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

**ANNUAL REPORT  
FOR  
FISCAL YEAR ENDED JUNE 30, 2022**

**Dated February 24, 2023**

Series 2016 CUSIP Numbers

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

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**South Orange County Public Financing Authority  
Central Utility Facility  
Lease Revenue Bonds, Series 2016  
Annual Report  
For Fiscal Year Ended June 30, 2022**

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**EXHIBIT**

Exhibit A – County of Orange Annual Comprehensive Financial Report

Exhibit B – County of Orange Investment Policy Statement

## INTRODUCTION

The County of Orange, California (the "County"), hereby provides its annual report (the "Annual Report") for the Fiscal Year ended June 30, 2022 in connection with the following Bonds:

### **Bond Issue:**

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

### **Annual Report:**

The County's Annual Report required by the Continuing Disclosure Certificate (the "Disclosure Certificate") dated June 2, 2016 with respect to the Bonds for the Fiscal Year ended June 30, 2022 is attached hereto and includes the County's audited financial statements for Fiscal Year ended June 30, 2022 in Exhibit A.

### **Other Matters:**

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

**SECTION 4 – CONTENT OF ANNUAL REPORT**

**A. Audited Financial Statements for Fiscal Year Ended June 30, 2022**

The County’s Audited Financial Statements for Fiscal Year 2021-2022 are included herein as Exhibit A.

**B. Financial and Operating Data**

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

**TABLE A-6  
COUNTY OF ORANGE  
COMPARISON OF GENERAL FUND  
FINAL OR MODIFIED BUDGETS FOR FISCAL YEARS 2019-20 TO 2022-23**

	FY 2019-20 <sup>(1)</sup> Final Budget	FY 2020-21 <sup>(1)</sup> Final Budget	FY 2021-22 <sup>(1)</sup> Final Budget	FY 2022-23 <sup>(1)</sup> Modified Budget
<b>REQUIREMENTS:</b>				
Public Protection	\$1,345,230,609	\$1,429,917,060	\$1,509,233,836	\$1,539,588,648
Health & Community & Social Services <sup>(2)</sup>	1,936,921,909	2,520,146,479	2,204,780,610	2,351,298,567
Infrastructure & Environmental Resources <sup>(3)</sup>	114,452,598	127,454,408	124,421,908	145,579,780
General Government & Services <sup>(4)</sup>	216,899,906	227,348,617	428,194,081	784,637,140
Capital Improvements <sup>(5)</sup>	139,642,543	34,311,573	21,990,893	16,133,931
Debt Service <sup>(6)</sup>	152,077	7,090,310	1,774,400	1,712,000
Insurance, Reserves & Miscellaneous <sup>(7)</sup>	598,981,121	154,598,607	183,455,396	58,958,091
FEMA Reimbursements <sup>(2)</sup>	-	-	-	5,351,000
Increases to Reserves <sup>(16)</sup>	-	-	128,749,207	2,536,420
<b>Total Requirements</b>	<b>\$4,352,280,763</b>	<b>\$4,500,867,054</b>	<b>\$4,602,600,331</b>	<b>\$4,905,795,577</b>
<b>AVAILABLE FUNDS:</b>				
Property Taxes <sup>(8)</sup>	\$780,925,000	\$818,781,000	\$851,019,000	\$891,577,000
Sales & Other Taxes <sup>(9)</sup>	8,389,000	7,727,000	12,239,000	13,797,000
Licenses, Permits & Franchises	24,977,844	26,979,286	27,170,088	28,682,127
Fines, Forfeitures & Penalties <sup>(10)</sup>	34,939,412	32,321,958	28,728,524	34,877,164
Use of Money & Property <sup>(11)</sup>	16,081,868	19,404,943	10,131,125	8,501,347
Intergovernmental Revenues <sup>(12)</sup>	2,389,102,160	2,561,843,996	2,520,869,399	2,765,108,360
Charges for Services <sup>(13)</sup>	506,688,280	527,779,899	549,297,483	597,244,148
Miscellaneous Revenues <sup>(14)</sup>	17,467,553	28,312,992	36,034,241	26,164,721
Other Financing Sources <sup>(15)</sup>	538,784,637	460,251,763	567,111,471	539,843,710
Decreases to Reserves <sup>(16)</sup>	34,925,009	17,464,217	-	-
<b>Total Available Funds</b>	<b>\$4,352,280,763</b>	<b>\$4,500,867,054</b>	<b>\$4,602,600,331</b>	<b>\$4,905,795,577</b>

- (1) Final Budgets include all budget adjustments throughout the year after budget adoption. Modified Budget was approved by the Board of Supervisors on January 24, 2023.
- (2) Fiscal Year 2020-21 increase in appropriations are due to additional State and Federal funding for the COVID-19 pandemic.
- (3) Fiscal Year 2022-23 increase in appropriations are due to increases in salaries and employee benefits and additional staffing in the Infrastructure & Environmental Resources departments. OC Public Works added 77 positions due to reorganization from other departments to OC Public Works.
- (4) Fiscal Years 2021-22 and 2022-23 increase are due to one-time American Rescue Plan Funding received in May 2021 (\$308 million) and budgeted to receive in May 2022 (\$308 million). Fiscal Year 2022-23 budget includes carry-over from May 2021 and May 2022.
- (5) Effective Fiscal Year 2020-21, capital projects are budgeted in non-general funds 15D (Countywide Capital Projects) and 15I (Countywide IT Projects). Remaining general fund reflects the Net County Cost allocation for the countywide IT and capital projects. Fiscal Year 2022-23 decreased by \$5.9 million as a result of reallocating debt service and parking costs to user departments in other programs.
- (6) Effective Fiscal Year 2020-21, debt service payments for the new County Administration South (CAS) facility and revenue from CAS user departments are budgeted in Budget Control 019. Effective Fiscal Year 2021-22, CAS related rent revenue reclassified to cost applies.
- (7) Fiscal Year 2019-20 budget included Coronavirus Aid, Relief, and Economic Security (CARES) Act appropriations and revenue of \$554 million in Budget Control 004 (Miscellaneous). Fiscal Year 2020-21 budget includes \$6 million for CARES Act and one time \$138 million transfers for James A. Musick Facility and other capital and information technology projects. Fiscal Year 2021-22 budget includes \$128 million from Federal Emergency Management Agency (FEMA) revenue and transfer out to general fund 100 reserves. Fiscal Year 2022-23 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 COVID-19 pandemic. Fiscal Years 2021-22 and 2022-23 reflects no reduction due to COVID-19 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 Years 2021-22 and FY 2022-23, budgeted general fund interest earnings decreased due to decreases in treasury interest earnings.
- (12) Fiscal Years 2019-20, 2020-21 and 2021-22 increase in revenue is due to additional State and Federal funding for the COVID-19 pandemic. In FY 2022-23 additional Federal Disaster Revenue was anticipated to reimburse for prior year expenses; also, state realignment revenue was anticipated to increase.
- (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 budget includes \$10 million from Orange County Employees Retirement System (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 does not include this 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 fund 15D and 15I. Fiscal Year 2021-22 budget includes \$128 million in one-time FEMA revenue.
- (16) While budgeted as a reserve decrease in Fiscal Years 2019-20 and 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 to increase the Budget Stabilization Reserve.

*Source: County of Orange, County Budget Office.*

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

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

**TABLE A-3**  
**COUNTY OF ORANGE**  
**GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**Fiscal Years Ending June 30, 2019 through June 30, 2022**  
**(In Thousands)**

	2019	2020	2021	2022
<b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>				
General Fund	\$3,382,454	\$3,767,361	\$4,133,547	\$4,235,138
Flood Control District	194,368	174,694	165,785	208,778
Other Public Protection	62,121	65,384	84,024	62,662
Mental Health Services Act	168,334	147,928	239,941	249,456
Other Governmental Funds	1,204,481	906,417	1,094,062	1,047,180
Total	\$5,011,758	\$5,061,784	\$5,717,359	\$5,803,214
<b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>				
General Fund	\$3,400,499	\$3,694,792	\$4,261,122	\$3,843,660
Flood Control District	146,280	144,155	185,516	226,997
Other Public Protection	52,662	48,816	47,051	78,920
Mental Health Services Act	200,386	231,783	189,857	195,202
Other Governmental Funds	1,059,415	902,182	971,417	1,037,977
Total	\$4,859,242	\$5,021,728	\$5,654,963	\$5,382,756
<b><u>NET CHANGES IN FUND BALANCES</u></b>				
General Fund	(\$18,045)	\$72,569	(\$127,575)	\$391,478
Flood Control District	48,088	30,539	(19,731)	(18,219)
Other Public Protection	9,459	16,568	36,973	(16,258)
Mental Health Services Act	(32,052)	(83,855)	50,084	54,254
Other Governmental Funds	145,066	4,235	122,645	9,203
Total	\$152,516	\$40,056	\$62,396	\$420,458

*Sources: County of Orange Annual Comprehensive Financial Reports.*

**TABLE A-4**  
**COUNTY OF ORANGE**  
**GENERAL FUND BALANCE SHEET<sup>(1)</sup>**  
**June 30, 2019 through June 30, 2022**  
**(In Thousands)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>ASSETS</u></b>				
Pooled Cash/Investments	\$674,798	\$1,137,361	\$1,247,941	\$1,499,639
Imprest Cash Funds	1,838	1,838	1,838	1,838
Restricted Cash and Investments with Trustee	37	5	8	9
Deposits In-Lieu of Cash	--	--	9,803	9,245
Receivables				
Accounts	9,781	12,054	17,709	16,499
Taxes	5,986	6,089	6,109	7,942
Interest/Dividends	3,527	2,688	1,598	1,536
Deposits	537	508	412	412
Advances	30	453	7,835	1,241
Leases	--	--	--	10,639
Allowance for Uncollectible Receivables	(3,362)	(3,415)	(896)	(673)
Due from Other Funds	105,248	138,553	110,138	125,995
Due from Component Unit	620	378	142	435
Due from Other Governmental Agencies, Net	348,176	334,646	415,167	461,836
Inventory of Materials and Supplies	1,995	1,488	1,428	1,661
Prepaid Costs	394,546	458,586	514,451	516,060
Total Assets	<u>\$1,543,757</u>	<u>\$2,091,232</u>	<u>\$2,333,683</u>	<u>\$2,654,314</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$53,439	\$74,192	\$93,961	\$84,267
Retainage Payable	1,068	2,724	1,536	1,397
Salaries and Employee Benefits Payable	46,603	61,471	75,953	87,901
Interest Payable	5,300	3,852	882	1,473
Deposits from Others	1,570	1,788	24,169	22,994
Due to Other Funds	47,619	55,937	234,778	74,035
Due to Other Governmental Agencies	21,645	32,136	43,459	31,753
Unearned Revenue	45,037	431,777	402,513	387,788
Bonds Payable	402,182	463,895	484,800	521,784
Advances from Other Funds	370	185	--	--
Total Liabilities	<u>\$624,833</u>	<u>\$1,127,957</u>	<u>\$1,362,051</u>	<u>\$1,213,392</u>
<b><u>DEFERRED INFLOWS OF RESOURCES <sup>(2)</sup></u></b>				
Unavailable Revenue- Intergovernmental Revenues	\$100,960	\$78,650	\$195,873	--
Unavailable Revenue- Senate Bill 90 Mandated Claims, Net	5,556	5,406	17,380	--
Unavailable Revenue- Property Taxes	7,403	7,109	5,995	--
Unavailable Revenue- Others	14,272	8,808	16,657	--
Total Deferred Inflows of Resources	<u>\$128,191</u>	<u>\$99,973</u>	<u>\$235,905</u>	<u>\$313,717</u>
<b><u>FUND BALANCES</u></b>				
Nonspendable <sup>(3)</sup>	\$396,541	\$460,074	\$515,879	\$517,721
Restricted	49,989	78,982	97,998	164,954
Assigned	147,686	106,929	108,268	316,809
Unassigned	196,517	217,317	13,582	127,721
Total Fund Balances	<u>\$790,733</u>	<u>\$863,302</u>	<u>\$735,727</u>	<u>\$1,127,205</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,543,757</u>	<u>\$2,091,232</u>	<u>\$2,333,683</u>	<u>\$2,654,314</u>

(1) The Notes to the County's Basic Financial Statements are an integral part of this table and can be found in the County's Annual Comprehensive Financial Report for Fiscal Year Ending June 30, 2022 in Exhibit A of this Annual Report.

