipts from Customers
--	33,983	--	--	--	Cash Received for Premiums Within the County's Entity
(2,148)	(36,387)	(11,577)	(2,249)	(62,184)	Payments to Suppliers for Goods and Services
--	(1,697)	(9,165)	(1,914)	(11,934)	Payments to Employees for Services
(28)	(114)	--	--	--	Payments for Interfund Services
--	--	15	91	87,643	Receipts for Interfund Services
--	--	(2)	--	(1)	Payment for Taxes and Other Fees
--	5,982	38	125	--	Other Operating Receipts
--	(56)	(51)	(258)	(4,717)	Other Operating Payments
(2,176)	1,711	6,959	550	10,120	Net Cash Provided (Used) by Operating Activities
					CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
--	--	7,079	6	667	Transfers In
--	(110)	(499)	--	(246)	Transfers Out
--	8	51	27	2,584	Intergovernmental Revenues
--	--	14	--	--	Other Taxes
--	(102)	6,645	33	3,005	Net Cash Provided (Used) by Noncapital Financing Activities
					CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
--	--	(11,255)	--	(2,276)	Acquisition of Capital Assets
--	--	--	(2,110)	(2,961)	Principal Payments on Capital Lease Obligations
--	--	--	(112)	--	Interest Paid on Capital Lease Obligations
--	--	448	--	1	Proceeds from Sale of Capital Assets
--	--	(10,807)	(2,222)	(5,236)	Net Cash Used by Capital and Related Financing Activities
					CASH FLOW FROM INVESTING ACTIVITIES
12	181	78	6	51	Interest on Investments
12	181	78	6	51	Net Cash Provided by Investing Activities
(2,164)	1,790	2,875	(1,633)	7,940	Net Increase (Decrease) in Cash and Cash Equivalents
6,899	78,449	33,913	4,778	18,743	Cash and Cash Equivalents-Beginning of Year
$ 4,735	$ 80,239	$ 36,788	$ 3,145	$ 26,683	Cash and Cash Equivalents-End of Year
					Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities
$ (2,257)	$ (17,012)	$ 838	$ 112	$ 8,543	Operating Income (Loss)
					Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
--	--	7,241	300	5,624	Depreciation/Amortization
--	5,982	38	125	6	Other Revenue
					(Increases) Decreases In:
--	--	--	--	1	Accounts Receivable, Net of Allowances
--	(107)	(189)	6	88	Due from Other Funds
--	--	--	--	2	Due from Component Unit
--	(10)	2	(11)	(60)	Due from Other Governmental Agencies
--	--	(53)	--	--	Inventory of Materials and Supplies
--	(17)	(84)	(51)	(98)	Prepaid Costs
--	(108)	(494)	(133)	(770)	Deferred Outflows of Resources Related to Pension
--	2	11	1	13	Deferred Outflows of Resources Related to OPEB
					Increases (Decreases) In:
--	1,309	(70)	179	(2,779)	Accounts Payable
--	1	11	6	59	Salaries and Employee Benefits Payable
(28)	(7)	204	85	(43)	Due to Other Funds
--	--	--	1	--	Due to Other Governmental Agencies
109	11,777	--	--	--	Insurance Claims Payable
--	(3)	(22)	10	124	Compensated Employee Absences Payable
--	(364)	(1,803)	(305)	(2,245)	Net Pension Liability
--	(15)	(72)	(12)	(89)	Net OPEB Liability
--	277	1,375	232	1,711	Deferred Inflows of Resources Related to Pension
--	6	26	5	33	Deferred Inflows of Resources Related to OPEB
81	18,723	6,121	438	1,577	Total Adjustments
$ (2,176)	$ 1,711	$ 6,959	$ 550	$ 10,120	Net Cash Provided (Used) by Operating Activities
					Reconciliation of Cash and Cash Equivalents to Statement of Net Position
$ 4,735	$ 80,234	$ 36,788	$ 3,145	$ 26,680	Pooled Cash/Investments
--	--	--	--	--	Cash/Cash Equivalents
--	5	--	--	3	Imprest Cash Funds
$ 4,735	$ 80,239	$ 36,788	$ 3,145	$ 26,683	Total Cash and Cash Equivalents

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 POSTEMPLOYEMENT 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 mangers, 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.

COUNTY OF ORANGE
CALIFORNIA

(Dollar Amounts in Thousands)

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

	Total	Public Administration Trust Funds	Orange County Redevelopment Successor Agency
ASSETS			
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	75,297	67,414	7,883
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	91	--	91
Total Deferred Outflows of Resources	91	--	91
LIABILITIES			
Bonds Payable	9,331	--	9,331
Interest Payable	128	--	128
Due to Other Governmental Agencies	223	222	1
Total Liabilities	9,682	222	9,460
DEFERRED INFLOWS OF RESOURCES			
Deferred Charge on Refunding	44	--	44
Total Deferred Inflows of Resources	44	--	44
NET POSITION			
Restricted for:			
Individuals, Organizations, and Other Governments	65,662	67,192	(1,530)
Net Position (Deficit)	$ 65,662	$ 67,192	$ (1,530)

(Dollar Amounts in Thousands)

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	56,069	49,730	6,339
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	52,765	52,209	556
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	62,358	69,671	(7,313)
Net Position (Deficit)-End of Year	$ 65,662	$ 67,192	$ (1,530)

(Dollar Amounts in Thousands)

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYEMENT 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	20,285,881	5,118	9,794	22,802	18,876
LIABILITIES					
Accounts Payable	118,326	--	--	--	--
Salaries and Employee Benefits Payable	108,322	--	--	--	--
Unearned Contributions	293,948	--	--	--	--
Investment Obligations	240,011	--	--	--	--
Total Liabilities	760,607	--	--	--	--
NET POSITION					
Restricted for OPEB Benefits	671,481	--	--	--	--
Restricted for Pension	18,853,793	5,118	9,794	22,802	18,876
Net Position	$ 19,525,274	$ 5,118	$ 9,794	$ 22,802	$ 18,876

(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*
ASSETS					
Pooled Cash/Investments	$ 52	$ 2,816	$ --	$ --	$ --
Cash and Cash Equivalents	--	--	10,345	470,884	1,053
Securities Lending Collateral	--	--	5,140	233,977	523
Restricted Cash and Investments					
Restricted Investments with Trustee	214,304	--	--	--	--
Global Public Equity	--	--	192,387	8,757,111	19,579
Private Equity	--	--	50,488	2,298,129	5,138
Core Fixed Income	--	--	50,949	2,319,111	5,185
Credit	--	--	33,150	1,508,921	3,374
Real Assets	--	--	44,313	2,017,034	4,510
Risk Mitigation	--	--	38,238	1,740,526	3,892
Absolute Return	--	--	10	469	1
Unique Strategies	--	--	1,186	53,976	121
Receivables					
Investments	--	--	425	19,345	43
Securities Sales	--	--	1,930	87,866	196
Contributions	--	--	--	13,354	--
Foreign Currency Forward Contracts	--	--	12	542	1
Interest/Dividends	--	27	--	--	--
Other Receivables	--	--	95	4,329	10
Due from Other Governmental Agencies	511	--	--	--	--
Capital Assets, Net	--	--	--	13,713	--
Total Assets	214,867	2,843	428,668	19,539,287	43,626
LIABILITIES					
Accounts Payable	--	--	2,538	115,530	258
Salaries and Employee Benefits Payable	--	4,046	5,123	98,267	886
Unearned Contributions	--	--	--	293,948	--
Investment Obligations	--	--	5,148	234,339	524
Total Liabilities	--	4,046	12,809	742,084	1,668
NET POSITION					
Restricted for OPEB Benefits	214,867	(1,203)	415,859	--	41,958
Restricted for Pension	--	--	--	18,797,203	--
Net Position	$ 214,867	$ (1,203)	$ 415,859	$ 18,797,203	$ 41,958

* This is presented as of 12/31/20.

(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 Postemployement 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	3,293,456	874	1,493	5,153	8,122
Deductions:					
Benefits Paid to Participants	1,029,706	1,040	510	589	38
Professional Services	20,472	--	--	--	--
Total Deductions	1,050,178	1,040	510	589	38
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	16,719,982	--	--	--	--
Net Position-Beginning of Year, as Restated	17,281,996	5,284	8,811	18,238	10,792
Net Position-End of Year	$ 19,525,274	$ 5,118	$ 9,794	$ 22,802	$ 18,876

(Dollar Amounts in Thousands)

Health Reimbursement Arrangement Plan	Retiree Medical Plan 115 Trust *	Fiduciary Component Unit: Orange County Employees Retirement System-401(h)*	Fiduciary Component Unit: Orange County Employees Retirement System-Pension Trust Fund*	Fiduciary Component Unit: Orange County Employees Retirement System-Health Care Fund-OCFA*	
					Additions:
					Contributions to Pension and Other Postemployement Benefit Trust:
$ 24,239	$ 4,638	$ 41,351	$ 659,807	$ 1,976	Employer
722	--	208	279,384	--	Employee
					Contributions to Pension and Other
47,659	127	43,050	2,278,997	4,379	Interest and Investment Income
(343)	(5)	(2,325)	(105,813)	(237)	Less: Investment Expense
72,277	4,760	82,284	3,112,375	6,118	Total Additions
					Deductions:
5,754	6,127	36,784	973,325	5,539	Benefits Paid to Participants
--	--	22	20,428	22	Administrative Expense
5,754	6,127	36,806	993,753	5,561	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.

(Dollar Amounts in Thousands)

COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS

	Total	Unapportioned Tax and Interest Funds	Departmental Funds	Fiduciary Component Unit Orange County Employees Retirement System-OCTA*
ASSETS				
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	566,561	409,656	137,326	19,579
LIABILITIES				
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	48,368	37,063	11,305	--
NET POSITION				
Restricted for:				
Restricted for OPEB Benefits	19,579	--	--	19,579
Individuals, Organizations, and Other Governments	498,614	372,593	126,021	--
Net Position	$ 518,193	$ 372,593	$ 126,021	$ 19,579

* This is presented as of 12/31/20.

(Dollar Amounts in Thousands)

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	11,397,368	10,217,731	1,176,674	2,963
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	10,236,271	10,199,944	36,327	--
Total Deductions	11,487,692	10,435,634	1,050,653	1,405
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	608,517	590,496	--	18,021
Net Position-End of Year	$ 518,193	$ 372,593	$ 126,021	$ 19,579

* This is presented as of 12/31/20.

COUNTY OF ORANGE
CALIFORNIA

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.

Contents **Page**

Source: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

(Dollar Amounts in Thousands)

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	$ 2,151,198	$ 1,383,052	$ 1,132,381	$ 1,152,873	$ 1,255,191
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	$ 1,512,069	$ 1,461,336	$ 1,394,727	$ 1,311,862	$ 1,249,960

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.

(Dollar Amounts in Thousands)

Fiscal Year 2015-16	2014-15	2013-14 (2)	2012-13	2011-12 (2)	
					Governmental Activities
$ 2,707,493	$ 2,670,577	$ 2,646,812	$ 2,563,976	$ 2,699,809	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
1,103,257	1,045,897	1,190,106	1,174,791	1,077,117	Legally Segregated for Grants 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
14,705	70,538	62,522	55,331	--	Passenger Facility Charges 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

(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

	Fiscal Year				
	2015-16	2014-15	2013-14 (3)	2012-13	2011-12 (3)
Primary Government					
Net Investment in Capital Assets	$ 3,370,773	$ 3,313,004	$ 3,271,433	$ 3,151,910	$ 3,274,791
Restricted for:					
Expendable					
OPEB (1)	--	--	--	--	-- (1)
Pension Benefits	111,639	112,544	109,986	105,900	96,604
Capital Projects	10,836	6,154	8,661	11,904	16,269
Debt Service	44,879	45,058	44,729	90,737	--
Legally Segregated for Grants and Other Purposes	1,103,257	1,045,897	1,190,106	1,174,791	1,077,117
Regional Park Endowment	144	141	140	139	--
Passenger Facility Charges Approved Capital Projects	14,705	70,538	62,522	55,331	--
Replacements and Renewals	1,000	1,000	1,000	1,000	--
Landfill Closure/Postclosure	33,997	33,337	37,412	40,355	--
Landfill Corrective Action	8,245	8,174	7,141	6,109	--
Wetland	879	879	879	879	--
Prima Deshecha/La Pata Closure	104	104	104	104	--
Airport (2)	--	--	--	--	58,149
OC Waste & Recycling (2)	--	--	--	--	82,205
Nonexpendable					
Regional Park Endowment	193	188	185	183	319
Unrestricted	(2,514,942)	(2,629,268)	716,279	531,972	388,264
Total Primary Government Net Position	$ 2,185,709	$ 2,007,750	$ 5,450,577	$ 5,171,314	$ 4,993,718

(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.

(Dollar Amounts in Thousands)

Fiscal Year 2015-16	2014-15	2013-14 (1)	2012-13	2011-12 (1)	
					Expenses
					Governmental Activities:
$ 203,394	$ 191,793	$ 131,026	$ 221,110	$ 161,615	General Government
1,433,421	1,326,028	1,261,984	1,264,354	1,231,925	Public Protection
142,071	114,398	127,561	137,651	144,382	Public Ways and Facilities
554,872	537,580	626,063	621,381	593,657	Health and Sanitation
1,097,129	1,049,665	988,735	944,230	930,348	Public Assistance
46,170	43,314	41,240	38,548	41,226	Education
115,136	102,069	96,820	101,232	102,762	Recreation and Cultural Services
20,112	23,560	28,028	31,269	56,765	Interest on Long-Term Debt
3,612,305	3,388,407	3,301,457	3,359,775	3,262,680	Subtotal Governmental Activities
					Business-Type Activities:
120,921	124,778	120,731	122,568	107,120	Airport
96,301	69,307	94,161	94,737	94,553	OC Waste & Recycling
283	331	379	305	306	Compressed Natural Gas
217,505	194,416	215,271	217,610	201,979	Subtotal Business-Type Activities
$ 3,829,810	$ 3,582,823	$ 3,516,728	$ 3,577,385	$ 3,464,659	Total Primary Government Expenses
					Program Revenues
					Governmental Activities:
					Charges for Services
$ 34,048	$ 36,924	$ 32,016	$ 32,127	$ 26,942	General Government
288,185	286,644	273,215	283,031	271,423	Public Protection
63,487	53,834	53,071	39,981	62,653	Public Ways and Facilities
85,392	102,599	93,470	81,039	86,027	Health and Sanitation
37,975	37,650	42,300	34,780	35,036	Public Assistance
1,426	1,480	2,059	1,327	1,437	Education
46,937	43,882	39,251	39,637	38,888	Recreation and Cultural Services
2,037,311	1,996,861	2,033,550	1,904,858	1,800,296	Operating Grants and Contributions
105,776	33,241	54,478	62,893	39,010	Capital Grants and Contributions
2,700,537	2,593,115	2,623,410	2,479,673	2,361,712	Subtotal Governmental Activities Program Revenues
					Business-Type Activities:
					Charges for Services
149,894	141,563	136,359	132,941	129,213	Airport
147,130	139,493	125,106	106,876	99,249	OC Waste & Recycling
269	312	392	385	293	Compressed Natural Gas
171	255	900	200	212	Operating Grants and Contributions
2,174	9,215	5,277	3,839	5,216	Capital Grants and Contributions
299,638	290,838	268,034	244,241	234,183	Subtotal Business-Type Activities Program Revenues
$ 3,000,175	$ 2,883,953	$ 2,891,444	$ 2,723,914	$ 2,595,895	Total Primary Government Program Revenues

(Dollar Amounts in Thousands)

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)	$ (494,535)	$ (917,655)	$ (1,130,047)	$ (754,871)	$ (754,475)
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	1,317,391	1,224,853	1,176,217	1,128,775	1,094,878
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	(3,977)	10,082	16,203	(1,160)	(20,961)
Total Primary Government General Revenue and Other Charges	$ 1,313,414	$ 1,234,935	$ 1,192,420	$ 1,127,615	$ 1,073,917
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	$ 818,879	$ 317,280	$ 62,373	$ 372,744	$ 319,442

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.

(Dollar Amounts in Thousands)

	Fiscal Year				
	2015-16	2014-15	2013-14 [3]	2012-13	2011-12 [3]
Net (Expense)/Revenue					
Governmental Activities	$ (911,768)	$ (795,292)	$ (678,047)	$ (880,102)	$ (900,968)
Business-Type Activities	82,133	96,422	52,763	26,631	32,204
Total Primary Government Net (Expense)	$ (829,635)	$ (698,870)	$ (625,284)	$ (853,471)	$ (868,764)
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes, Levied for General Fund	$ 311,902	$ 328,500	$ 277,591	$ 313,299	$ 311,779
Property Taxes, Levied for Flood Control District	82,193	77,090	72,737	69,321	68,184
Property Taxes, Levied for OC Parks	61,048	57,266	54,042	51,550	51,168
Property Taxes, Levied for OC Public Libraries	45,364	42,333	39,734	37,961	37,389
Property Tax Increments [2]	--	--	--	--	18,308
Property Taxes in-Lieu of Motor Vehicle License Fees	333,595	314,957	295,798	309,745	303,955
Other Taxes	78,184	71,613	73,178	108,430	43,568
Grants and Contributions Not Restricted to Specific Programs	4,583	49,476	14,192	6,711	9,377
State Allocation of Motor Vehicle License Fees	1,100	764	895	1,659	2,667
Unrestricted Investment Earnings	17,032	6,796	18,459	11,559	4,195
Miscellaneous	63,825	69,789	54,412	48,478	57,125
Gain on Sale of Capital Assets	--	--	--	--	34
Transfers	21,518	19,959	17,557	10,276	11,767
Subtotal Governmental Activities	1,020,344	1,038,543	918,595	968,989	919,516
Extraordinary Gain/(Loss) Dissolution of OCDA [1]	--	--	--	1,800	(69,639)
Business-Type Activities:					
Other Taxes	72	109	101	93	134
Unrestricted Investment Earnings	6,526	3,042	3,064	2,113	3,530
Miscellaneous Revenues	2,170	1,597	3,177	1,235	1,508
Transfers	(21,518)	(19,959)	(17,557)	(10,276)	(11,767)
Subtotal Business-Type Activities	(12,750)	(15,211)	(11,215)	(6,835)	(6,595)
Total Primary Government General Revenue and Other Charges	$ 1,007,594	$ 1,023,332	$ 907,380	$ 963,954	$ 843,282
Change in Net Position					
Governmental Activities	$ 108,576	$ 243,251	$ 240,548	$ 90,687	$ (51,091)
Business-Type Activities	69,383	81,211	41,548	19,796	25,609
Total Primary Government	$ 177,959	$ 324,462	$ 282,096	$ 110,483	$ (25,482)

(Dollar Amounts in Thousands)

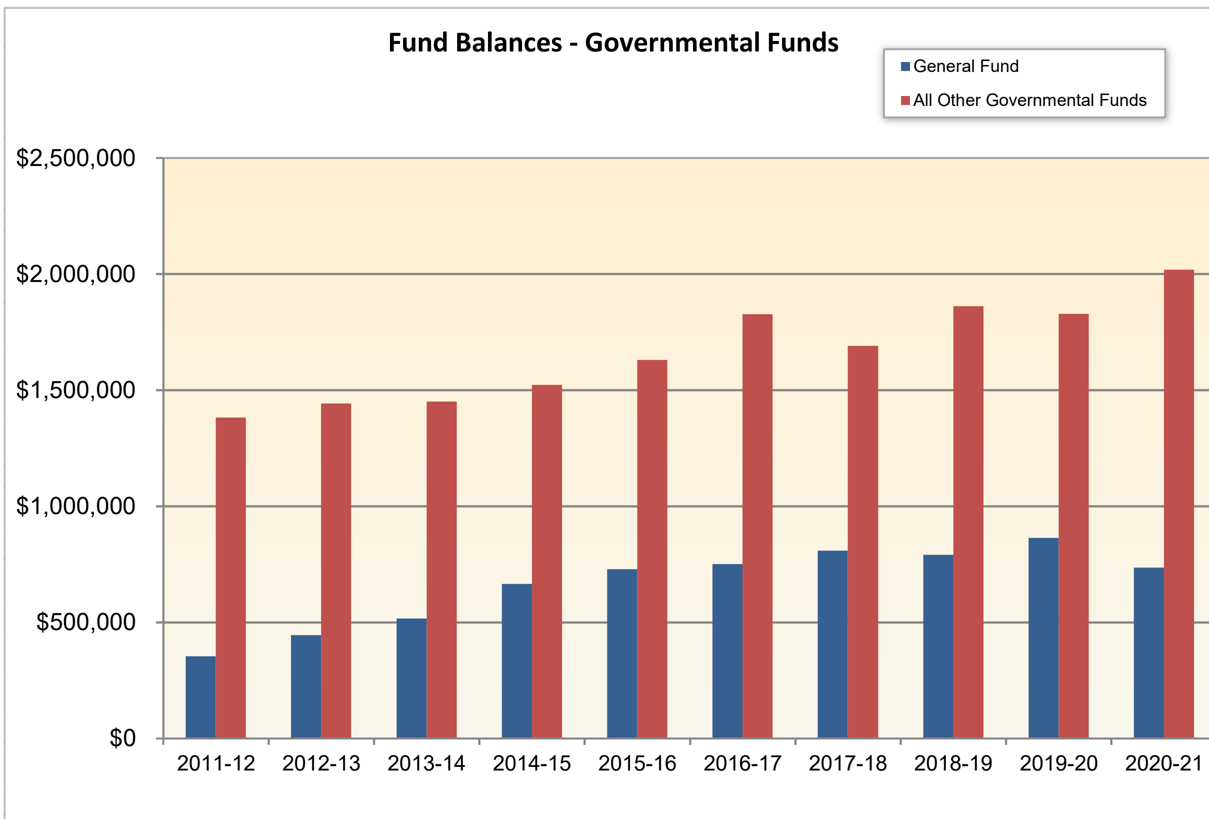
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	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.

(Dollar Amounts in Thousands)

Fiscal Year 2015-16	2014-15	2013-14 [1]	2012-13	2011-12 [1]	
					General Fund
$ 331,889	$ 336,606	$ 321,022	$ 263,446	$ 225,460	Nonspendable
49,230	31,486	42,028	34,679	26,336	Restricted
321,064	269,529	153,336	68,157	100,448	Assigned
25,655	26,887	--	78,264	990	Unassigned
$ 727,838	$ 664,508	$ 516,386	$ 444,546	$ 353,234	**Total General Fund**
					All Other Governmental Funds
$ 20,501	$ 21,296	$ 21,207	$ 18,929	$ 23,057	Nonspendable
1,479,405	1,417,122	1,362,102	1,357,556	1,318,071	Restricted
129,782	83,765	67,929	65,556	43,900	Assigned
--	--	--	--	(3,016)	Unassigned
$ 1,629,688	$ 1,522,183	$ 1,451,238	$ 1,442,041	$ 1,382,012	**Total All Other Governmental Funds**



(Dollar Amounts in Thousands)

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.