(2) See Note 1 in the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2022" in Exhibit A of this Annual Report.

(3) Includes an amount equal to pension obligation bonds sold to prepay the subsequent year's pension obligations, which are reserved as nonspendable as a "prepaid cost". Pension prepayments represent \$395 million for Fiscal Year 2019, \$459 million for Fiscal Year 2020, \$479 million for Fiscal Year 2021, and \$516 million for Fiscal Year 2022. As a result, GASB 54 presentation does not represent the County's budgetary and financial planning allocation of fund balance.

Sources: County of Orange Annual Comprehensive Financial Reports.

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>REVENUES</b>				
Taxes <sup>(1)</sup>	\$760,723	\$799,690	\$848,296	\$889,841
Licenses, Permits & Franchises	23,914	24,052	26,682	25,626
Fines, Forfeitures & Penalties	38,927	35,510	38,697	39,230
Use of Money and Property	29,555	22,910	3,734	3,952
Intergovernmental Revenues	1,686,306	1,969,292	2,401,642	2,411,079
Charges for Services	471,249	481,210	499,381	524,632
Other Revenues	19,458	19,653	22,175	19,843
<b>TOTAL REVENUES</b>	<u>\$3,030,132</u>	<u>\$3,352,317</u>	<u>\$3,840,607</u>	<u>\$3,914,203</u>
<b>EXPENDITURES</b>				
General Government	\$229,582	\$299,639	\$197,531	\$226,883
Public Protection	1,353,355	1,375,934	1,430,830	1,473,627
Public Ways and Facilities	35,057	34,901	40,431	38,058
Health and Sanitation	678,587	746,409	1,130,237	871,788
Public Assistance	942,759	987,669	1,129,822	1,034,064
Capital Outlay	38,546	54,477	28,963	19,239
Principal Retirement	6,386	7,071	5,682	30,699
Interest	12,896	11,629	6,983	16,903
<b>TOTAL EXPENDITURES</b>	<u>\$3,297,168</u>	<u>\$3,517,729</u>	<u>\$3,970,479</u>	<u>\$3,711,261</u>
Excess (Deficit) of Revenues over Expenditures	<u>(267,036)</u>	<u>(165,412)</u>	<u>(129,872)</u>	<u>202,942</u>
Other Financing Sources (Uses)				
Transfers In <sup>(2)</sup>	\$352,322	\$415,044	\$292,940	\$315,293
Transfers Out <sup>(2)</sup>	(\$103,331)	(\$177,063)	(\$290,643)	(\$132,399)
Leases Issued	--	--	--	\$5,642
<b>Total Other Financing Sources (Uses)</b>	<u>\$248,991</u>	<u>\$237,981</u>	<u>\$2,297</u>	<u>\$188,536</u>
Net Change in Fund Balances	<u>(18,045)</u>	<u>72,569</u>	<u>(127,575)</u>	<u>391,478</u>
Fund Balances - Beginning of Year	<u>808,778</u>	<u>790,733</u>	<u>863,302</u>	<u>735,727</u>
Fund Balances - End of Year	<u>\$790,733</u>	<u>\$863,302</u>	<u>\$735,727</u>	<u>\$1,127,205</u>

<sup>(1)</sup> Primarily property taxes, as well as local sales and other taxes.

<sup>(2)</sup> Interfund transfers reflect the flow of assets between funds and component units of the County. See Note 10 in the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2022" in Exhibit A of this Annual Report.

Sources: County of Orange Annual Comprehensive Financial Reports.



**TABLE A-8**  
**COUNTY OF ORANGE**  
**DETAIL OF ASSESSED VALUATION <sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>	<b>% Change</b>
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
2022-23	710,146,195,019	23,488,321,205	733,634,516,224	6.46

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

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

**TABLE A-9**  
**COUNTY OF ORANGE**  
**LARGEST 2022-23 LOCAL SECURED TAXPAYERS**

<b>Taxpayers <sup>(1)</sup></b>	<b>Secured Tax Charge</b>	<b>% of Taxes <sup>(2)</sup></b>
1. Irvine Company	\$194,996,886	2.35%
2. Walt Disney Parks & Resorts US	75,440,011	0.91
3. Southern California Edison Company (Edison International)	68,682,988	0.83
4. Sempra Energy (SDG&E, So. Cal Gas)	20,322,339	0.25
5. United Laguna Hills Mutual (Laguna Woods)	13,003,173	0.16
6. BEX Portfolio, Inc.	9,030,225	0.11
7. AES Corporation	8,496,661	0.10
8. Bella Terra Associates, LLC	6,572,718	0.08
9. LBA IV-PPI LLC (LBA Realty)	6,458,996	0.08
10. B. Braun Medical, Inc.	6,435,446	0.08
11. Edwards Lifesciences	6,308,622	0.08
12. Five Point Holdings, LLC	6,218,660	0.08
13. AT&T (Pacific Bell Telephone Company)	6,098,226	0.07
14. South Coast Plaza	5,530,263	0.07
15. St Joseph Hospital of Orange	4,796,981	0.06
16. Knott's Berry Farm	4,517,842	0.05
17. Rexford Industrial Realty LP	4,430,508	0.05
18. MainPlace Shoppingtown, LLC	4,369,603	0.05
19. Dana Point Beach Resort (Waldorf Astoria Monarch Beach)	4,158,313	0.05
20. Hoag Memorial Hospital	4,030,042	0.05
<b>TOTAL</b>	<b>\$459,898,503</b>	<b>5.56%</b>

<sup>(1)</sup> Taxpayers are grouped under a parent, if identifiable.

<sup>(2)</sup> Total Secured Taxes as of January 20, 2023 were \$8,289,903,393.

Source: County of Orange Treasurer-Tax Collector.

**TABLE A-10**  
**COUNTY OF ORANGE**  
**TOP TEN UNSECURED TAXPAYERS**  
**FISCAL YEAR 2022-23**

Taxpayers <sup>(1)</sup>	Unsecured Tax Charge	% of Taxes <sup>(2)</sup>
1. Charter Communications, Inc. (Time Warner)	\$4,050,678	1.46%
2. Cox Communications, Inc.	3,681,052	1.32
3. Allergan, Inc.	2,126,327	0.76
4. Luxottica of America, Inc. (Oakley Inc.)	1,538,713	0.55
5. Applied Medical Resources Corporation	1,472,705	0.53
6. Tower Semiconductor, Ltd.	1,264,989	0.45
7. Johnson & Johnson	1,200,033	0.43
8. Berkshire Hathaway Inc. (PCC Rollmet Inc.)	1,155,447	0.42
9. Albertson's LLC	1,154,222	0.41
10. Boeing Company	1,048,746	0.38
TOTAL	\$18,692,912	6.71%

<sup>(1)</sup> Taxpayers are grouped under a parent, if identifiable.

<sup>(2)</sup> Total Unsecured Taxes as of January 20, 2023 were \$278,307,196.

Source: County of Orange Treasurer-Tax Collector.

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

Description	Source of Repayment	Outstanding Principal Balance (June 30, 2022)	Final Maturity Date
County of Orange Teeter Plan Obligation Notes, Series B	Series A Taxes	\$ 79,978,000	2022
South Orange County Public Financing Authority Central Utility Facility Lease Revenue Bonds, Series 2016	General Fund	\$ 44,425,000	2036
California Municipal Finance Authority Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program - Phase I) <sup>(1)</sup>	General Fund	\$ 146,650,000	2047
California Municipal Finance Authority Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program - Phase II) <sup>(2)</sup>	General Fund	\$ 185,705,000	2048
<b>SUBTOTAL- GENERAL FUND OBLIGATIONS</b>		<b>\$ 456,758,000</b>	
Airport Revenue Refunding Bonds, Series 2019A	Airport Revenues	\$ 27,880,000	2029
Airport Revenue Refunding Bonds, Series 2019B	Airport Revenues	\$ 32,130,000	2030
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014 (Neighborhood Development and Preservation Project)	Redevelopment Property Tax Trust Fund	\$ 790,000	2022
Successor Agency to the Orange County Development Agency Santa Ana Heights Project Area Tax Allocation Refunding Bonds of 2014	Redevelopment Property Tax Trust Fund	\$ 3,870,000	2023
<b>TOTAL</b>		<b>\$ 521,428,000</b>	

<sup>(1)</sup> The lease payments for the Series 2017A Bonds became an obligation to the County on November 12, 2019 when the building's Certificate of Substantial Completion was delivered to the trustee. The County's base rental payments began in FY 2020-21.

<sup>(2)</sup> The lease payments for the Series 2018A Bonds will become an obligation to the County on August 5, 2022 when the building's Certificate of Substantial Completion will be delivered to the trustee. The County's base rental payments will begin in FY 2022-23.

Source: County of Orange, CEO Public Finance Unit.

**TABLE A-13**  
**COUNTY OF ORANGE**  
**GENERAL FUND DEBT SERVICE**

Description	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27
County of Orange Teeter Plan Obligation Notes, Series B <sup>(1)</sup>	0	82,308,000	0	0	0
South Orange County Public Financing Authority, Central Utility Facility Lease Revenue Bonds, Series 2016	4,486,250	4,488,000	4,489,000	4,489,000	4,487,750
California Municipal Finance Authority Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program - Phase I) <sup>(2)</sup>	2,394,780	2,394,900	2,395,560	2,395,440	2,395,680
California Municipal Finance Authority Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program - Phase II) <sup>(3)</sup>	\$5,943,315	\$5,942,510	\$5,942,165	\$5,942,050	\$5,941,935
<b>TOTAL GENERAL FUND DEBT SERVICE</b>	<b>\$12,824,345</b>	<b>\$95,133,410</b>	<b>\$12,826,725</b>	<b>\$12,826,490</b>	<b>\$12,825,365</b>

- <sup>(1)</sup> Historically, the County has retired portions of the Teeter Notes throughout the year using delinquent tax revenues associated with the Teeter Plan. In July of each year, the County has issued additional Teeter Notes to fund the distribution to Participating Agencies under the Teeter Plan. The Teeter Notes mature on July 17, 2023.
- <sup>(2)</sup> The lease payments for the Series 2017A Bonds became an obligation to the County on November 12, 2019 when the building's Certificate of Substantial Completion was delivered to the trustee. The County's base rental payments began in FY 2020-21.
- <sup>(3)</sup> The lease payments for the Series 2018A Bonds will become an obligation to the County on August 5, 2022 when the building's Certificate of Substantial Completion will be delivered to the trustee. The County's base rental payments will begin in FY 2022-23.

Source: County of Orange, CEO Public Finance Unit.