(Dollar Amounts in Thousands)

Fiscal Year					
2015-16	2014-15	2013-14 (1)	2012-13	2011-12 (1)	
					Revenues
$ 876,808	$ 822,511	$ 778,936	$ 854,587	$ 784,797	Taxes
27,659	24,583	24,920	15,213	18,046	Licenses, Permits, and Franchises
61,669	108,115	62,081	79,267	80,180	Fines, Forfeitures, and Penalties
88,211	73,700	63,611	58,441	81,088	Use of Money and Property
2,125,136	2,064,354	2,070,245	1,940,687	1,846,311	Intergovernmental
466,659	480,023	470,899	439,224	435,920	Charges for Services
69,436	71,207	54,406	77,464	66,920	Other
3,715,578	3,644,493	3,525,098	3,464,883	3,313,262	Total Revenues
					Expenditures
261,387	212,805	172,195	186,145	170,156	General Government
1,289,902	1,230,878	1,194,069	1,157,676	1,125,831	Public Protection
123,140	102,732	127,506	112,294	126,809	Public Ways and Facilities
527,482	515,560	621,891	611,369	580,791	Health and Sanitation
1,061,647	1,030,404	972,156	932,414	909,296	Public Assistance
43,928	41,949	40,008	37,239	37,621	Education
100,381	98,001	98,388	94,051	91,753	Recreation and Cultural Services
116,569	102,863	125,781	122,639	105,207	Capital Outlay
					Debt Service
126,319	104,756	111,486	72,499	95,429	Principal Retirement
43,039	31,513	35,107	43,777	46,152	Interest
--	--	200	--	--	Debt Issuance Costs
3,693,794	3,471,461	3,498,787	3,370,103	3,289,045	Total Expenditures
21,784	173,032	26,311	94,780	24,217	Excess (Deficit) of Revenues Over Expenditures
					Other Financing Sources (Uses)
396,952	338,055	294,374	274,363	345,692	Transfers In
(387,373)	(323,604)	(279,287)	(268,110)	(336,157)	Transfers Out
127,494	31,541	39,639	78,419	10,000	Debt Issued
11,724	--	--	--	2,927	Premium on Debt Issued
--	--	--	--	34,380	Refunding Bonds Issued
--	--	--	--	(40,491)	Payment to Refunded Bond Escrow
--	--	--	--	43	Provisions for Increase in Land Held for Resale
254	43	--	--	--	Capital Leases
--	--	--	--	--	Loan Issuance
149,051	46,035	54,726	84,672	16,394	Total Other Financing Sources
--	--	--	1,800	(113,615)	Extraordinary Gain/(Loss)
$ 170,835	$ 219,067	$ 81,037	$ 181,252	(73,004)	Net Change in Fund Balances
4.73%	4.04%	4.34%	3.60%	4.44%	Debt Service as a Percentage of Noncapital Expenditures:

(Dollar Amounts in Thousands)

Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Residential Property	Industrial/ Commerical Property	Other Property (2)	Unsecured Roll Gross Total (3)
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 XIIIA, 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

(Dollar Amounts in Thousands)

Total Taxable Assessed Value	Less: Exempt & Non-Reimbursed Exemptions	Net Taxable Assessed Value	Total Direct Tax Rate Percent [1]
$ 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

(Dollar Amounts in Thousands)

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per $1,000 of Assessed Value) [4]

	Direct Rate [1]	Overlapping Rates [2]				
Fiscal Year	County General	School Districts	Local Special Districts	Cities	Public Utility	Total Direct & Overlapping Rates
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 XIIIA, 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

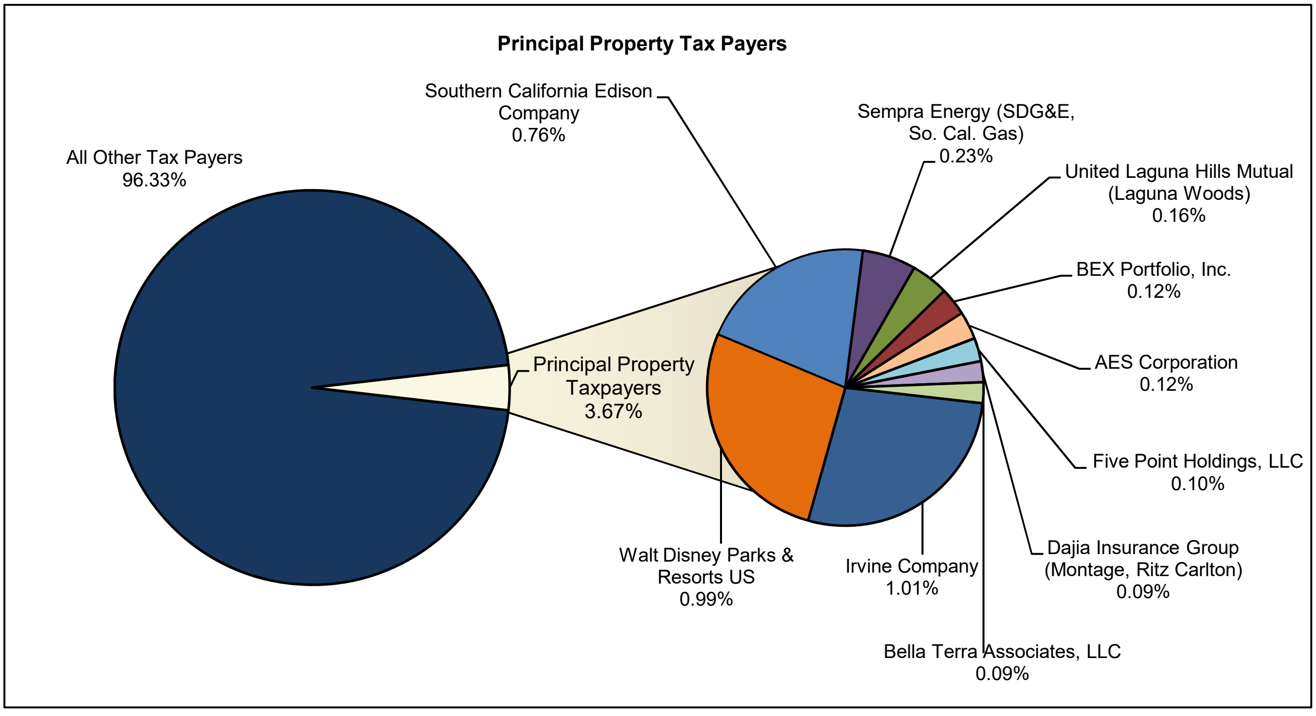
COUNTY OF ORANGE

CALIFORNIA

(Dollar Amounts in Thousands)

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2021 Actual Taxes Levied	2021 Rank	2021 Percentage of Total Taxes Levied	2012 Actual Taxes Levied	2012 Rank	2012 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%



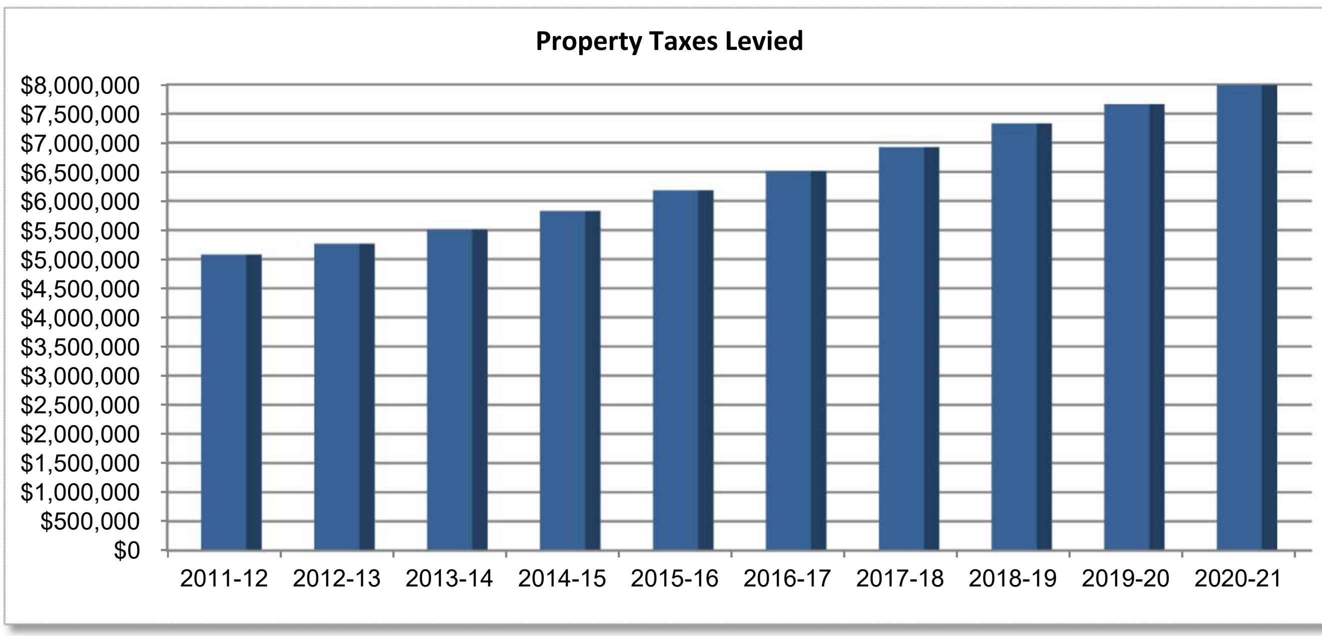
Note: The base used for the Percentage of Total Taxes Levied for 2021 includes total secured taxes of $7,537,669.

Source: Treasurer-Tax Collector, County of Orange

(Dollar Amounts in Thousands)

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)

	Governmental Activities					
Fiscal Year	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
(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

(Dollar Amounts in Thousands)

		Business-Type Activities				
Capital Lease Obligations (2)	Interest Accretion on CAB	Airport Revenue Bonds (6)	Waste Management System Revenue Bonds	Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
$ 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)

	General Debt Outstanding					
Fiscal Year	Refunding Recovery Bonds	Pension Obligation Bonds [(3)]	Restricted for Debt Payments [(3)]	Total (Excess)/ Under	Percentage of Assessed Value	Per Capita [(2)]
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

(Dollar Amounts in Thousands)

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 XIIIA, Section 1 requires the approval of 2/3 of the voting on the proposition.

Source: Auditor-Controller, County of Orange

(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

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service 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 Facilities Corporation Bonds

Funding Source: Interest Earnings and Transfers

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service 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

Orange County Public Financing Authority

Funding Source: Interest Earnings, Rents and Concessions, and Transfers

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service 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

Teeter Plan Notes

Funding Source: Delinquent Property Taxes Collected

Fiscal Year [2]	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service 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	--	--	--	--	--	--

Airport Revenue Bonds

Funding Source: Rents and Concessions, Other Charges for Services, Misc Revenue, Interest Earnings, and Available Passenger Facility Charge Revenue