**TABLE A-14**  
**COUNTY OF ORANGE**  
**DIRECT AND OVERLAPPING DEBT**  
**As of June 30, 2022**

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

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/22</u>
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	2,251,930,457
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	1,785,709,262
City and Special District Special Assessment Bonds	100.000	730,353,186
County 1915 Act Bonds	100.000	25,793,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$8,884,864,439</b>
 <u>OTHER DIRECT AND OVERLAPPING DEBT:</u>		
Orange County General Fund Obligations	100.000%	\$ 376,780,000
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	82,459,279
City of Anaheim General Fund Obligations	100.000	641,711,829
Other City General Fund Obligations	100.000	1,553,163,650
Moulton-Niguel Water District General Fund Obligations	100.000	53,095,000
<b>TOTAL GROSS OTHER DIRECT AND OVERLAPPING DEBT</b>		<b>\$3,641,312,559</b>
Less: City of Anaheim supported obligations		479,483,379
<b>TOTAL NET OTHER DIRECT AND OVERLAPPING DEBT</b>		<b>\$3,161,829,180</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		
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	320,955,127
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>		<b>\$719,101,795</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		<b>\$13,245,278,793 <sup>(1)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$12,765,795,414</b>

Ratios to 2021-22 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt .....	1.29%
<b>Combined Direct Debt (\$898,564,000) .....</b>	<b>0.13%</b>
Gross Combined Total Debt .....	1.92%
Net Combined Total Debt .....	1.85%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$82,011,149,047):

Total Overlapping Tax Increment Debt .....	0.88%
--	-------

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

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

Year Ended December 31	Actuarial Value Investment Return	Market Value Investment Return
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: County of Orange Employees Retirement System Actuarial Valuation and Review as of December 31, 2021.

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

Actuarial Valuation December 31	Actuarial Value of Assets <sup>(1)</sup>	Market Value of Assets	Actuarial Accrued Liability (AAL)	Total Unfunded		Market Funded Ratio <sup>(4)</sup>	Covered Payroll <sup>(5)</sup>	UAAL as a Percentage of Covered Payroll <sup>(6)</sup>
				Actuarial Accrued Liability (UAAL) <sup>(2)</sup>	Actuarial Funded Ratio <sup>(3)</sup>			
2012	\$9,469,208	\$9,750,989	\$15,144,888	\$5,675,680	62.52%	64.38%	\$1,609,600	352.61%
2013	10,417,125	11,011,261	15,785,042	5,367,917	65.99	69.76	1,604,496	334.55
2014	11,449,911	11,428,133	16,413,124	4,963,213	69.76	69.63	1,648,160	301.14
2015	12,228,009	11,548,529	17,050,357	4,822,348	71.72	67.73	1,633,112	295.29
2016	13,102,978	12,657,418	17,933,461	4,830,483	73.06	70.58	1,759,831	274.49
2017	14,197,125	14,652,607	19,635,427	5,438,302	72.30	74.62	1,811,877	300.15
2018	14,994,420	14,349,705	20,703,349	5,708,929	72.43	69.31	1,875,370	304.42
2019	16,036,869	16,516,024	21,916,730	5,879,861	73.17	75.36	1,952,534	301.14
2020	17,525,117	18,494,378	22,904,975	5,379,858	76.51	80.74	1,962,869	274.08
2021	19,488,761	21,738,794	24,016,073	4,527,312	81.15	90.52	2,052,706	220.55

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

<sup>(2)</sup> Actuarial Accrued Liability minus Actuarial Value of Assets.

<sup>(3)</sup> Actuarial Value of Assets divided by Actuarial Accrued Liability.

<sup>(4)</sup> Market Value of Assets divided by Actuarial Accrued Liability.

<sup>(5)</sup> Annual payroll against which UAAL is amortized.

<sup>(6)</sup> UAAL divided by Covered Payroll.

Sources: County of Orange Employees Retirement System Annual Comprehensive Financial Reports and County of Orange Employees Retirement System Actuarial Valuation and Review as of December 31, 2021.

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

	<u>Year Ended December 31</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contributions Received <sup>(1)</sup>	\$933,166	\$939,191	\$970,125
Net Investment Income (Loss)	2,182,666	2,172,339	3,221,132
Net Securities Lending Income	1,142	845	933
Participant's Benefits <sup>(2)</sup>	(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	<u>\$2,196,901</u>	<u>\$2,118,622</u>	<u>\$3,124,979</u>

<sup>(1)</sup> Includes employer and employee pension and retiree health care contributions to OCERS.

<sup>(2)</sup> Participant benefits include death benefits.

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

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

<u>Year Ended</u> <u>June 30</u>	<u>County Cash</u> <u>Contribution</u>	<u>Investment</u> <u>Account</u> <u>Contribution</u>	<u>Total Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2013	\$328,953	\$0	\$328,953	100.00%
2014	348,597	10,000	358,597	100.00
2015	371,810	0	371,810	100.00
2016	384,133	0	384,133	100.00
2017	405,494	0	405,494	100.00
2018	433,098	0	433,098	100.00
2019	440,634	0	440,634	100.00
2020	475,676	0	475,676	100.00
2021	513,799	0	513,799	100.00
2022	557,225	0	557,225	100.00

Source: County of Orange Annual Comprehensive Financial Reports.

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

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

<sup>(1)</sup> Valuation reports are received every other year.

Sources: County of Orange Annual Comprehensive Financial Report June 30, 2022 and June 30, 2021 Actuarial Valuation.

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

	2018-19	2019-20	2020-21	2021-22
Annual Required Contribution	(1)	(1)	(1)	(1)
Interest on Net OPEB Obligation	(1)	(1)	(1)	(1)
Amortization of Net OPEB Obligation	(1)	(1)	(1)	(1)
Annual OPEB Cost	(1)	(1)	(1)	(1)
Contributions Made	(1)	(1)	(1)	(1)
Decrease/(Increase) in Net OPEB Asset	(1)	(1)	(1)	(1)
Net OPEB Obligation/(Asset), Beginning of year	(1)	(1)	(1)	(1)
Net OPEB Obligation/(Asset), End of year	(1)	(1)	(1)	(1)

<sup>(1)</sup> Due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", contributions made to the County's Retiree Medical Plan in excess of the annual cost are no longer classified as an asset as shown in prior reports. The tables on the following pages show the Retiree Medical Plan liability for both the County and the collective plan under GASB Statement No. 75. For additional information, see Notes 1, 19 and the Required Supplemental Information section of the County's Annual Comprehensive Financial Report dated June 30, 2022 included herein as Exhibit A.

Sources: County of Orange Annual Comprehensive Financial Reports.

**COUNTY OF ORANGE RETIREE MEDICAL PLAN (CONTINUED)**

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

	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service Cost	\$15,397	\$14,912	\$16,501	\$15,982	\$15,479
Interest	52,018	50,385	50,298	48,442	46,589
Changes of benefit terms	--	--	5,508	--	--
Difference between expected and actual experience	(41,074)	--	(10,635)	--	--
Changes of assumptions	8,321	--	(17,535)	--	--
Benefit payments, including refunds of member contributions	(42,002)	(42,911)	(39,719)	(37,118)	(35,111)
Net change in Total OPEB Liability	(7,340)	22,386	4,418	27,306	26,957
Total OPEB Liability-beginning	748,709	726,322	721,904	694,598	667,641
<b>Total OPEB Liability-ending (a)</b>	<b>\$741,369</b>	<b>\$748,708</b>	<b>\$726,322</b>	<b>\$721,904</b>	<b>\$694,598</b>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$45,402	\$45,989	\$58,807	\$54,229	\$60,721
Contributions-employee	235	208	505	2,103	2,193
Net investment income	66,778	40,847	43,720	(5,746)	34,217
Benefit payments, including refunds of member contributions	(42,002)	(42,911)	(39,719)	(37,118)	(35,111)
Administrative expense	(24)	(22)	(20)	(21)	(22)
Net change in Plan Fiduciary Net Position	70,389	44,111	63,293	13,447	61,998
Plan Fiduciary Net Position-beginning	414,656	370,545	307,252	293,805	231,807
<b>Plan Fiduciary Net Position-ending (b)</b>	<b>\$485,045</b>	<b>\$414,656</b>	<b>\$370,545</b>	<b>\$307,252</b>	<b>\$293,805</b>
<b>Plan Net OPEB Liability-ending (a)-(b)</b>	<b>\$256,324</b>	<b>\$334,052</b>	<b>\$355,777</b>	<b>\$414,652</b>	<b>\$400,793</b>
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	65.43%	55.38%	51.02%	42.56%	42.30%
<b>Covered payroll <sup>(1)</sup></b>	\$1,453,302	\$1,426,003	\$1,368,521	\$1,346,440	\$1,313,217
<b>Plan Net OPEB Liability as a percentage of covered payroll</b>	17.64%	23.43%	26.00%	30.80%	30.52%

**Schedule of Investment Returns**

	2021	2020	2019	2018	2017
Actual money-weighted rate of return, net of investment expense	16.67%	11.22%	14.81%	-1.31%	14.74%

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

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

Source: County of Orange Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2022.



## COUNTY OF ORANGE RETIREE MEDICAL PLAN (CONTINUED)

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

	2021	2020	2019	2018	2017
County's proportion of the net OPEB Liability	90.92%	91.43%	92.31%	91.78%	90.84%
County's proportionate share of the net OPEB liability	\$233,049	\$305,411	\$328,412	\$380,581	\$364,071
Covered payroll <sup>(1)</sup>	\$1,331,656	\$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	17.50%	23.37%	26.17%	30.83%	30.26%
Plan fiduciary net position as a percentage of the total OPEB liability	65.43%	55.38%	51.02%	42.56%	42.30%

### Schedule of Collective Plan Contributions

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$50,102	\$48,525	\$50,037	\$52,554	\$47,006
Contributions in relation to the actuarially determined contribution	45,402	45,989	58,807	54,229	60,721
Contribution deficiency (excess)	\$4,700	\$2,536	(\$8,770)	(\$1,675)	(\$13,715)
Covered payroll <sup>(1)</sup>	\$1,453,302	\$1,426,003	\$1,368,521	\$1,346,440	\$1,313,217
Contributions as a percentage of covered payroll	3.12%	3.23%	4.30%	4.03%	4.62%

### Schedule of County Contributions

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$45,930	\$44,577	\$45,698	\$48,101	\$42,716
Contributions in relation to the actuarially determined contribution	42,373	39,393	50,466	52,349	46,005
Contribution deficiency (excess)	\$3,557	\$5,184	(\$4,768)	(\$4,248)	(\$3,289)
Covered payroll <sup>(2)</sup>	\$1,353,522	\$1,310,629	\$1,293,186	\$1,254,706	\$1,220,638
Contributions as a percentage of covered payroll	3.13%	3.01%	3.90%	4.17%	3.77%

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

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

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

Source: County of Orange Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2022.

#### b. Investment Policy Statement

The Board of Supervisors of the County approved the 2023 Investment Policy on December 20, 2022. A copy of the County's 2023 Investment Policy is included herein as Exhibit B.

## **CERTAIN DISCLAIMERS**

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

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

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

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

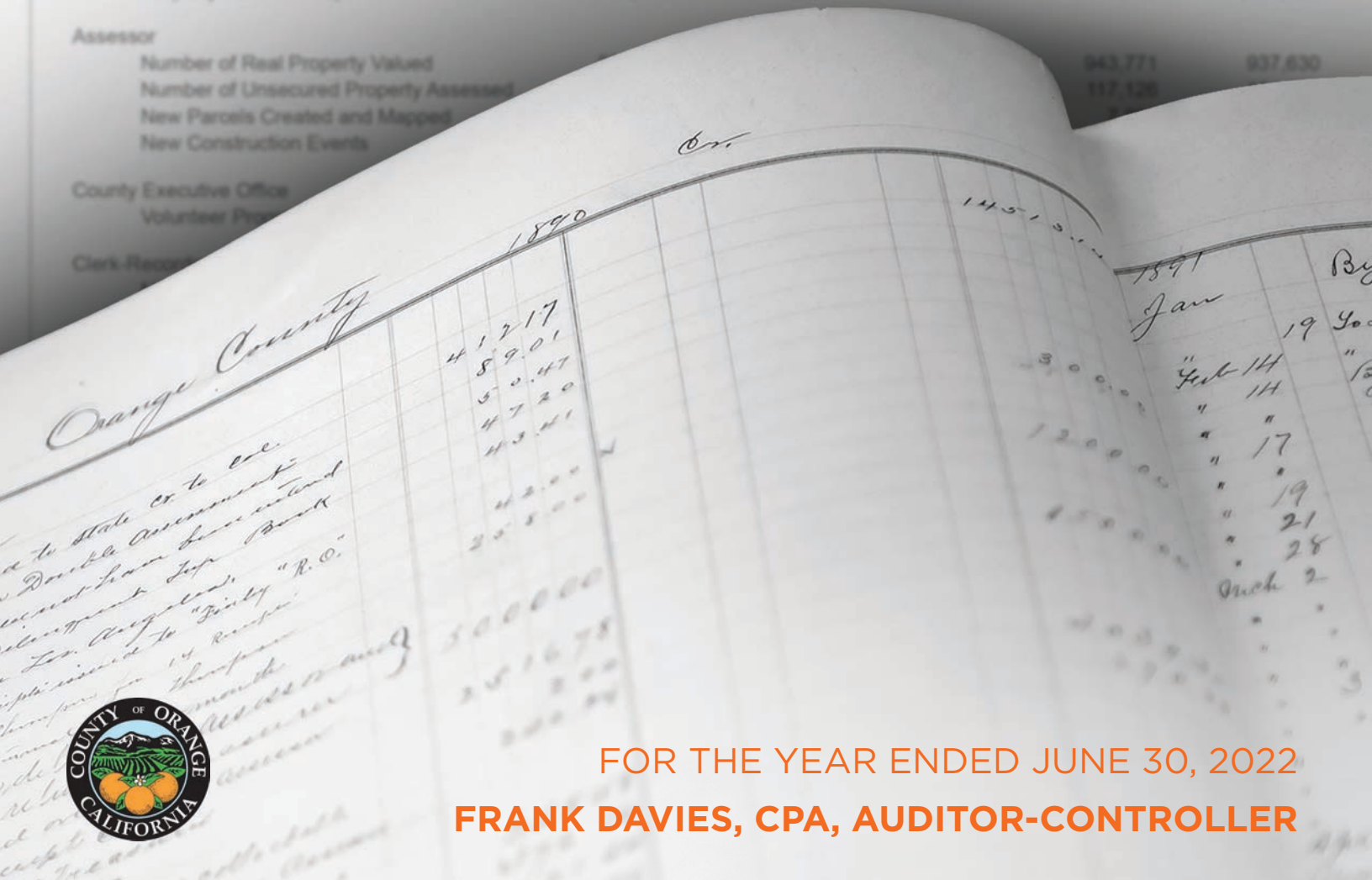
No statement contained in this Annual Report should be construed as a prediction or representation about future financial performance of the County and the SOCPFA. Historical results presented herein may not be indicative of future operating results.

**EXHIBIT A**

COUNTY OF ORANGE  
ANNUAL COMPREHENSIVE FINANCIAL REPORT

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

Function/Program	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
<b>General Government</b>					
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				943,771	937,630
Number of Unsecured Property Assessed				117,126	
New Parcels Created and Mapped					
New Construction Events					
County Executive Office					
Volunteer Program					
Clerk-Recorder					



FOR THE YEAR ENDED JUNE 30, 2022

**FRANK DAVIES, CPA, AUDITOR-CONTROLLER**



Each year the Orange County Auditor-Controller's Office prepares and publishes the County's Annual Comprehensive Financial Report (ACFR) for the prior fiscal year ending June 30. The document is prepared in accordance with Sections 25250 and 25253 of the Government Code of the State of California, and must be published no later than December 31. An outside auditing firm, Eide Bailly LLP, is retained to audit the report. The Auditor-Controller Financial Reporting Unit works tirelessly to ensure the report is not only on time, but is of the highest quality. Last year's report received, once again, the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. This award is a prestigious national award recognizing excellence in State and local government financial reporting.

For the past 5 years, the ACFR has highlighted one of the County's various agencies through a representative photograph on the cover and interior tabs of the report. This year, we showcase our own department through a historic look at the crucial role the Auditor-Controller's Office and its employees have played in the County's financial operations. This year's cover image is a "then and now" look at Auditor-Controller staff, featuring County Auditor, Leslie H. Eckel, and his executive staff alongside our current Auditor-Controller, Frank Davies, and his Executive Management Team. Eckel served as County Auditor from 1941-1957, before the office was established as the Auditor-Controller in 1959. This historical theme is also carried over into the ACFR's accompanying Popular Annual Financial Report (PAFR), also known as the Citizens' Report. We hope you enjoy this historic look at the department and learn more about what our Auditor-Controller's Office employees handle on a daily basis.

In addition to the ACFR, the Auditor-Controller's Office has three Satellite units at John Wayne Airport, OC Waste & Recycling, and OC Community Resources with teams also working tirelessly to produce stand-alone financial statements. These statements are also audited by the outside auditing firm, Eide Bailly LLP. The statements provide a summary of those agencies' individual finances for the County's two Enterprise Funds, John Wayne Airport and OC Waste & Recycling, as well as for the County's Redevelopment Successor Agency, a Private-Purpose Trust Fund. To view the stand-alone Financial Statements, please visit [ocauditor.com/reports](https://ocauditor.com/reports) and select "Component Unit Financial Statements".

Thank you to all the employees of the Auditor-Controller's Office for your ongoing hard work and dedication to the residents of Orange County.

To view this year's ACFR, please visit <https://ocauditor.com/reports/acfrreports/>

To view this year's PAFR, please visit <https://ocauditor.com/reports/citizens-reports/>

# County of Orange

State of California

## Annual Comprehensive Financial Report

For the Year Ended June 30, 2022



Frank Davies, CPA  
Auditor-Controller



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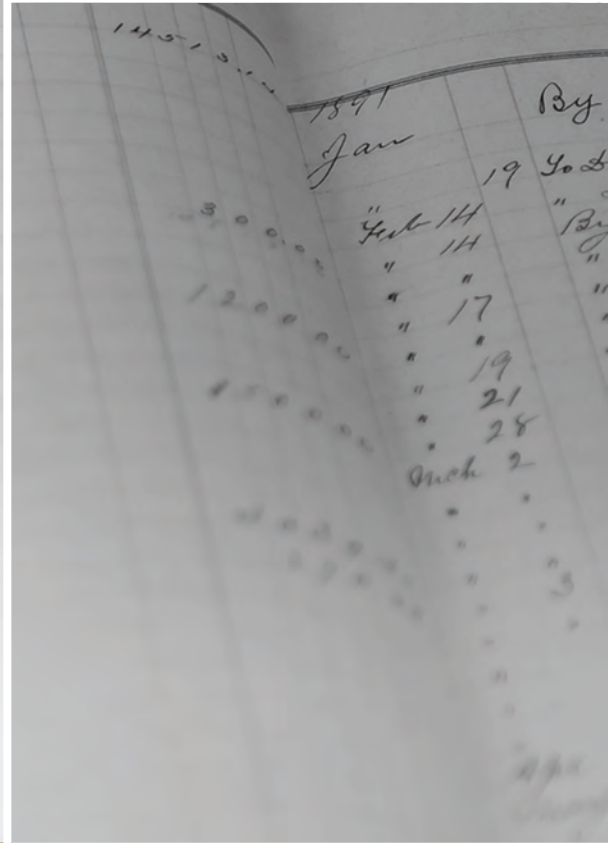
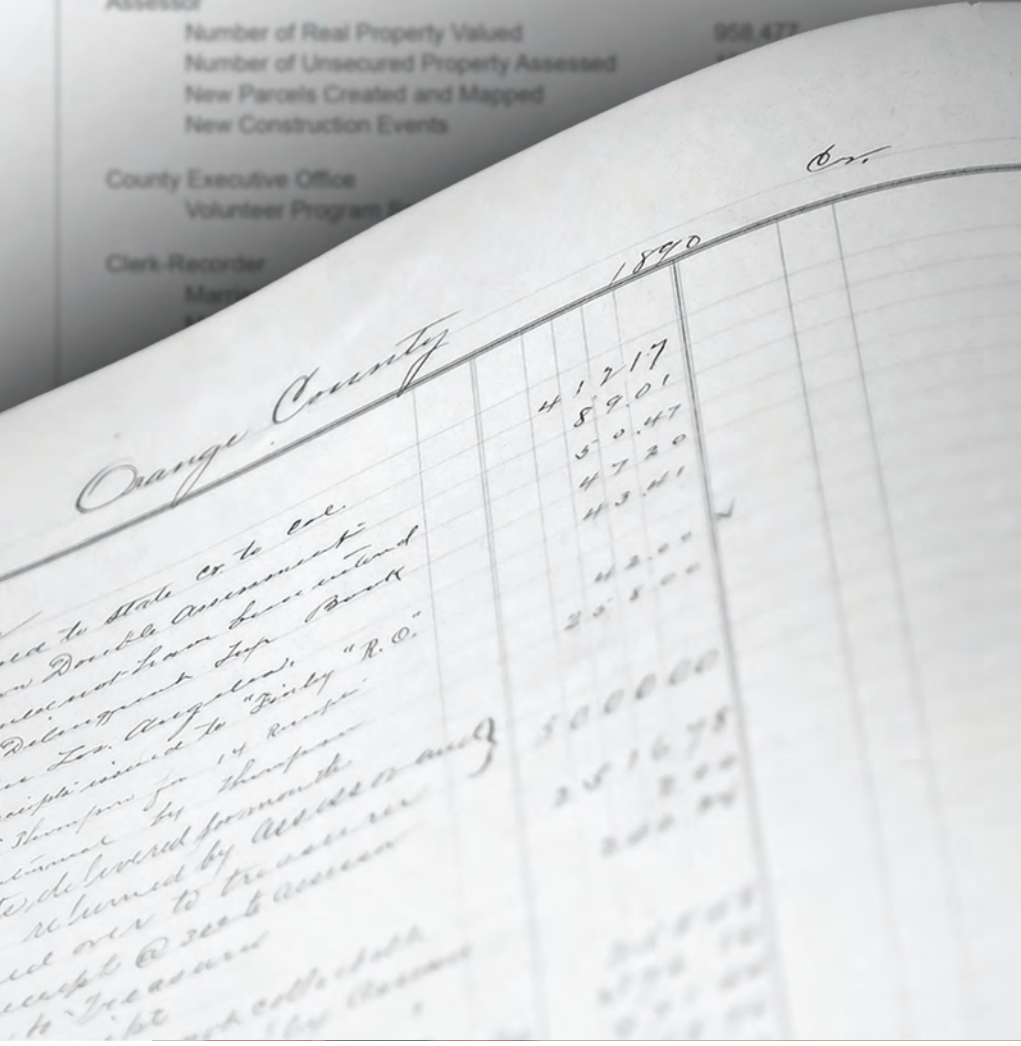
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Physical Arrests-Juv		
Probationers under Supervision as of June 30th-Adult	9,727	11,761
Probationers under Supervision as of June 30th-Juvenile	1,078	1,364
Avg. Daily Juvenile Hall Population	99	91
Avg. Daily Camp Population	60	64

Function/Program	2020-21	2019-20
<b>General Government</b>		
Auditor-Controller		
Property Tax Bills Prepared	1,103,642	1,104,521
Assessor		
Number of Real Property Valued	958,477	
Number of Unsecured Property Assessed		
New Parcels Created and Mapped		
New Construction Events		
County Executive Office		
Volunteer Program		
Clerk-Recorder		
Marshall		
...		