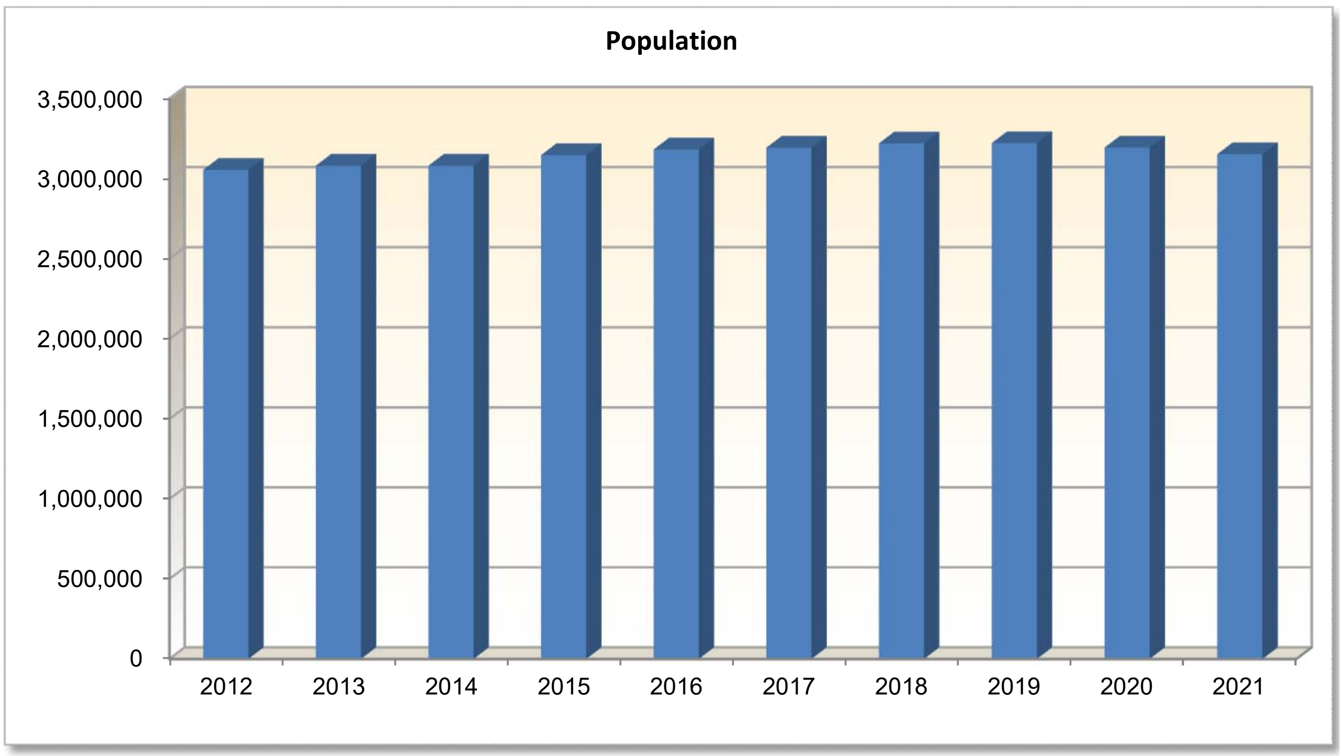
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2020-21	$ 109,803	$ 69,255	$ 40,548	$ 11,255	$ 3,872	2.68
2019-20	136,374	92,346	44,028	1,950	2,632	9.61
2018-19	154,833	95,862	58,971	22,170	7,924	1.96
2017-18	145,649	90,889	54,760	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

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%

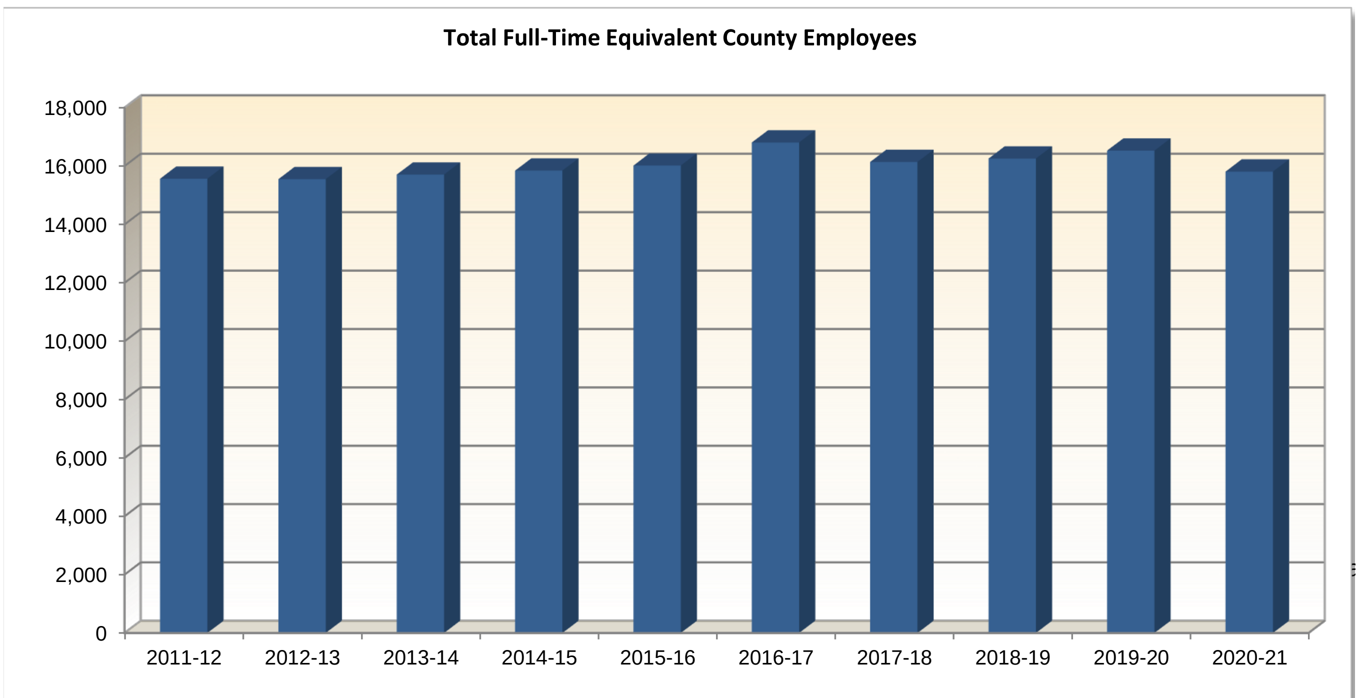
2012

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 2015-16	2014-15	2013-14	2012-13	2011-12	Function/Program
					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

Operating Indicators by Function/Program
Last Ten Fiscal Years (Continued)

Function/Program	Fiscal Year 2020-21	2019-20	2018-19	2017-18	2016-17
Public Ways and Facilities					
OC Public Works					
Building and Home Inspections	36,540	42,365	60,753	42,590	39,056
Health and Sanitation					
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
Public Assistance					
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
Education					
OC Community Resources					
Total Volumes Borrowed at Library Branches	5,941,649	7,016,302	7,746,484	7,041,985	6,864,635
Recreation and Cultural Services					
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
Airport					
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
OC Waste & Recycling					
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 2015-16	2014-15	2013-14	2012-13	2011-12	Function/Program
					Public Ways and Facilities
					OC Public Works
40,662	30,324	31,772	19,368	15,591	Building and Home Inspections
					Health and Sanitation
					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
496	755	1,225	1,107	1,344	Number of Low Income Children Dental Health Services
22	24	20	8	1	Number of Ocean Water Days of Closure (In Beach-Miles)
					Public Assistance
					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
263,556	258,676	247,517	230,964	213,919	Average Monthly CalFresh (formerly Food Stamp) Recipients
22,635	20,787	19,652	19,663	19,240	Average Monthly In-Home Supportive Services
52,081	55,921	55,225	55,008	56,847	Average Persons Receiving Cash Assistance
1,791	1,924	2,119	2,213	2,128	Average Children in Foster Care/Relative Care
942	815	710	636	630	Average Elder and Adult Abuse Unduplicated Reports Received
					Education
					OC Community Resources
6,634,747	6,411,127	6,642,739	6,564,262	6,741,380	Total Volumes Borrowed at Library Branches
					Recreation and Cultural Services
					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
					Airport
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
					OC Waste & Recycling
4,772,722	4,581,359	4,070,238	3,428,657	3,304,643	Solid Waste Tonnage
3,542,736	5,510,821	3,854,530	3,116,108	3,448,964	Gallons of Leachate and Impacted Ground Water Collected

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year 2020-21	2019-20	2018-19	2017-18	2016-17
General Government					
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
Public Protection					
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
Public Ways and Facilities					
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 2015-16	2014-15	2013-14	2012-13	2011-12	Function/Program
					General Government
					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
					Public Protection
					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
					Public Ways and Facilities
					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	2020-21	2019-20	2018-19	2017-18	2016-17
	Fiscal Year				
Health and Sanitation					
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
Public Assistance					
Social Service Agency					
Vehicles	3	1	1	2	4
Office Locations	19	19	19	20	20
Education					
OC Community Resources					
Library Branches	32	32	32	33	33
Library Headquarters	*	*	*	*	*
Recreation and Cultural Services					
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 2015-16	2014-15	2013-14	2012-13	2011-12	Function/Program
					Health and Sanitation
					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
					Public Assistance
					Social Service Agency
5	5	5	6	10	Vehicles
20	20	19	20	20	Office Locations
					Education
					OC Community Resources
33	33	33	33	33	Library Branches
*	*	*	*	*	Library Headquarters
					Recreation and Cultural Services
					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
Airport					
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	*	*	*	*
OC Waste & Recycling					
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	*

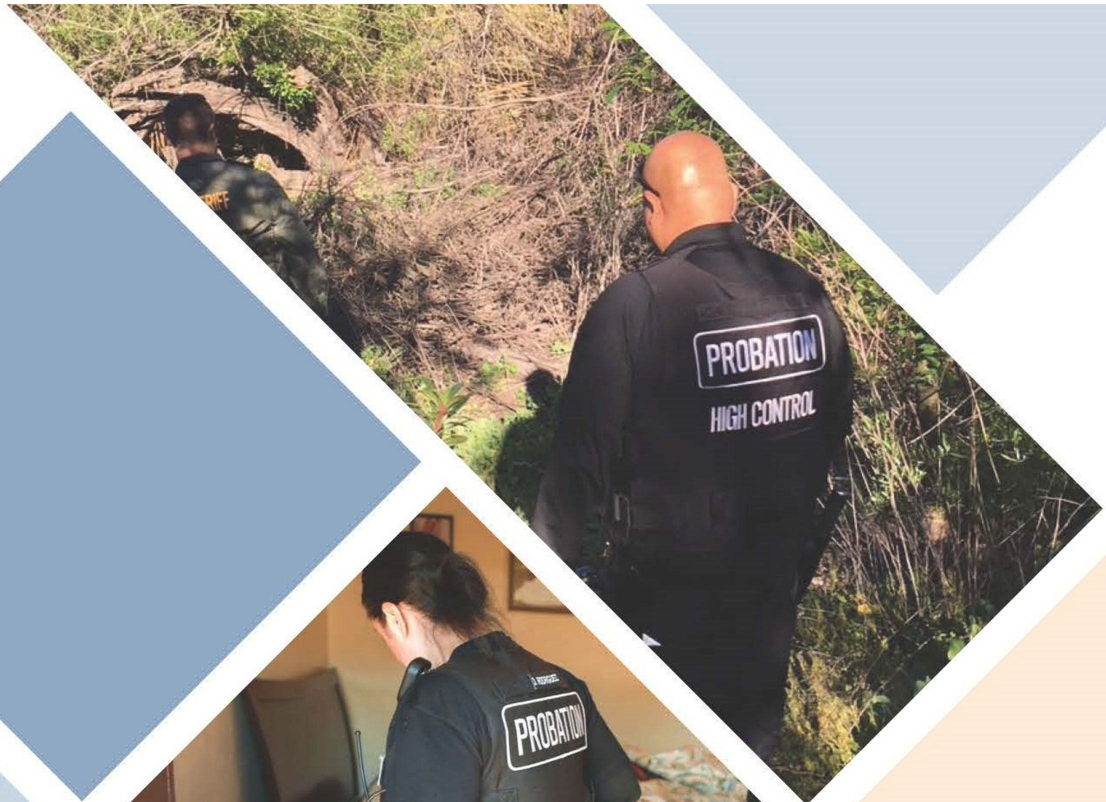
* means Not Available

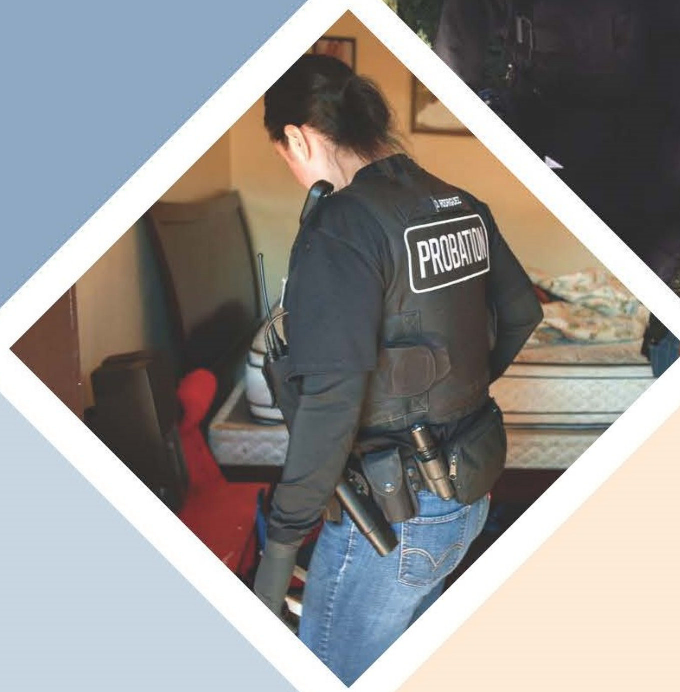
Source: County Departments

Fiscal Year					
2015-16	2014-15	2013-14	2012-13	2011-12	Function/Program
					Airport
501	501	501	501	501	Acres
2	2	2	2	2	Runways
5	5	5	5	5	Public Parking Structures/Lots
3	3	3	3	3	Terminals
4	4	4	4	4	Fire Trucks
*	*	*	*	*	Shuttle Buses
					OC Waste & Recycling
3	3	3	3	3	Active Landfills
2	2	2	2	2	Inactive Landfills
4	4	4	4	4	Household Hazardous Waste 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

COUNTY OF ORANGE

CALIFORNIA





Orange County Auditor-Controller
1770 N. Broadway, Santa Ana, CA 92706

OC Auditor-Controller: www.ac.ocgov.com
County of Orange: www.ocgov.com

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected features of the Facilities Lease, dated as of July 1, 2022 (the "Facilities Lease"), the Facilities Sublease, dated as of July 1, 2022 (the "Facilities Sublease"), and the Trust Agreement, dated as of July 1, 2022 (the "Trust Agreement"), are made subject to all of the provisions of such documents and to the discussions of such documents contained elsewhere in this Official Statement. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete text of said documents, copies of which are available upon request from the Trustee or the County.