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COUNTY OF ORANGE**

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COUNTY OF ORANGE**

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**December 21, 2022**

The Citizens of Orange County:

The Annual Comprehensive Financial Report (ACFR) of the County of Orange (County), State of California, for the year ended June 30, 2022, 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 ACFR 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, 2022, 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, 2022. 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 798 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, vacation, 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 January 6, 2022, incorporating the results of the 2020 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:

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

<b>Contracted Services for Cities</b>	
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 is 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, 2022: Orange County Flood Control District (OCFCD), Orange County Housing Authority, Orange County Public Financing Authority, South Orange County Public Financing Authority, Capital Facilities Development Corporation, Orange County Public Facilities Corporation, County Service Areas, Special Assessment Districts, Community Facility Districts, and In-Home Supportive Services Public Authority. Additional information on these entities can be found in Note 1, Summary of Significant Accounting Policies, in the Notes to the Basic Financial Statements Section.

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

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

The County's eGovernment website portal at <http://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 2022 will be a year of economic slowdown. In terms of historical trends, current and projected activity suggests that economic growth at the local level will generally follow national and state trends.

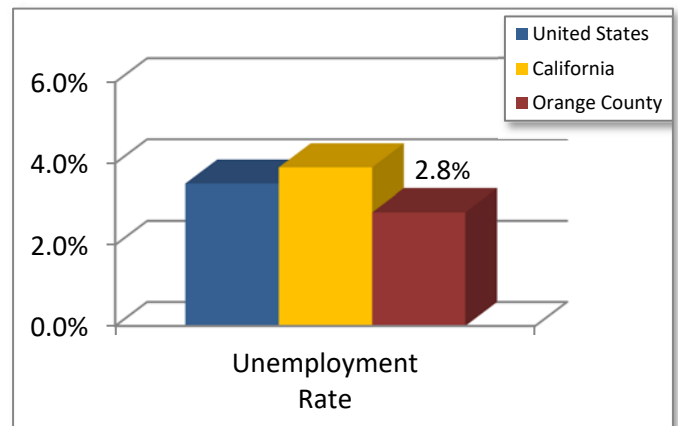
The County's unemployment rate continues to be lower than surrounding Southern California counties, the State, and the Nation (see Table 1).

According to the California Department of Finance, inflation, as measured by the Consumer Price Index (CPI), is expected to be 6.4% for Orange County, lower than both the State and U.S. at 6.5% and 6.9%, respectively, in FY 2021-22 (see Table 2).

**Table 1: Unemployment Rate Comparison**

Primary Government Entity	July 2022 Unemployment Rate
United States	3.5%
California	3.9%
Los Angeles County	5.0%
Riverside County	4.0%
San Bernardino County	3.9%
San Diego County	3.1%
<b>Orange County</b>	<b>2.8%</b>

**Unemployment Rate**



Note: Unemployment rates are for the month of July 2022

**Table 2: 2022 – Projected Increase of the CPI**

United States	California	Orange County
6.9%	6.5%	6.4%

Sources: State of California, Employment Development Department  
California Department of Finance, May 2022

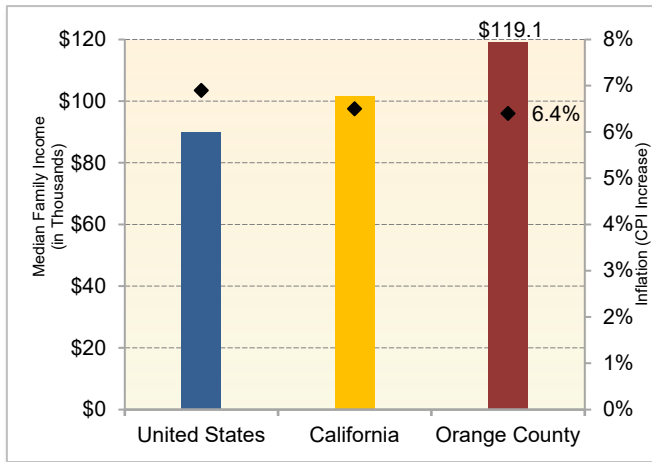
According to the Department of Housing and Urban Development, the County's median family income is expected to be \$119,100 (absolute dollars) in 2022, compared to \$106,700 (absolute dollars) in 2021. The median family income in the County continues to exceed all surrounding Southern California counties, the State, and the Nation (see Table 3).

**Table 3: Median Family Income Comparison**

Primary Government Entity	Median Family Income (absolute dollars)
United States	\$90,000
California	\$101,600
<b>Orange County</b>	<b>\$119,100</b>
San Diego County	\$106,900
Los Angeles County	\$91,100
Riverside County	\$87,400

Sources: U.S. Department of Housing and Urban Development, 2022

**Comparisons of Inflation and Median Family Income**



Sources: U.S. Department of Housing and Urban Development, 2022  
 California Department of Finance, May 2022

According to the California Association of Realtors, the median home sales price for existing single-family homes in Orange County was \$1,231,000 (absolute dollars) in July 2022, representing a 12.9% increase from July 2021. The median sales price in Orange County continues to exceed all surrounding counties (see Table 4).

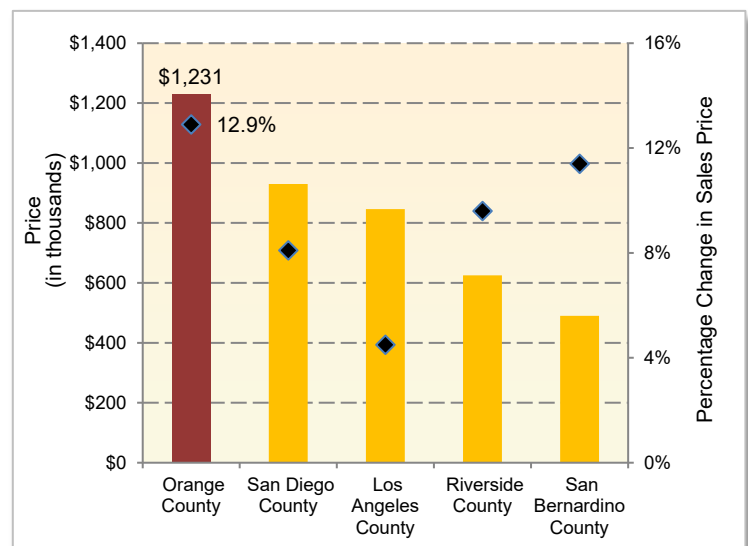
In terms of internal trends, current and projected indicators forecast modest growth in the Orange County economy, with job growth expected to increase by 5.1% in 2022.

**Table 4: Median Home Sales Price Comparison-existing single-family homes only Southern California Counties – August 2022**

Primary Government Entity	Median Home Sales Price Change increase (decrease)	Median Home Sales Price (absolute dollars)
<b>Orange County</b>	<b>12.9%</b>	<b>\$1,231,000</b>
San Diego County	8.1%	\$930,000
Los Angeles County	4.5%	\$846,320
Riverside County	9.6%	\$625,000
San Bernardino County	11.4%	\$490,000

Source: California Association of Realtors, August 2022

**Comparison of Median Home Sales Price and Price Changes Among Counties**



Source: California Association of Realtors, August 2022

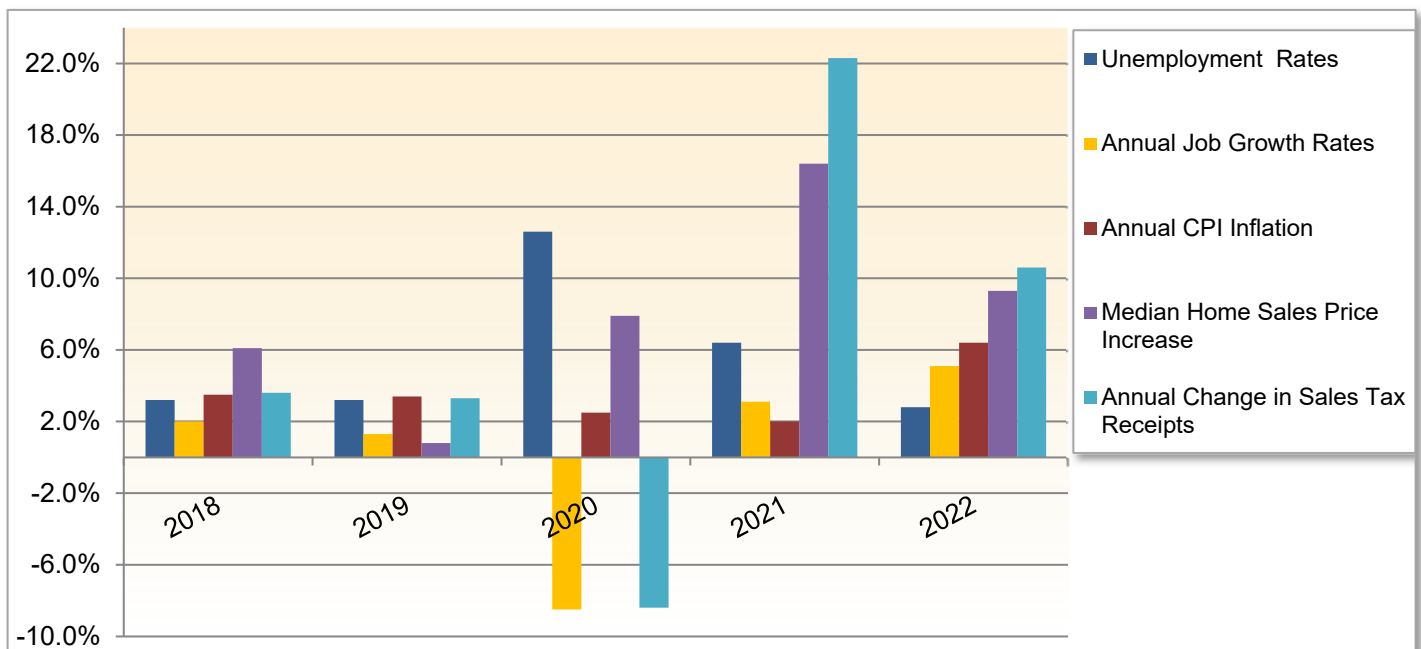
Table 5 shows various internal indicators reflecting modest growth of the County’s economy. The unemployment rate decreased from 6.4% in July 2021 to 2.8% in July 2022. According to the June 2022 Chapman University Economic & Business Review, job growth is expected to increase by 5.1% in 2022; median home sales price for existing single-family detached homes are forecasted to increase by 9.3% in 2022, significantly lower than the 16.4% increase in 2021; and sales tax receipts are forecasted to increase by 10.6% in 2022. In summary, the economy in Orange County is forecasted to show modest growth.

**Table 5: Orange County Historical Data**

Historical Indicators	2018	2019	2020	2021	2022
Unemployment Rates	3.2%	3.2%	12.6%	6.4%	2.8%
Annual Job Growth Rates	2.0%	1.3%	(8.5%)	3.1%	5.1%
Annual CPI Inflation	3.5%	3.4%	2.5%	2.0%	6.4%
Median Home Sales Price Increase	6.1%	0.8%	7.9%	16.4%	9.3%
Annual Change in Sales Tax Receipts	3.6%	3.3%	(8.4%)	22.3%	10.6%

Data in Table 5 for prior years may be different from previous ACFR due to timing. Data for 2022 is preliminary or 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 2022  
California Association of Realtors

**Long-Term Financial Planning**

**Strategic Financial Plan (SFP):** In March 1997, the Board initiated an annual 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 2022 SFP was presented to the Board on January 24, 2023. The 2022 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 for each of the five years presented, FY 2023-24 through FY 2027-28. General Purpose Revenue growth will be strategically allocated through the budget process consistent with the priorities identified in the SFP
- 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 adopted by the United States House Committee on Public Works on 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 1988. Construction for the SARMP began in 1989. The project's major components are scheduled to be completed by December 2028.

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 15, Construction and Other Significant Commitments. 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 \$400,000. These development costs will be funded by the developer, not the County. The Plan is a phased and systematic long-term rehabilitation or replacement of the commercial core, hotel, and waterside elements. 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.

To date, DPHP has received entitlements for two of the three Harbor components, the Marina and Commercial Core, including the surface parking, parking structure and appurtenant facilities to serve these uses and the public. The third component, the Hotel, is currently in process with the City of Dana Point (Dana Point) and the California Coastal Commission. As permitted within the original approvals, the Dana Point has also approved and issued substantial conformance plan determinations covering updates and refinements for the Commercial Core portion, as the original conceptual plans have developed into construction documents. As of September 2022, permits have been issued for the Marina (docks and slips) portion of the Harbor revitalization and those improvements are currently underway. Construction documents for all segments of the Commercial Core (new or remodeled buildings and associated public spaces) are currently under plan check review with the County. More information on the Dana Point Harbor Revitalization is available in Note 7, Service Concession Agreements.

James A. Musick Facility Expansion: The James A. Musick Facility Expansion project is a multi-year project that includes construction of two inmate housing units with approximately 512 beds and two inmate rehabilitation, treatment, and housing units with approximately 384 beds. The expansion also includes administrative and support space, a warehouse/maintenance building, and infrastructure and site improvements. Housing units are designed for direct supervision of minimum and medium security inmates, providing a program aimed at reducing recidivism rates and increasing public safety. Programming includes specialized education and enhanced vocational tracks that individuals in custody will be able to participate in that meet their specific needs. The programming services will include three separate tracks which inmates can voluntarily participate in. The educational track will provide assistance with a high school diploma or HiSet, thereby increasing reading, writing, and math skills. The enhanced vocational track will focus on technology-based programming, food service based programming, and skill trade programming. The Reentry track will focus on helping an individual with life skills and changing negative thought processes. Each client will have a Reentry Coordinator working with them through their time in custody to ensure that they are meeting their goals. In addition, an individualized discharge plan will be created to ensure direct linkage to service providers immediately post release.

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 \$147,000 from the County's General Fund. As of July 2022, the County has received a total of \$99,002 in reimbursements from the State. The project is 67% complete and is scheduled to be completed in July 2023.

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

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

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

Two projects for the East Garden Grove Wintersburg Channel have been 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 \$83,000 from FY 2019-20 to FY 2022-23. Construction costs incurred for this Project through June 30, 2022 are \$63,730 and design costs through June 30, 2022 are \$3,197. Completion is scheduled for December 2022. Construction for the Warner Ave., Springdale St., and Edwards St. bridge crossings improvements is estimated at \$18,233 in FY 2022-23 and design costs through June 30, 2022 are \$274. 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: In 2013, the Board adopted an ordinance approving a public-private partnership to develop the Civic Center Facilities Strategic Plan (Master Plan). The Master Plan included several phases of development with the first phase focused on the general government administration buildings in the center of the Civic Center area.

On April 25, 2017, the Board approved the construction of the new County Administration South (CAS) and establishment of a nonprofit corporation as it related to the financing of CAS and the Master Plan. CAS was completed in November 2019 and is a state-of-the-art facility that has been LEED Certified, meaning it meets the extensive criteria signifying a healthy, highly efficient, cost saving, green building. 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. CAS was

financed 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). In total, the California Municipal Finance Authority (CMFA) issued \$152,400 Lease Revenue Bonds and 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.

On June 26, 2018, the Board approved the planning and design of a new County Administration North (CAN), within the Civic Center, as a twin building of the above CAS Building; a six-story, approximately 254,000 square foot, with 332 underground parking spaces and an additional 196 surface parking spaces. CAN was completed in July 2022 and is occupied by several County departments, including the County Executive Office and Board of Supervisors and includes a Board Hearing room. Similar to CAS, CAN was also financed through a Board adopted ordinance identifying the legal authority for the issuance of bonds, approving a Ground Lease, a Facility Lease, and using the Corporation. The CMFA issued \$185,705 Lease Revenue Bonds and 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 in FY 2022-23, under the Facility Lease, to repay the loan to the CMFA, which pays debt service to the bondholders.

Additional phases included in the Master Plan are still being developed.

Be Well Campuses: A site in the Great Park in Irvine has been identified as the second location for the Be Well Irvine campus to be established through a public-private partnership with Mind OC, with a long-term ground lease established. This is currently in the planning phase with implementation anticipated in the first quarter of 2023. Development plans currently include three phases under the option agreement with the first phase involving crisis stabilization units, residential treatment services, and outpatient services for children, adolescents and adults. The second will include an adult sobering station and provide substance use and perinatal residential services for women and children and outpatient services for children and youth, including their families. The third and final phase will include education and training, a community meeting and events center, youth and senior centers and interfaith shared-use space. The campus will be organized as follows:

- Wellness Navigation 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.

The Be Well Irvine campus is currently in the planning and design phase with construction scheduled to begin early 2023. In consideration of the public benefit afforded by the Be Well Campus and Mind OC's operation of the Project, the annual rent will be one dollar.

OC CARES Initiatives: OC CARES links the five systems of care in the County (behavioral health, healthcare, community corrections, housing, and benefits & support services) to provide full care coordination and services to address immediate and underlying mental health issues and work towards self-sufficiency. Currently, projects and programs are guided by the OC CARES, Justice Through Prevention and Intervention 2025 Vision overseen by the Orange County Criminal Justice Coordinating Council. The focus is on increasing diversion options from pre-arrest to reintegration that involve treatment, specialty courts, and supportive services. Below is a listing of the significant projects in progress:

- Behavioral Health Public Safety Response Team: Expansion of the behavioral health response team consisting of specialized Sheriff Deputies and mental health clinicians to support calls for service with a mental health or substance use nexus and provide diversion options, conduct research, and serve as a resource for the community.
- Coordinated Reentry System: Developing and implementing coordinated reentry services including regional reentry offices, mobile units, centralized reentry center, and workforce entry program to increase accessibility and linkages to services to meet the needs of the justice-involved population for successful reintegration.



- Juvenile Corrections Campus: Revitalize the existing Juvenile Hall to establish a Youth Transition Center that fully utilizes existing space to provide camp programming, education services, health and mental health services, and housing for juvenile and transition aged youth offenders, including those realigned from the State Correctional System.
- Housing for Transitional Aged Youth (TAY): Establish transitional and permanent supportive housing and placement services for youth and TAY involved in the juvenile justice system that includes treatment for substance use, mental health issues or for those involved in the Commercial Sexual Exploitation of Children population.
- Access to Permanent Supportive & Affordable Housing: In alignment with the County's Housing Strategy, efforts are continuing to create 2,700 subsidized housing units that combine affordable housing assistance with voluntary support services to address the needs of chronically homeless individuals. The Housing Strategy is currently in the process of being revised based on the most recent Point-in-Time homeless count conducted in February 2022.

### **Relevant Financial Policies**

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

### **General Fund Reserves Policy**

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

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

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

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

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

All of the previously mentioned are reserves normally modified at the time of budget adoption (Government Code Section 29085) or at fiscal year-end. Changes to reserve amounts at other times require a 4/5 vote of the Board. A



4/5 vote is also required to make such reserves available for appropriation to expend the funds, if needed, during the fiscal year (Government Code Section 29130).

**Reserve Targets and Descriptions**

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

**Contingencies**

The purpose and use of this reserve is to cover unanticipated and severe economic downturns, major emergencies, or catastrophes that cannot be covered with existing appropriations. In particular, continued drought conditions with the attendant risk of wildfires, highlights the potential for catastrophic events within the County. A significant event could create the need for a higher funding level of this reserve. The target amount for this reserve is 15% of ongoing annual General Purpose Revenues (excluding Fund Balance Unassigned and one-time amounts and transfers).

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

<b>Relevant Financial Policies</b>	
<b>Multi-Year SFP</b>	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.
<b>Five-Year Capital Improvement Plan</b>	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.
<b>Information Technology Projects</b>	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.
<b>Mid-Year Budget Report</b>	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.
<b>Annual Budget Policies and Guidelines</b>	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.

<b>Relevant Financial Policies (Continued)</b>	
<b>Fund Balance Reserve Policy</b>	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.
<b>Contingency Planning Policy</b>	<p>The County's General Fund maintains a reserve for contingencies, which was established through the SFP process. The target amount for this reserve is 15% of ongoing annual General Purpose Revenues (excludes fund balance unassigned and one-time amounts and transfers), or \$145,020. This compares to the GFOA guidelines for funding contingencies at 15% or higher.</p> <p>In addition to the reserved for contingencies, the County budgets an annual appropriation for significant unanticipated emergencies, catastrophes, one-time expenditures and opportunities of no less than \$10,000 in the General Fund.</p>
<b>Debt Disclosure Practices</b>	The County presents a set of debt disclosures in the County's adopted Budget document and the ACFR, as well as Continuing Disclosure Annual Reports on its website and the Electronic Municipal Market Access (EMMA) repository.
<b>Pay-as-you-go Capital Funding</b>	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.
<b>Credit and Debt Management Policy</b>	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.
<b>Public Financing Advisory Committee</b>	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).
<b>Audit Oversight Committee</b>	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.

Relevant Financial Policies (Continued)	
<b>Treasury Oversight Committee</b>	<p>The Treasury Oversight Committee (TOC) is responsible for reviewing and monitoring the annual Investment Policy Statement (IPS). In addition, the TOC causes an annual audit of the County’s compliance with the IPS. The TOC shall also investigate any and all irregularities in the treasury operations, which become known to the TOC. The TOC has an approved policy to investigate and report such irregularities.</p> <p>Annually, the TOC reviews the IPS, including all proposed changes to IPS. The elected Treasurer-Tax Collector then submits the IPS to the Board for approval, including any changes thereto. The TOC membership consists of the following: the elected Auditor-Controller, the County Executive Officer, the elected County Superintendent of Schools, or their respective designees, and four public members. The public members shall be nominated by the elected Treasurer-Tax Collector and confirmed by the Board.</p>
<b>24/7 Fraud Hotline</b>	<p>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.</p>

**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 9,516 employees in budgeted positions. The next largest unions are the Association of County Deputy Sheriffs (AOCDS), which represents four bargaining units totaling about 2,635 members and the American Federation of State and Municipal Employees (AFSME) at about 1,510 members. All contracts 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 ACFR for the year ended June 30, 2021; this represents the County’s 27<sup>th</sup> 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 ACFR, whose contents conform to program standards. Such an ACFR 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 will submit 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) titled the "OC Citizens' Report" for the year ended June 30, 2021; this represents the County's 19<sup>th</sup> 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](http://www.ac.ocgov.com).