CERTAIN DEFINITIONS

The following are definitions of certain of the terms used in the Facilities Lease, the Facilities Sublease or the Trust Agreement, to which reference is hereby made. The following definitions are equally applicable to both the singular and plural forms of any of the terms defined herein:

The term "Acquisition and Construction Fund" means the fund by that name established pursuant to the Trust Agreement.

The term "Additional Payments" means all amounts payable to the Authority or the Trustee or any other person from the County as Additional Payments pursuant to the Facilities Sublease.

The term "Additional Improvements" means public capital improvements, including equipment, located within the County and financed in whole or in part with the proceeds of Additional Bonds.

The term "Base Rental Payments" means all amounts payable to the Authority from the County as Base Rental Payments pursuant to the Facilities Sublease.

The term "Base Rental Payment Schedule" means the schedule of Base Rental Payments payable to the Authority from the County pursuant to Facilities Sublease and attached thereto.

The term "Bond Counsel" means counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

The term "Bonds" means the Series 2022 Bonds and all Additional Bonds. The term "Series 2022 Bonds" means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. The term "Additional Bonds" means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance therewith. The term "Serial Bonds" means Bonds for which no sinking fund payments are provided. The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

The term "Certificate of the Authority" means an instrument in writing signed by the Chairperson, Vice-Chairperson, Executive Director, Secretary or Treasurer of the Authority, or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

The term "Certificate of the County" means an instrument in writing signed by the Chair of the Board of Supervisors, Vice-Chair of the Board of Supervisors, County Executive Officer or the County Finance Officer, or by any such officials' designee, or by any other officer or employee of the County duly authorized by the County for that purpose.

The term "Code" means the Internal Revenue Code of 1986, as amended.

The term "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the County and the Trustee summarized in APPENDIX D hereto.

The term "Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the County or the Authority and related to the authorization, execution and delivery of the Facilities Lease, the Facilities Sublease, the Trust Agreement and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

The term "Costs of Issuance Fund" means the fund by that name established pursuant to the Trust Agreement.

The term "Debt Service" means, for any Fiscal Year or other period, the sum of (1) the interest accruing during such Fiscal Year or other period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds so long as such funded interest is in an amount equal to the gross amount necessary to pay such interest on the Bonds and is invested in direct obligations of the United States which mature no later than the related Interest Payment Date), (2) the principal amount of all Outstanding Serial Bonds maturing during such Fiscal Year or other period, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid (together with the redemption premiums, if any, thereon) during such Fiscal Year or other period.

The term "DTC" means The Depository Trust Company, New York, New York.

The term "Event of Default" for purposes of the Facilities Sublease is defined herein under "Facilities Sublease-Defaults and Remedies". The term "Event of Default" for purposes of the Trust Agreement is defined herein under "Trust Agreement-Events of Default; Remedies of Bondholders".

The term "Facilities" means the buildings, other improvements and facilities described in Exhibit A to the Facilities Sublease, including all real property on which such buildings, other improvements and facilities are located, or any portion thereof, or any County buildings, other improvements and facilities added thereto or substituted therefor, or any portion thereof, in accordance with the Facilities Sublease and the Trust Agreement; subject, however, to any conditions, reservations and easements of record known to the County.

The term "Facilities Lease" means that certain lease, entitled "Facilities Lease", by and between the County and the Authority, dated as of July 1, 2022, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and thereof.

The term "Facilities Sublease" means that certain lease, entitled "Facilities Sublease", by and between the Authority and the County, dated as of July 1, 2022, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and thereof.

The term "Financial Newspaper" means The Wall Street Journal or The Bond Buyer, or any other newspaper or journal printed in the English language, publishing financial news, and selected by the Authority.

The term "Fiscal Year" means the twelve (12) month period terminating on June 30 of each year, or any other annual accounting period selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

The term "Fitch" means Fitch Ratings Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

The term "Government Securities" means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations the timely payment of which is guaranteed directly by the United States of America, including evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations; provided that investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; (c) the underlying obligations are not redeemable prior to maturity, and (d) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

The term "Improvements" means the Series 2022 Improvements and all Additional Improvements.

The term "Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom--

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the County;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the County; and

(3) is not connected with the Authority or the County as a member, officer or employee of the Authority or the County, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the County.

The term "Information Services" means the Electronic Municipal Market Access System of the Municipal Rulemaking Board; and in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

The term "Insurance Consultant" means an individual or firm employed by the County, including the Risk Manager of the County, that has actuarial experienced personnel in the field of risk management.

The term "Interest Payment Date" means June 1 and December 1 in each year, commencing December 1, 2022.

The term "Joint Powers Agreement" means the Joint Exercise of Powers Agreement dated March 8, 1994, by and between the County and Community Facilities District No. 88-2 of the County of Orange (Lomas Laguna), as originally executed and as amended and supplemented from time to time pursuant to the provisions of the Trust Agreement and thereof.

The term "Opinion of Counsel" means a written opinion of Bond Counsel.

The term "Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of the defeasance provisions of the Trust Agreement; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant to the Trust Agreement.

The term “Permitted Encumbrances” means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to the Facilities Sublease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of the Facilities Sublease in the office of the County Recorder of the County of Orange and which the County certifies in writing will not materially impair the use of the Facilities; (3) the Facilities Lease, as it may be amended from time to time; (4) the Facilities Sublease, as it may be amended from time to time; (5) the Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the County consent in writing and certify to the Trustee will not materially impair the leasehold interests of the Authority or use of the Facilities by the County; and (8) subleases and assignments of the County which will not adversely affect the exclusion from gross income of interest on the Bonds.

The term “Permitted Investments” means any of the following, if and to the extent each is permissible for investment of funds of the Authority:

1. Government Securities;

2. Any obligations which are then legal investments for moneys of the County under the laws of the State of California; provided that such investments shall be rated in the highest short-term or one of the three highest long-term Rating Categories by the Rating Agencies or deposits which are fully insured by the FDIC;

3. Debentures of the Federal Housing Administration; or obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Corporation; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal or debt obligations of the Federal National Mortgage Association; or (v) letter of credit-backed issues or debt obligations of the Student Loan Marketing Association;

4. Money markets or mutual funds which are rated by S&P “AAAm-G” or “AAAm” or higher and, if rated by Fitch, are rated “Aaa” or higher, which funds may include funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;

5. Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated in any of the three highest Rating Categories by the Rating Agencies at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event such rating at any time falls below any of the three highest Rating Categories of the Rating Agencies; provided that any such investment agreement shall have been provided to the Rating Agencies;

6. The Local Agency Investment Fund of the State of California;

7. U.S. denominated deposit account, certificates of deposit and banker’s acceptances of any bank, trust company, or savings and loan association, including the Trustee or their affiliates, which have a rating on their short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any rating agency, and which mature not more than 365 days after the date of purchase; and

8. Any other investment selected by the Authority which does not adversely affect the then-current rating on the Bonds.

The Trustee may conclusively rely on the written instructions of the Authority and the County that such investment is a Permitted Investment.

The term “Principal Payment Date” means any date on which principal of the Bonds is required to be paid (whether by reason of maturity, redemption or acceleration).

The term “Rating Category” means one of the general long-term (or short-term, if so specifically provided) rating categories of either Fitch and S&P, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

The term “Responsible Officer” means any officer of the Trustee assigned to administer its duties under the Trust Agreement.

The term “Revenues” means (i) all Base Rental Payments and other payments paid by the County and received by the Authority pursuant to the Facilities Sublease (but not Additional Payments), and (ii) all interest or other income from any investment, pursuant to the Trust Agreement, of any money in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement or the Facilities Sublease.

The term “Securities Depositories” means: The Depository Trust Company, or such other securities depositories as the Authority may designate to the Trustee.

The term “Series,” whenever used in the Trust Agreement with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Trust Agreement.

The term “Series 2022 Improvements” means the capital improvements to the Facilities constructed pursuant to the Purchase and Sale Agreement and Joint Escrow Instructions, dated as of February 18, 2022, between GVI-SW Bell Ave Owner, LLC (the “Seller”) and the County; and the Lease, dated May 11, 2021, by and between the Seller and the County.

The term “S&P” means S&P Global Ratings, its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

The term “State” means the State of California.

The term “Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory thereof or supplemental thereto; but only if and to the extent that such Supplemental Trust Agreement is executed and delivered pursuant to the provisions of the Trust Agreement.

The term “Tax Certificate” means the Tax Certificate delivered by the Authority at the time of the issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

The term “Treasurer” means the Treasurer of the Authority designated pursuant to the Joint Powers Agreement.

The term “Trust Agreement” means the Trust Agreement, dated as of July 1, 2022, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement.

The term “Trustee” means U.S. Bank Trust Company, National Association, or any other association or corporation which may at any time be substituted in its place as provided in the Trust Agreement.

The term "Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its Chairperson, Vice-Chairperson, Executive Director or Treasurer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

The term "Written Request of the County" means an instrument in writing to the Trustee signed by the Chair of the Board of Supervisors, Vice-Chair of the Board of Supervisors, County Executive Officer, Budget and Finance Director or by any such officer's duly appointed designee, or by any other officer or employee of the County duly authorized by the County for that purpose.

FACILITIES LEASE

The County and the Authority will enter into the Facilities Lease providing for the lease of the Facilities from the County to the Authority. The term of the Facilities Lease will commence on the date of recordation of the Facilities Lease in the office of the County Recorder of Orange County, State of California, or on September 1, 2022, whichever is earlier, and shall end on June 1, 2052, unless such term is extended, following an abatement of rental or in connection with the issuance of additional Bonds, or sooner terminated, upon prepayment of all amounts due under the Trust Agreement. The term of the Facilities Lease shall in no event be extended beyond June 1, 2062 (or such later date established in connection with the issuance of additional Bonds).

The County covenants that it is the owner in fee of the Facilities, as described in the Facilities Lease. The County further covenants and agrees that if for any reason this covenant proves to be incorrect, the County will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the County's title, and will diligently pursue such action to completion.

The Authority and the County may at any time agree to the amendment or termination of the Facilities Lease; provided, however, that the Authority and the County agree and recognize that the Facilities Lease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

FACILITIES SUBLEASE

The Authority and the County will enter into the Facilities Sublease providing for the lease of the Facilities to the County.