The GFOA also awarded a Distinguished Budget Presentation Award to the County for its FY 2021-22 Annual Budget; this is the County's 6th 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, 2021. 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

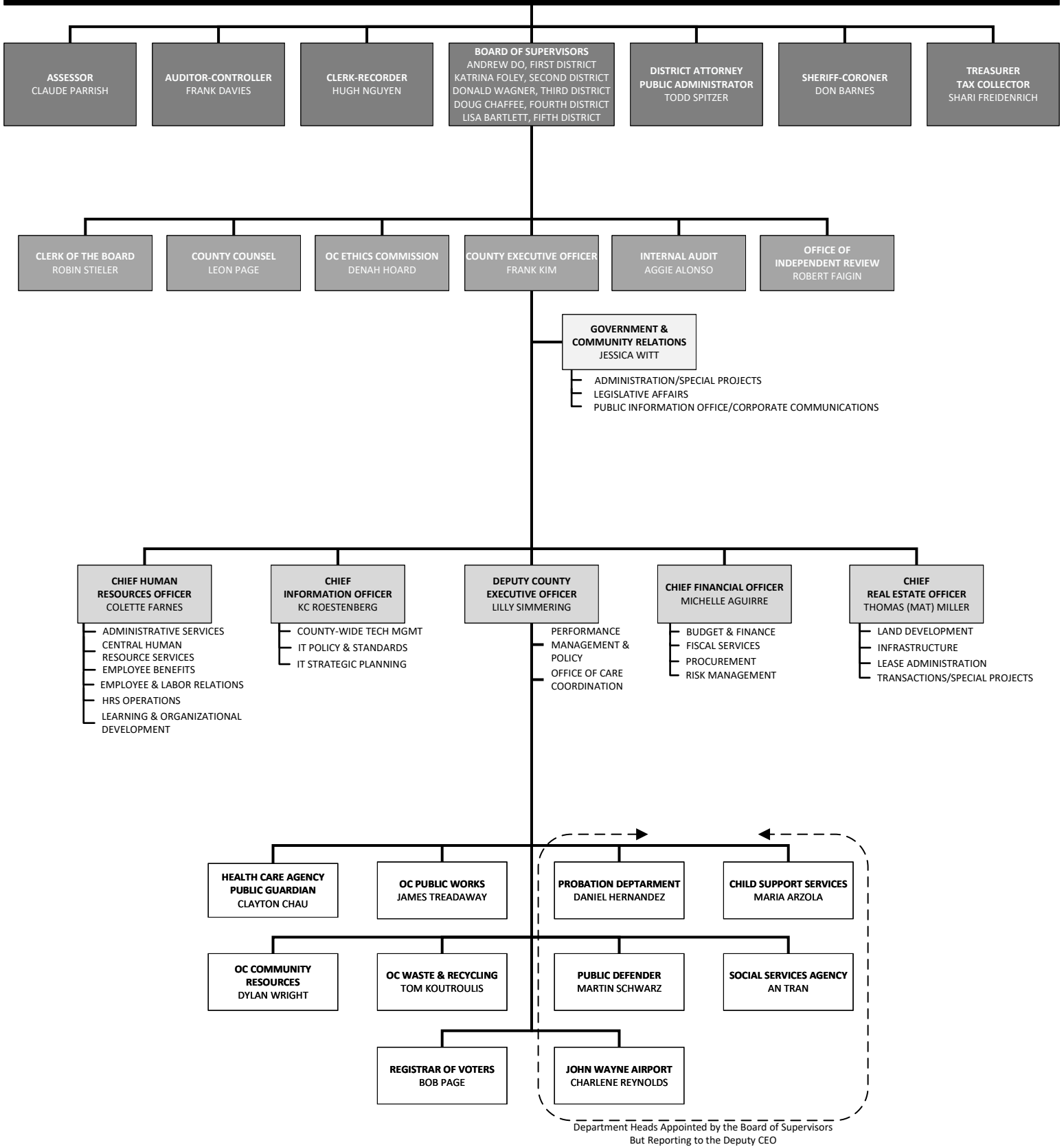
*Christopher P. Morill*

Executive Director/CEO



# County of Orange Organizational Chart

## PEOPLE OF ORANGE COUNTY



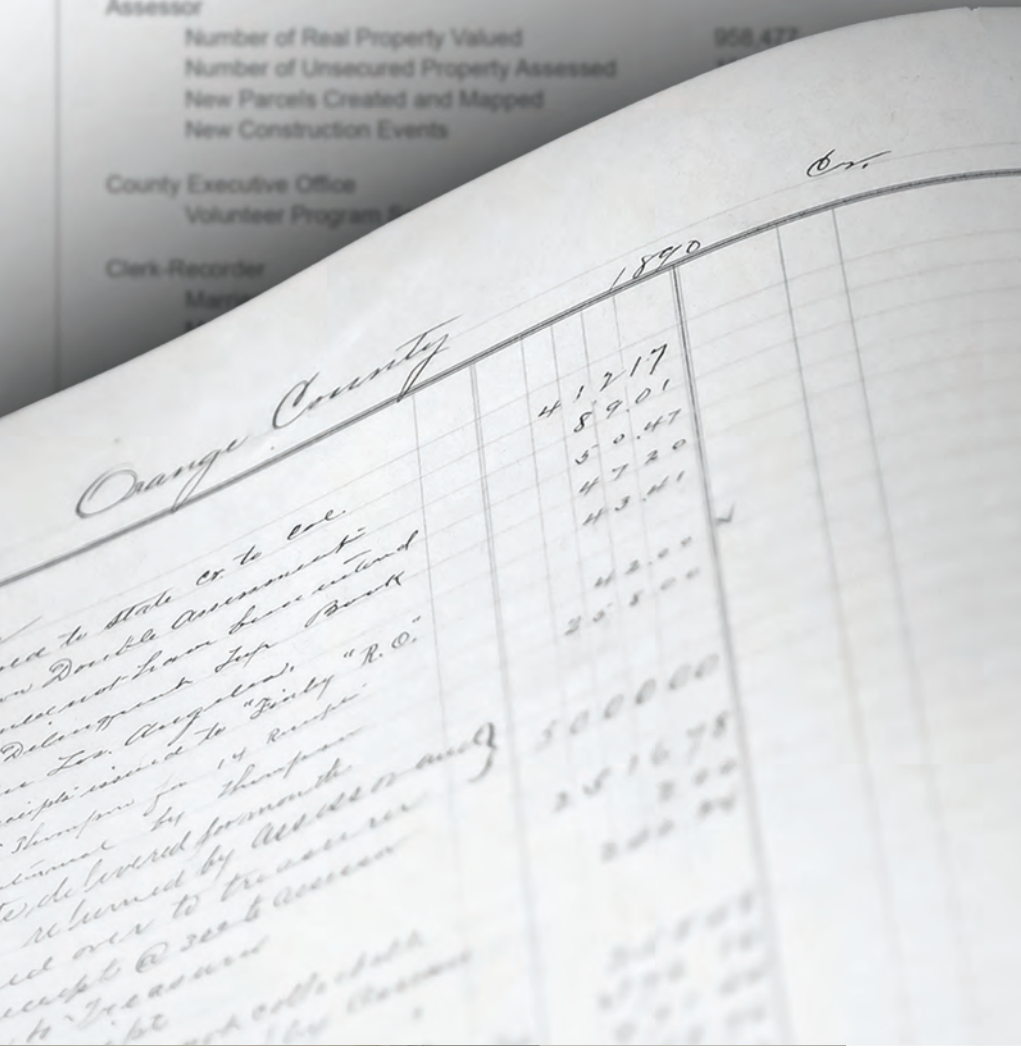
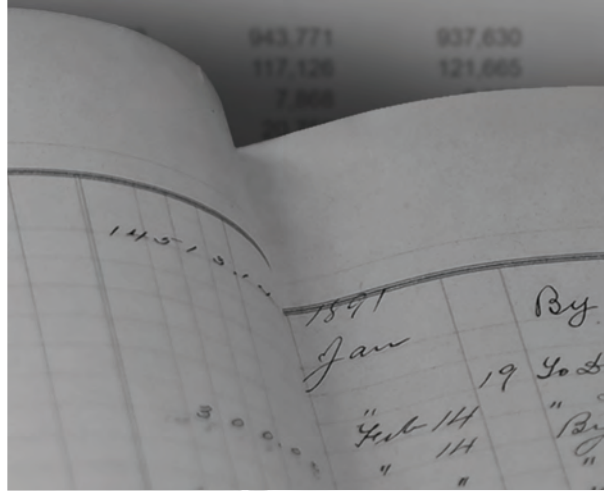




Physical Arrests-Juv		
Probationers under Supervision as of June 30th-Adult	9,727	11,761
Probationers under Supervision as of June 30th-Juvenile	1,078	1,364
Avg. Daily Juvenile Hall Population	99	91
Avg. Daily Camp Population	60	64

Function/Program	2020-21	2019-20
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<b>General Government</b>		
<b>Auditor-Controller</b>		
Property Tax Bills Prepared	1,103,642	1,104,521
<b>Assessor</b>		
Number of Real Property Valued	958,477	
Number of Unsecured Property Assessed		
New Parcels Created and Mapped		
New Construction Events		











**Independent Auditor’s Report**

To the Board of Supervisors  
 County of Orange, California

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, 2022, 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.

We did not audit the financial statements of the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (Cal Optima) 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 year ended June 30, 2022:

	<u>Assets</u>	<u>Net Position</u>	<u>Revenues</u>
<b><u>CalOptima:</u></b>			
Aggregate discretely presented component units	97.7%	95.7%	99.4%
<b><u>OCERS:</u></b>			
Aggregate remaining fund information	69.6%	70.6%	14.8%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CalOptima and OCERS, is based solely on the report of the other auditors.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Adoption of New Accounting Standard***

As discussed in Notes 2 and 13 to the financial statements, the County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities, business type activities, General fund, Flood Control District, Airport, OC Waste & Recycling, and aggregate remaining funds (Internal Services Funds and other governmental funds) net position/fund balance as of July 1, 2021, to restate beginning net position/fund balance. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

#### ***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 OCERS plan, Orange County Extra-Help Defined Benefit plan, and the Orange County Retiree Medical plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, 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.