Term

The term of the Facilities Sublease shall commence on the date of recordation of the Facilities Sublease in the office of the County Recorder of the County of Orange, or on September 1, 2022 whichever is earlier, and shall end on June 1, 2052, unless such term is extended or sooner terminated as provided in the Facilities Sublease (including as such term may be extended in connection with the issuance of Additional Bonds). If on June 1, 2052 (or such later date established in connection with the issuance of Additional Bonds), the Bonds and all amounts due hereunder and under the Trust Agreement shall not be fully paid, or if the rental or other amounts payable hereunder shall have been abated at any time and for any reason, then the term of the Facilities Sublease shall be extended until all Bonds and all amounts due under the Facilities Sublease and under the Trust Agreement shall be fully paid, except that the term of the Facilities Sublease shall in no event be extended beyond June 1, 2062 (or such later date established in connection with the issuance of Additional Bonds). If prior to June 1, 2052, all Bonds and all amounts due under the Facilities Sublease and under the Trust Agreement shall be fully paid, or provision therefor made in accordance with the terms and provisions of the Trust Agreement, the term of the Facilities Sublease shall end immediately. It is contemplated that the County will take possession of the Facilities, as improved by the Series 2022 Improvements, and each and every part thereof on or before June 1, 2023 and the obligation to pay Base Rental Payments shall commence on such date. If the Facilities, as improved by the Series 2022 Improvements, or any part thereof shall be substantially completed before June 1, 2023, the County may take possession of the Facilities or such part thereof upon such substantial completion. If the Authority for any reason whatsoever cannot deliver possession of the Facilities, as improved by the Series 2022 Improvements, or any part thereof to the County on June 1, 2023, the Facilities Sublease shall not be void or voidable, nor shall the Authority be liable to the County for any loss or damages resulting therefrom; but in that event the Base Rental Payments payable hereunder shall be abated proportionately in the proportion on which the acquisition and construction costs of the Facilities not yet delivered to the County bears to the acquisition and construction cost of the entire Facilities with respect to the period between June 1, 2023, and the time when the Authority delivers possession of such part.

Substitution; Release; Addition of Property

The County and the Authority may add, substitute or release real property for all or part of, or may release part of, the Facilities for purposes of the Facilities Lease and the Facilities Sublease, but only after the County has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

1. Executed copies of the Facilities Lease and the Facilities Sublease or amendments thereto containing the amended description of the Facilities, including the legal description of any real property component of the Facilities as modified, if necessary.

2. A Written Certificate of the County, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the County) of the Facilities that will constitute the Facilities after such addition, substitution or withdrawal will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the County, in the alternative, in the event of a substitution only, the Written Certificate of the County will certify that the annual fair rental value of the new Facilities is at least equal to that of the substituted Facilities.

3. With respect to an addition or substitution of property, a leasehold owner's title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Facilities after such addition or substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the County's right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the County under the Facilities Sublease.

4. A Written Certificate of the County stating that such addition, substitution or withdrawal, as applicable, does not adversely affect the County's use and occupancy of the Facilities.

5. With respect to the substitution of property, a Written Certificate of the County stating that the useful life of the property to be substituted is at least equal to the useful life of the property being released.

6. An opinion of bond counsel stating that any amendment executed in connection with such addition, substitution or withdrawal, as the case may be, (i) is authorized or permitted under the Facilities Sublease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the County; and (iii) will not cause the interest on any tax-exempt Bonds to be included in gross income for federal income tax purposes.

The Facilities or portion thereof for which other real property is substituted, pursuant to the Facilities Sublease, shall be released from the Facilities Lease and the Facilities Sublease, and shall no longer be encumbered thereby or by the Trust Agreement at such time as the County shall have caused said substitution.

Rental Payments

Base Rental Payments. The County will pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities (subject to the provisions of the Facilities Sublease), annual rental payments, all in accordance with the Base Rental Payment Schedule attached to the Facilities Sublease. The Base Rental Payments shall be due and payable on May 25 and November 25, commencing November 25, 2022 in each year set forth in the Facilities Sublease and shall be for the use and occupancy of the Facilities during the one-year period ending on the 1st day of each June.

All Base Rental Payments for the Facilities shall be paid by the County from lawfully available funds of the County.

Additional Payments. The County shall also pay such amounts as shall be required by the Authority for the payment of all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facilities Sublease or any assignment thereof, the Trust Agreement, the Authority's interest in the Facilities and the lease of the Facilities to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Bonds, the Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Bonds.

Such Additional Payments shall be billed to the County by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed shall be paid by the County within sixty (60) days after receipt of the bill by the County.

The Authority may in the future issue bonds to finance facilities, and may in the future enter into leases with respect to other Facilities. The administrative costs of the Authority shall be allocated among such other facilities and the Facilities as provided in the Facilities Sublease.

Payment Provisions

Each Base Rental Payment installment or Additional Payment payable under the Facilities Sublease shall be paid in lawful money of the United States of America to or upon the order of the Authority at the corporate trust office of the Trustee or such other place as the Authority shall designate. Any such Base Rental Payment installment or Additional Payment accruing under the Facilities Sublease which shall not be paid when due and payable under the terms of the Facilities Sublease shall bear interest at the rate of 12% per annum, or such lesser rate of interest as may be the maximum rate permitted by law, from the date when the same is due under the Facilities Sublease until the same shall be paid (provided that the foregoing shall not apply to payments following an abatement). Notwithstanding any dispute between the Authority and the County, the County shall make all Base Rental Payments, Additional Payments and other payments when due without deduction or offset of any kind and shall not withhold any rental or other payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent payments due under the Facilities Sublease or refunded at the time of such determination. Amounts required to be deposited by the County with the Trustee pursuant to the Facilities Sublease for payment of Base Rental Payments on any date shall be reduced to the extent of amounts on deposit in the Revenue Fund and available therefor.

Appropriations Covenant; Lease Obligation Not a Debt

The County covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due under the Facilities Sublease in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The County will deliver to the Authority copies of the portion of each annual County budget relating to the payment of Base Rental Payments and Additional Payments under the Facilities Sublease within 60 days after the filing or adoption thereof.

The Authority and the County understand and intend that the obligation of the County to pay Base Rental Payments and Additional Payments under the Facilities Sublease shall constitute a current expense of the County and shall not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the County, nor shall anything contained in the Facilities Sublease constitute a pledge of the general tax revenues, funds or monies of the County, Base Rental Payments and Additional Payments due under the Facilities Sublease shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due under the Facilities Sublease as consideration for the use of the Facilities. The County has not pledged the full faith and credit of the County, the State or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due under the Facilities Sublease.

Rental Abatement

The Base Rental Payments and Additional Payments shall be abated proportionately, during any period in which by reason of any material damage or destruction (other than by condemnation) there is substantial interference with the use and occupancy of the Facilities by the County, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Sublease shall continue in full force and effect and the County waives the benefits of California Civil Code Section 1932(2) and 1933(4) and of Title 11 of the United States Code, Section 365(h) and any and all other rights to terminate the Facilities Sublease by virtue of any such damage or destruction or interference.

Fire and Extended Coverage; Use of Insurance Proceeds

The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facilities Sublease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land, or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed.

As an alternative to providing the insurance required above, or any portion thereof, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, the Holders and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the County. Before such other method or plan may be provided by the County, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of the Facilities Sublease, there shall be filed with the Trustee a certificate of an Insurance Consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the above paragraph and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the County setting forth the details of such substitute method or plan.

In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance, the Authority, except as hereinafter provided, shall cause the proceeds of such insurance to be used for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds separate and apart from all other funds in a special fund to be designated the "Insurance and

Condemnation Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall withdraw said proceeds from time to time upon receiving the Written Request of the Authority, stating that the Authority has expended monies or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such monies were expended, or such liabilities were incurred, and containing the additional information required to be included in a Written Request of the Authority prepared pursuant to the Trust Agreement. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be transferred to the Trustee and treated by the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, if the proceeds of such insurance, together with any other monies then available for the purpose, are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Outstanding Bonds attributable to the portion of the Facilities so destroyed or damaged, the Authority may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority and the County shall promptly apply for federal disaster aid or State disaster aid for which either may be eligible in the event that the Facilities are damaged or destroyed as a result of an earthquake or other declared disaster occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or to redeem Outstanding Bonds if such use of such disaster aid is permitted.

Liability Insurance

Except as hereinafter provided, the County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facilities Sublease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Facilities, with minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $200,000 for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the County.

As an alternative to providing liability insurance, or any portion thereof, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the County. Before such other method or plan may be provided by the County, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of the Facilities Sublease, there shall be filed with the Trustee a certificate of an Insurance Consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facilities Sublease and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the County setting forth the details of such substitute method or plan.

Rental Interruption or Use and Occupancy Insurance

The County shall procure or cause to be procured and maintain or cause to be maintained throughout the term of the Facilities Sublease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by fire and extended coverage insurance, in an amount sufficient to pay the maximum annual Base Rental Payments for any two year period except that such insurance may be subject to a deductible clause as set forth in Facilities Sublease. Any proceeds of such insurance shall be used by the Trustee to reimburse to the County any rental theretofore paid by the

County under the Facilities Sublease attributable to such structure for a period of time during which the payment of rental under the Facilities Sublease is abated, and any proceeds of such insurance not so used shall be applied as provided in the Facilities Sublease (to the extent required for the payment of Base Rental Payments and for the payment of Additional Payments).

Eminent Domain

If the whole of the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the County shall be taken under the power or threat of eminent domain, the term of the Facilities Sublease shall cease as of the day that possession shall be so taken. If less than the whole of the Facilities shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the County at the time of such taking, then the Facilities Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Facilities or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in the Facilities Sublease. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the County.

Defaults and Remedies

(A) If the County shall fail to pay any Base Rental Payment, Additional Payment or other amount payable under the Facilities Sublease when the same becomes due and payable, time being expressly declared to be of the essence of the Facilities Sublease, or the County shall fail to keep, observe or perform any other term, covenant or condition contained in the Facilities Sublease or in the Trust Agreement to be kept or performed by the County for a period of 30 days after notice of the same has been given to the County by the Authority or the Trustee or for such additional time as is reasonably required, in the discretion of the Trustee, to correct the same, or upon the happening of any of the events specified in paragraph (B), below (any such case above being an "Event of Default"), the County shall be deemed to be in default under the Facilities Sublease and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Facilities Sublease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, may do any of the following:

(1) To terminate the Facilities Sublease in the manner hereinafter provided on account of default by the County, notwithstanding any re-entry or re-letting of the Facilities as hereinafter provided for in subparagraph (2) below, and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the County.

(2) Without terminating the Facilities Sublease, (i) to collect each Base Rental Payment installment and other amounts as they become due and enforce any other terms or provision of the Facilities Sublease to be kept or performed by the County, regardless of whether or not the County has abandoned the Facilities, or (ii) to exercise any and all rights of re-entry upon the Facilities.

In addition to the other remedies set forth in the Facilities Sublease, upon the occurrence of an event of default as described therein, the Authority, shall proceed to protect and enforce the rights vested in the Authority by the Facilities Sublease or by law. The provisions of the Facilities Sublease and the duties of the County and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority may bring the following actions:

1. Accounting. By action or suit in equity to require the County and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

2. Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

3. Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the County (and its council, officers and employees) and to compel the County to perform and carry out its duties and obligations under the law and its covenants and agreements with the Authority as provided in the Facilities Sublease.

The exercise of any rights or remedies under the Facilities Sublease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Authority under the Facilities Sublease or by any law are cumulative and the single or partial exercise of any right, power or privilege under the Facilities Sublease shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" shall include, but not be limited to, re-letting by means of the operation by the Authority of the Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority under the Facilities Sublease, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

Prepayment

(A) The County shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in the Facilities Sublease (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Authority the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, pursuant to the procedure set forth in the Facilities Sublease for proceeds of insurance), all or any part (in an integral multiple of $5,000 principal component) of Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of Base Rental Payments unpaid prior to the prepayment date, at a prepayment amount equal to the principal of and interest on the Bonds to the date of redemption of the Bonds.

(B) The County may prepay, from any source of available funds, all or any portion of Base Rental Payments by (i) depositing with the Trustee moneys or securities as provided in the Trust Agreement sufficient to retire or redeem Bonds corresponding to such Base Rental Payments when due or redeemable, and (ii) satisfying the other requirements of the Trust Agreement. The County agrees that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(C) Before making any prepayment pursuant to the Facilities Sublease, the County shall, within 5 days following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than 60 days from the date such notice is given.

(D) When (1) there shall have been deposited with the Trustee in trust for the benefit of the Owners of the Bonds moneys or securities as described in the Trust Agreement sufficient to pay all principal of and interest on the Bonds to the due date thereof or date when the County may exercise its option to purchase the Facilities, and sufficient to pay in full all other amounts due under the Facilities Sublease or under the Trust Agreement; (2) all of the requirements set forth in of the Trust Agreement have been satisfied; and (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid; then and in that event the right, title and interest of the Authority in the Facilities Sublease and the obligations of the County under the Facilities Sublease shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the County to have such moneys and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof shall be transferred and conveyed to the County. In such event, the Authority shall cause an accounting for such period or periods as may be requested by the County to be prepared and filed with the Authority (and accompanied by a verification report of a certified public accountant) and evidence such discharge and satisfaction, and the Authority shall pay over to the County as an overpayment of Base Rental Payments all such moneys or Permitted Investments held by it pursuant to the Facilities Sublease other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment and redemption of the Bonds and the fees and expenses of the Trustee.

Option to Purchase; Sale of Personal Property

The County shall have the option to purchase the Authority's interest in any part of the Facilities upon payment of an option price consisting of moneys or Government Securities (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of the Facilities Sublease of the part of the total rent under the Facilities Sublease attributable to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities). Any such payment shall be made to the Trustee and shall be treated as Base Rental Payments and shall be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in the Trust Agreement, (a) the Base Rental Payments thereafter payable under the Facilities Sublease shall be reduced by the amount thereof attributable to such part of the Facilities and paid in purchase of the Authority's interest therein; (b) the rental abatement provisions shall not thereafter be applicable to such part of the Facilities; (c) the insurance required by the Facilities Sublease need not be maintained as to such part of the Facilities; and (d) title to such part of the Facilities shall vest in the County and the term of the Facilities Sublease shall end as to such part of the Facilities.

The County, in its discretion may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from the Facilities Sublease, if (a) in the opinion of the County the property so sold or exchanged is no longer required or useful in connection with the operation of the Facilities; (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released; and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of $25,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the County is not in default under any of the provisions of the Facilities Sublease, be used upon the Written Request of the County to purchase personal property, which property shall become a part of the Facilities leased under the Facilities Sublease. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to the Facilities Sublease or before releasing for the purchase of new personal property money received by it for personal property so sold.

Liens

In the event the County shall at any time during the term of the Facilities Sublease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Facilities, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Authority's interest therein, the County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the County desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the County shall forthwith pay and discharge said judgment. The County agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Authority's interest therein.

Authority Not Liable

The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities.

The County, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from (i) the construction or operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity, and (ii) the issuance of the Bonds and any other action of the Authority taken pursuant to the Trust Agreement including, but not limited to, any liability of the Authority incurred pursuant to the Trust Agreement.

Assignment and Subleasing

Neither the Facilities Sublease or any interest of the County thereunder may be mortgaged, pledged, assigned, sublet or transferred by the County without the prior written consent of the Authority, and provided that such subletting shall not cause interest on the Bonds to be included in gross income for federal income tax purposes. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the County to make the Base Rental Payments and Additional Payments.

Title to Facilities

During the term of the Facilities Sublease, the Authority shall hold leasehold title to the Facilities and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the County and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the County pursuant to the Facilities Sublease. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to the Facilities Sublease. During the term of the Facilities Sublease, the Authority shall have a leasehold interest in the Facilities pursuant to the Facilities Lease.

Upon the termination or expiration of the Facilities Sublease (other than as an Event of Default or a governmental taking), title to the Facilities shall vest in the County pursuant to the Facilities Lease. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Taxes

The County shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein. The County shall also pay directly such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the County to pay any of the foregoing or failure to file or furnish to the Authority or the Trustee for filing in a timely manner any returns, levied or imposed against the Authority or the Facilities, the rentals and other payments required under the Facilities Sublease, or any parts thereof or interests of the County or the Authority or the Trustee therein by any governmental authority.

Purpose of Lease

The County covenants that during the term of the Facilities Sublease, (a) it will use, or cause the use of, the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to the Facilities Sublease.

Continuing Disclosure Certificate

The County covenants that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Although failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under the Trust Agreement or the Facilities Sublease; the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds, shall) or any Bondholder or Beneficial Owner (as defined in the Continuing Disclosure Certificate; see APPENDIX D hereto) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations.

Net-Net-Net Lease

The Facilities Sublease shall be deemed and construed to be a "net-net-net lease" and the County agrees that the rentals and other payments provided for in the Facilities Sublease shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Use of the Facilities

The County will not install, use, operate or maintain the Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Facilities Sublease. The County shall provide all permits and licenses, if any, necessary for the installation and operation of the Facilities. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Facilities) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities; provided, however, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the estate of the Authority in and to the Facilities or its interest or rights under the Facilities Sublease.

Amendment or Termination

The Authority and the County may at any time agree to the amendment or termination of the Facilities Sublease; provided, however, that the Authority and the County agree and recognize that the Facilities Sublease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

TRUST AGREEMENT

Certain provisions of the Trust Agreement setting forth the terms of the Bonds, the redemption provisions thereof and the use of the proceeds of the Bonds are set forth elsewhere in this Official Statement. See "THE BONDS," and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Trustee

U.S. Bank Trust Company, National Association has been appointed by the Authority as Trustee. The Trustee will receive all of the Bond proceeds and the Revenues for disbursement in conformity with the Trust Agreement. In addition, the Trustee will act as registrar of the Bonds. Payments of principal of, interest or redemption premiums, if any, on the Bonds will be made through the corporate trust office of the Trustee.

Assignment

The Authority assigns to the Trustee all of the Authority's right, title and interest in the Facilities Sublease and the Facilities Lease as security for payment of the Bonds.

Pledge of Revenues

All Revenues, any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund created pursuant to the Trust Agreement) are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided in the Trust Agreement, and the Revenues and other amounts pledged under the Trust Agreement shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. This pledge shall constitute a pledge of and charge and first lien upon the Revenues, all other amounts pledged under the Trust Agreement and all other moneys on deposit in the funds and accounts established under the Trust Agreement (excluding amounts on deposit in the Rebate Fund created pursuant to the Trust Agreement) for the payment of the interest on and principal of the Bonds in accordance with the terms thereof and of the Trust Agreement.

Establishment of Funds and Accounts; Flow of Funds

The Trust Agreement provides for the establishment of the following special accounts, among others: the Revenue Fund (within which the Interest Account (including the Capitalized Interest Subaccount therein) and the Principal Account will be established and maintained), the Costs of Issuance Fund, the Acquisition and Construction Fund and the Rebate Fund. All money in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity). All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it becomes due and payable, whether at maturity or redemption. All money in the Costs of Issuance Fund will be used to pay the Costs of Issuance of the Bonds. All moneys in the Acquisition and Construction Fund shall be applied to purchase the Facilities. Moneys in the Rebate Fund will be used to make rebate payments to the United States of America, if required.

On each Principal Payment Date, following payment of principal of and interest on the Bonds, any excess amount on deposit in the Revenue Fund shall be returned to the County as an excess of Base Rental Payments.

Revenue Fund

Moneys in the Revenue Fund will be transferred to and deposited in the following respective accounts in the following order of priority:

(1) Interest Account, including a Series 2022 Capitalized Interest Subaccount therein. On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date.

No deposit need be made in the Interest Account if the amount contained therein (including the Series 2022 Capitalized Interest Subaccount) and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

(2) Principal Account. On or before each June 1, commencing June 1, 2024, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the principal amount of all Outstanding Serial Bonds maturing on such June 1 plus the aggregate amount of all sinking fund payments required to be made on such June 1 for all Outstanding Term Bonds.

No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such June 1 plus the aggregate amount of all sinking fund payments required to be made on such June 1 for all Outstanding Term Bonds.

Investments

Subject to the Trust Agreement, all money held by the Trustee and the Treasurer in any of the accounts or funds established pursuant to the Trust Agreement shall be invested in Permitted Investments at the Written Request of the County or, if no instructions are received, in money market funds described in paragraph 4 of the definition of Permitted Investments; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the County specifying a specific money market fund and, if no such Written Request of the County is so received, the Trustee shall hold such moneys uninvested. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement. For purposes of this restriction, Permitted Investments containing a withdrawal option, repurchase option or put option by the investor shall be treated as having a maturity of no longer than such option. The Trustee and its affiliates may act as principal, agent, sponsor or advisor with respect to any investments. The Trustee shall not be liable for any losses on investments made in accordance with the terms and provisions of the Trust Agreement.

Investments purchased with funds on deposit in the Revenue Fund shall mature not later than the payment date or redemption date, as appropriate, immediately succeeding the investment.

Investments in any and all funds and accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular funds and accounts amounts received or held by the Trustee under the Trust Agreement, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Trust Agreement.

Additional Bonds

The Authority may at any time issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Trust Agreement, but only subject to the following specific conditions, which are made conditions precedent to the issuance of any such Additional Bonds:

1. The Authority shall be in compliance with all agreements and covenants contained in the Trust Agreement and no Event of Default shall have occurred and be continuing.

2. The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied to finance or refinance Facilities or Improvements, or for the refunding or repayment of any Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds. The Supplemental Trust Agreement may also provide that a portion of such proceeds shall be applied to the payment of the interest due or to become due on said Additional Bonds.

3. The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

4. The Facilities Sublease shall have been amended, if necessary, so that the Base Rental Payments payable by the County thereunder in each Fiscal Year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year, and if Base Rental Payments are being increased, a Certificate of the County shall be delivered to the Trustee certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the County) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year.

5. If additional facilities, if any, are to be leased and are not situated on property described in the Facilities Lease and Facilities Sublease, (1) the Facilities Lease shall have been amended so as to lease to the Authority such additional real property; and (2) the Facilities Sublease shall have been amended so as to lease to the County such additional real property.

Limitations on the Issuance of Obligations Payable from Revenues

The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except the following:

(a) Bonds of any Series authorized pursuant to the Trust Agreement;

(b) Obligations which are junior and subordinate to the payment of the principal, premium and interest on the Bonds and which subordinated obligations are payable as to principal, premium and interest only out of Revenues after the prior payment of all amounts then required to be paid under the Trust Agreement from Revenues for principal, premium and interest, as the same become due and payable and at the times and in the manner as required in the Trust Agreement.

Covenant Against Encumbrances

The Authority will not make any pledge or assignment of or place any charge or lien upon the Revenues except as provided in the Trust Agreement, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in the Trust Agreement.

Tax Covenants

The Authority has covenanted to comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Bonds, and to not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, in any manner, or to take or omit to take any action, that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code. In the event that at any time the Authority is of the opinion that it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

The Authority and the Trustee (as directed by the Authority) specifically covenant to comply with the provisions and procedures of the Tax Certificate; provided that the Trustee shall not be bound by this covenant if an Event of Default has occurred and is continuing.

Application of Insurance Proceeds

In the event of any damage to or destruction of any part of the Facilities covered by insurance, the Authority shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds.

The Trustee shall invest said proceeds in Permitted Investments pursuant to the Request of the County, as agent for the Authority under the Facilities Sublease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a Written Request of the County, stating that the County has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Facilities, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The County shall file a Certificate of the County with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the County, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Facilities. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be paid to the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, the County, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Facilities, or that portion, in the case of partial damage or destruction of the Project, of the Base Rental Payments and all other amounts relating to the damaged or destroyed portion of the Facilities, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of the Trust Agreement. The County shall not apply the proceeds of insurance as set forth in this paragraph to redeem the Bonds in part due to damage or destruction of a portion of the Facilities unless the Base Rental Payments on the undamaged portion of the Facilities will be sufficient to pay the initially scheduled principal and interest on the Bonds remaining unpaid after such redemption.

Events of Default; Remedies of Bondholders

If one or more of the following Events of Default under the Trust Agreement shall occur, that is to say:

(a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required in the Trust Agreement to be performed by the Authority, and such default shall have continued for a period of 30 days after the Authority shall have been given notice in writing of such default by the Trustee;

(d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(e) if an Event of Default has occurred under the Facilities Sublease;

then and in each and every such case during the continuance of such Event of Default the Trustee may, and upon the written request of the Bondholders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the Trust Agreement or in the Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Bondholders by first class mail of any such event of default which is continuing of which a Responsible Officer has actual knowledge or written notice.

If at any time after the principal of the Bonds then Outstanding shall have been declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee or the Bondholders of not less than a majority in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Bondholders of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

The Trustee may also, and upon the written request of the Bondholders of a majority in principal amount of the Bonds then Outstanding, and in each case upon being indemnified to its reasonable satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Bondholders of Bonds under the Trust Agreement and the Facilities Sublease by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement or in aid of the execution of any power granted to the Trustee by the Trust Agreement, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties.

No Bondholder of any Bond issued under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Bondholder shall have previously given to the Trustee written notice of the occurrence of an Event of Default thereunder; (b) the Bondholders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Trust Agreement or to institute such suit, action or proceeding in its own name; (c) said Bondholders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Application of Funds Upon Acceleration

All moneys in the accounts and funds provided in the Trust Agreement, upon the date of the declaration of acceleration by the Trustee as provided in the Trust Agreement and all Revenues (other than Revenues on deposit in the Rebate Fund) thereafter received by the Authority under the Trust Agreement shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the reasonable fees, costs and expenses of the Trustee in providing for the declaration of such event of default and carrying out its duties under the Trust Agreement, including reasonable compensation to their accountants, advisors, agents and counsel together with interest on any amounts advanced as provided in the Trust Agreement and thereafter to the payment of the reasonable costs and expenses of the Bondholders, if any, in carrying out the acceleration provisions of the Trust Agreement, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

Amendment of Documents

Trust Agreement. The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Bondholders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement, are filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity or Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Trust Agreement. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Bondholder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the Trust Agreement superior to or on a parity with the pledge, charge and lien created thereby for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority, or the County without their prior written assent thereto, respectively. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement pursuant to the Trust Agreement, the Trustee shall mail a notice on behalf of the Authority, setting forth in general terms the substance of such Supplemental Trust Agreement to the Bondholders at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Bondholders for any purpose that will not materially adversely affect the interests of the Bondholders, including (without limitation) for any one or more of the following purposes: (i) to add to the agreements and covenants required in the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power Reserved in the Trust Agreement to or conferred therein on the Authority; (ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement which the Authority may deem desirable or necessary; (iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in the Trust Agreement (which shall be deemed not to adversely affect Bondholders); or (iv) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

Facilities Sublease or Facilities Lease. The Authority shall not supplement, amend, modify or terminate any of the terms of the Facilities Sublease or Facilities Lease, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security given by the Trust Agreement for the payment of the Bonds (provided that such supplement, amendment or modification shall not be deemed to have such adverse effect or to cause such material impairment solely by reason of increasing the amount of Base Rental Payments to provide for the payment of Additional Bonds as required by the Trust Agreement or substitution, release or addition of real property pursuant to the Facilities Sublease), (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority or the County, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, (d) is to accommodate any increase in the amount of Base Rental Payments to provide for the payment of Base Rental Payments as required by the Trust Agreement; or any addition, substitution or release of property in accordance with the Facilities Sublease, (e) is to modify the legal description of the Facilities to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended or preferred to be included therein, or substituted for the Facilities pursuant to the provisions of the Facilities Sublease, or (f) if the Trustee first obtains the written consent of the Bondholders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination.

Discharge of Trust Agreement

If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Bondholders of all Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated in the Trust Agreement and therein, and the Authority shall pay in full all other amounts due under the Trust Agreement and under the Facilities Sublease, then the Bondholders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided in the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the Bondholders of such Bonds under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds and for the payment of all other amounts due under the Trust Agreement and under the Facilities Sublease.

Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subparagraph (a) above if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Trust Agreement, (2) there shall have been deposited with the Trustee (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Bondholders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Unclaimed Moneys

Any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall at the Written Request of the Authority be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall not look to the Trustee for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee may, and at the request of the Authority shall, at the expense of the Authority, cause to be published once a week for two (2) successive weeks in a Financial Newspaper of general circulation in Los Angeles and in San Francisco, California, and in the same or a similar Financial Newspaper of general circulation in New York, New York, a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the Authority.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate"), dated July 26, 2022, is executed and delivered by the County of Orange, California (the "County") in connection with the issuance of $83,375,000 aggregate principal amount of the South Orange County Public Financing Authority Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility) (the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement, dated as of July 1, 2022 (the "Trust Agreement") by and between the South Orange County Public Financing Authority (the "Authority") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The County covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as the foregoing capitalized terms are hereinafter defined).

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Certificate have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Trust Agreement.

"Annual Report" means any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 hereof.

"Annual Report Date" means February 25 of each year after the end of the County's fiscal year.

"Dissemination Agent" means the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"Financial Obligation" means (a) a debt obligation of the County, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the County, or (c) a guarantee of (i) a debt obligation of the County, or (ii) a derivative instrument described in clause (b), above; provided, however, that the term "Financial Obligation" shall not include "municipal securities" (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a "final official statement" (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Listed Events" means any of the events listed in Section 5(a) or (b) hereof.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the Official Statement, dated July 12, 2022 (including all exhibits or appendices thereto), relating to the offering and sale of Bonds.

"Participating Underwriters" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. **Provision of Annual Reports.** (a) The County shall, or shall cause the Dissemination Agent to provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof, not later than the Annual Report Date, commencing with the report for the 2021-22 fiscal year. The Annual Report may include by reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) During any period in which the County is the Dissemination Agent, the County shall file each Annual Report with the MSRB not later than the Annual Report Date for such Annual Report.

(c) During any period in which the County is not the Dissemination Agent (i) the County shall, not later than 15 Business Days prior to each Annual Report Date (a), provide to the Dissemination Agent the Annual Report to be filed not later than such Annual Report Date, (ii) the Dissemination Agent shall (A) not later than such Annual Report Date, file such Annual Report received by it with the MSRB, as provided herein, and (B) file a report with the County certifying that such Annual Report has been filed with the MSRB pursuant to this Disclosure Certificate and stating the date such Annual Report was so filed.

(d) If the County is unable to file, or cause the Dissemination Agent to file, an Annual Report with the MSRB by the Annual Report Date for such Annual Report, the County shall, in a timely manner, file or cause to be filed with the MSRB, a notice in substantially the form attached as Exhibit A.

Section 4. **Content of Annual Reports.** The County's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with the generally accepted auditing standards for municipalities in the State of California. If the County's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when such audited financial statements become available.

(b) The final adopted budget of the County for the then current fiscal year in the form of Table A-7 in Appendix A to the Official Statement.

(c) To the extent not included in the audited financial statements of the County, the Annual Report shall include the following items, providing financial and operating data (as of the end of the preceding fiscal year) substantially similar to that provided in the corresponding tables and charts in the Official Statement:

(i) "County Financial Information" — Tables A-3 through A-5, Tables A-9 through A-11, and Tables A-14 through A-16;

(ii) "County Retirement System" – Tables A-17 through A-21; and

(iii) "Investment Policy Statement."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities that have been made available to the public on the MSRB website. The County shall clearly identify each such other document so included by reference.

Section 5. <u>Reporting of Listed Events</u>. (a) Pursuant to the provisions of this Section, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers or their failure to perform;

(v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes;

(ix) bankruptcy, insolvency, receivership or similar event of the County; and

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of Owners;

(iii) optional, unscheduled or contingent bond calls;

(iv) release, substitution or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) appointment of a successor or additional Trustee or the change of name of a Trustee; and

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds.

(c) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the County shall determine if such event would be material under applicable Federal securities laws.

(d) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities laws, the County shall file, or shall cause the Dissemination Agent to file, within ten business days of such occurrence, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Trust Agreement.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give, or, if the County is not the Dissemination Agent, cause the Dissemination Agent to give, notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a), Section 4 or Section 5(a) or (b) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by the Owners in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice required to be filed pursuant to this Disclosure Certificate.

Section 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Orange or in U.S. District Court in or nearest to the County of Orange. A default under this Disclosure Certificate shall not be deemed an event of default under the Trust Agreement or the Facilities Sublease, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The County covenants that, if a Dissemination Agent other than the County has been appointed pursuant to Section 8 hereof, the County will indemnify and save such Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to such Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of such Dissemination Agent and payment of the Bonds.

Section 13. Electronic Signature. The County acknowledges that the transaction consisting of this Disclosure Certificate may be conducted by electronic means. The County agrees, and acknowledges that it is its intent, that by signing this Disclosure Certificate using an electronic signature, it is signing, adopting, and accepting this Disclosure Certificate and that signing this Disclosure Certificate using an electronic signature is the legal equivalent of having placed its handwritten signature on this Disclosure Certificate on paper. The County acknowledges that it is being provided with an electronic or paper copy of this Disclosure Certificate in a usable format.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

COUNTY OF ORANGE

By: ___________________________________

EXHIBIT A

FORM OF NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	South Orange County Public Financing Authority
Name of Issue:	South Orange County Public Financing Authority Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility)
Date of Issuance:	July 26, 2022

NOTICE IS HEREBY GIVEN that the County of Orange (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated July 26, 2022, executed and delivered by the County. [The County anticipates that the Annual Report will be filed by _____________.]

Dated: _______________

COUNTY OF ORANGE

By: _____________________________________

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the South Orange County Public Financing Authority Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility), Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the South Orange County Public Financing Authority, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

South Orange County Public Financing Authority
Santa Ana, California

South Orange County Public Financing Authority
Lease Revenue Bonds, Series 2022
(County of Orange Sheriff-Coroner Facility)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the South Orange County Public Financing Authority (the "Authority") in connection with the issuance of $83,375,000 aggregate principal amount of South Orange County Public Financing Authority Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility) (the "Bonds"), issued pursuant to a Trust Agreement, dated as of July 1, 2022 (the "Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement; the Facilities Lease, dated as of July 1, 2022 (the "Lease"), between the County of Orange (the "County"), as lessor, and the Authority, as lessee; the Facilities Sublease, dated as of July 1, 2022 (the "Sublease"), between the Authority, as lessor, and the County as lessee; the Tax Certificate and Agreement, dated the date hereof (the "Tax Certificate"), between the Authority and the County; opinions of counsel to the Authority, the County and the Trustee; certificates of the Authority, the County, the Trustee, and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Lease, the Sublease and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Lease, the Sublease and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the Authority and the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Lease, the Sublease or the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion or conclusion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.

2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Trust Agreement, except the Rebate Fund, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.

3. The Lease and the Sublease have been duly executed and delivered by, and constitute the valid and binding obligations of, the Authority and the County.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. The Authority and County take no responsibility for the accuracy or completeness thereof. The Authority and County cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2022 Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2022 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2022 Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity will be issued for the Series 2022 Bonds in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information contained in such website is not incorporated by reference herein.

Purchases of Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2022 Bond documents. For example, Beneficial Owners of Series 2022 Bonds may wish to ascertain that the nominee holding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2022 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the Authority or the Trustee, or the Authority or

County may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered in accordance with the provisions set forth in the Trust Agreement.