Laguna Hills, California  
December 21, 2022



Physical Arrests-Juv			
Probationers under Supervision as of June 30th-Adult	9,727	11,761	
Probationers under Supervision as of June 30th-Juvenile	1,078	1,364	
Avg. Daily Juvenile Hall Population	99	91	
Avg. Daily Camp Population	60	64	

	11,164	11,560	11,189
	1,892	2,270	2,290
	109	129	150
	100	119	136

Function/Program

General Government

	2020-21	2019-20
Auditor-Controller		
Property Tax Bills Prepared	1,103,642	1,104,521
Assessor		
Number of Real Property Valued	958,477	
Number of Unsecured Property Assessed		
New Parcels Created and Mapped		
New Construction Events		

County Executive Office  
Volunteer Program

Clerk-Recorder

*Orange County*

1,890

41,217

8,901

50.47

4720

43.41

4200

25,800

*ed to State co. to cre  
Double Assessment  
released from base instead  
Release from Top Book  
Re-assessment Top "R.O."  
re Low Assessment "Dirty"  
disposition for 14 months  
through for 3 months  
returned by all other means  
id over to treasurer  
accept @ 30th session  
to Treasurer  
to collectible  
the amount*

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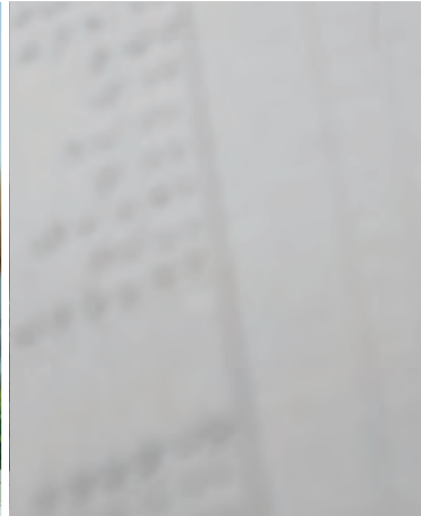
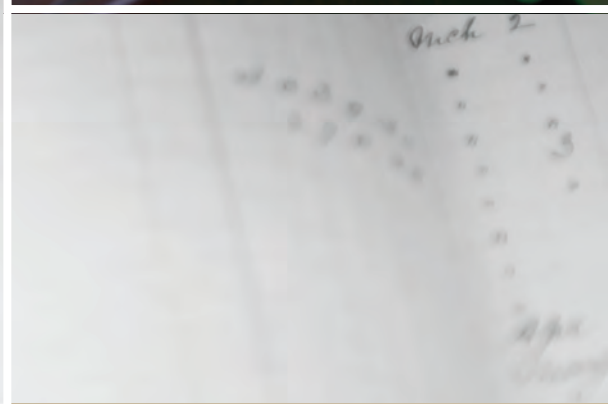
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**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
 (UNAUDITED)**

This section of the County’s ACFR provides a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2022. 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 \$1,383,660 for the fiscal year, and it increased net position by 38% from prior year.
- Long-term debt obligations increased by \$19,387 or 3% during the current fiscal year.
- The County’s governmental funds reported combined ending fund balances of \$3,174,931, an increase of \$420,458 or 15% in comparison with the prior year.
- General Fund revenues and other financing sources ended the year 7% below budget.
- General Fund expenditures and other financing uses ended the year 15% below budget.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements presented in the County’s ACFR are divided into three different sections:

- Government-wide Financial Statements
- Fund Financial Statements and Budgetary Comparison Statements
- Notes to the Basic Financial Statements

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

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

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Type of Financial Statement</b>	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
<b>Scope</b>	Entire entity (except fiduciary funds)	Day-to-day operating activities for basic services	Day-to-day operating activities for business-type services	Resources held on behalf of others
<b>Accounting Basis and Measurement Focus</b>	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
<b>Type of Asset, Deferred Outflows of Resources, Liability, and Deferred Inflows of Resources Information</b>	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, liabilities, and deferred inflows of resources held in a trustee or custodial capacity for others
<b>Type of Inflow and Outflow Information</b>	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 revenues and expenses 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](http://www.ac.ocgov.com). A separate stand-alone CalOptima annual financial report can be obtained by accessing the website at <http://wpsocdmhc.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, financed purchases, leases, 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 ACFR. 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 ACFR, 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 ACFR.

**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 ACFR.

### 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, 2022, the County's combined net position (governmental and business-type activities) totaled \$5,046,927, an increase of 38% from June 30, 2021.

The largest component of the County's net position, which totals \$4,287,215 was **net investment in capital assets**, which represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets and debt-related deferred outflows and inflows of resources. The County's capital assets are used to provide needed services to its citizens. Since the capital assets themselves cannot be used to liquidate the associated debt, the resources needed to repay the debt must be provided from other sources.

#### COMPONENTS OF NET POSITION

- Net Investment in Capital Assets
- Restricted
- Unrestricted

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022  
(Dollar Amounts in Thousands)

The County's **restricted** net position of \$1,808,605 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, including those passed by the County itself.

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, 2022, the County's unrestricted net position totals a deficit of \$1,048,893. Among governmental activities the deficit was \$1,718,846 in unrestricted net position, compared to its deficit of \$3,046,351 at June 30, 2021. 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:

<b>NET POSITION – Primary Government</b>						
June 30, 2022 and 2021						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>						
Current and Other Assets	\$ 5,376,307	\$ 4,754,772	\$ 1,213,291	\$ 1,002,351	\$ 6,589,598	\$ 5,757,123
Capital Assets	4,296,528	3,640,386	924,633	942,791	5,221,161	4,583,177
<b>Total Assets</b>	<b>9,672,835</b>	<b>8,395,158</b>	<b>2,137,924</b>	<b>1,945,142</b>	<b>11,810,759</b>	<b>10,340,300</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>922,650</b>	<b>1,036,680</b>	<b>20,488</b>	<b>22,191</b>	<b>943,138</b>	<b>1,058,871</b>
<b>Total Assets/Deferred Outflows of Resources</b>	<b>10,595,485</b>	<b>9,431,838</b>	<b>2,158,412</b>	<b>1,967,333</b>	<b>12,753,897</b>	<b>11,399,171</b>
<b>LIABILITIES</b>						
Long-term Liabilities	3,653,651	4,711,405	327,976	369,652	3,981,627	5,081,057
Other Liabilities	1,409,473	1,413,203	81,409	64,828	1,490,882	1,478,031
<b>Total Liabilities</b>	<b>5,063,124</b>	<b>6,124,608</b>	<b>409,385</b>	<b>434,480</b>	<b>5,472,509</b>	<b>6,559,088</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,083,886</b>	<b>1,156,032</b>	<b>150,575</b>	<b>20,784</b>	<b>2,234,461</b>	<b>1,176,816</b>
<b>Total Liabilities/Deferred Inflows of Resources</b>	<b>7,147,010</b>	<b>7,280,640</b>	<b>559,960</b>	<b>455,264</b>	<b>7,706,970</b>	<b>7,735,904</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	3,423,823	3,533,978	863,392	865,175	4,287,215	4,399,153
Restricted	1,743,498	1,663,571	65,107	58,195	1,808,605	1,721,766
Unrestricted	(1,718,846)	(3,046,351)	669,953	588,699	(1,048,893)	(2,457,652)
<b>Total Net Position</b>	<b>\$ 3,448,475</b>	<b>\$ 2,151,198</b>	<b>\$ 1,598,452</b>	<b>\$ 1,512,069</b>	<b>\$ 5,046,927</b>	<b>\$ 3,663,267</b>

As of June 30, 2022, the County's total assets and deferred outflows of resources increased by 12% or \$1,354,726 during the current fiscal year. There was an increase of \$832,475 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 American Rescue Plan Act (ARPA) established to provide governments with one-time infusion of funds to meet COVID-19 response needs and rebuild the economy. Also, there were higher tax apportionments and an increase in sales and use tax revenue. This increase was partially offset by lower interest revenue received due to the net decrease in the fair value of investments. In addition, capital assets increased by \$637,984, primarily due to the establishment of lease assets under GASB Statement No. 87 and construction projects related to the Civic Center Facilities Master Plan and the James A. Musick Facility Expansion Project. Deferred outflows of resources decreased by \$115,733, primarily due to a decrease in the difference between the expected and actual experience and changes in assumptions for the changes in net pension liability measurements as required by GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27," (GASB Statement No. 68).

Total liabilities and deferred inflows of resources as of June 30, 2022, decreased by \$28,934. Long-term liabilities decreased by 22% or \$1,099,430, mainly due to a decrease in the County's proportionate share of the net pension and OPEB liability as a result of favorable returns from OCERS' investments, which was partially offset by an increase in lease liabilities established under GASB Statement No. 87 and issuance of Teeter Plan Notes. Deferred inflows of resources increased by 90% or \$1,057,645, mainly due to the changes in the net pension liability calculated as required by GASB Statement No. 68 and an increase in the deferred payments related to leases established under GASB Statement No. 87.

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, 2022 and 2021						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 653,695	\$ 625,080	\$ 348,980	\$ 289,325	\$ 1,002,675	\$ 914,405
Operating Grants and Contributions	3,166,816	3,199,181	20,571	22,371	3,187,387	3,221,552
Capital Grants and Contributions	130,593	141,883	660	5,387	131,253	147,270
General Revenues:						
Property Taxes	653,893	624,552	--	--	653,893	624,552
Property Taxes in Lieu of						
Motor Vehicle License Fees	455,578	438,321	--	--	455,578	438,321
Other Taxes	149,568	127,777	--	14	149,568	127,791
Grants and Contributions not Restricted to Specific Programs	4,631	15,547	--	--	4,631	15,547
State Allocation of Motor						
Vehicle License Fees	3,863	3,528	--	--	3,863	3,528
Other General Revenues	63,392	100,157	(7,644)	3,518	55,748	103,675
<b>Total Revenues</b>	<b>5,282,029</b>	<b>5,276,026</b>	<b>362,567</b>	<b>320,615</b>	<b>5,644,596</b>	<b>5,596,641</b>
<b>EXPENSES</b>						
General Government	189,650	188,668	--	--	189,650	188,668
Public Protection	1,377,502	1,513,781	--	--	1,377,502	1,513,781
Public Ways and Facilities	149,290	138,670	--	--	149,290	138,670
Health and Sanitation	830,673	1,106,989	--	--	830,673	1,106,989
Public Assistance	1,224,045	1,358,723	--	--	1,224,045	1,358,723
Education	57,060	52,579	--	--	57,060	52,579
Recreation and Cultural Services	129,380	128,747	--	--	129,380	128,747
Interest on Long-Term Debt	35,148	27,232	--	--	35,148	27,232
Airport	--	--	133,555	128,160	133,555	128,160
OC Waste & Recycling	--	--	134,620	134,202	134,620	134,202
Compressed Natural Gas	--	--	13	11	13	11
<b>Total Expenses</b>	<b>3,992,748</b>	<b>4,515,389</b>	<b>268,188</b>	<b>262,373</b>	<b>4,260,936</b>	<b>4,777,762</b>
Excess before Transfers	1,289,281	760,637	94,379	58,242	1,383,660	818,879
Transfers	7,996	7,509	(7,996)	(7,509)	--	--
<b>Change in Net Position</b>	<b>1,297,277</b>	<b>768,146</b>	<b>86,383</b>	<b>50,733</b>	<b>1,383,660</b>	<b>818,879</b>
Net Position-Beginning of the Year, as Restated	2,151,198	1,383,052	1,512,069	1,461,336	3,663,267	2,844,388
<b>Net Position-End of the Year</b>	<b>\$ 3,448,475</b>	<b>\$ 2,151,198</b>	<b>\$ 1,598,452</b>	<b>\$ 1,512,069</b>	<b>\$ 5,046,927</b>	<b>\$ 3,663,267</b>



The County's net position increased by \$1,383,660 during the current fiscal year. Revenues for the year totaled \$5,644,596, an increase of \$47,955 from the previous year. Expenses totaled \$4,260,936, a decrease of \$516,826 from the previous year.

### **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 property taxes. 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 2021-22, total revenues for governmental activities, including transfers from the business-type activities, were \$5,290,025, an increase of \$6,490 from the previous year. Expenses totaled \$3,992,748, a decrease of \$522,641 from the prior year. Net position for governmental activities increased \$1,297,277 from the prior fiscal year for an ending balance of \$3,448,475. Key elements of the increase are as follows:

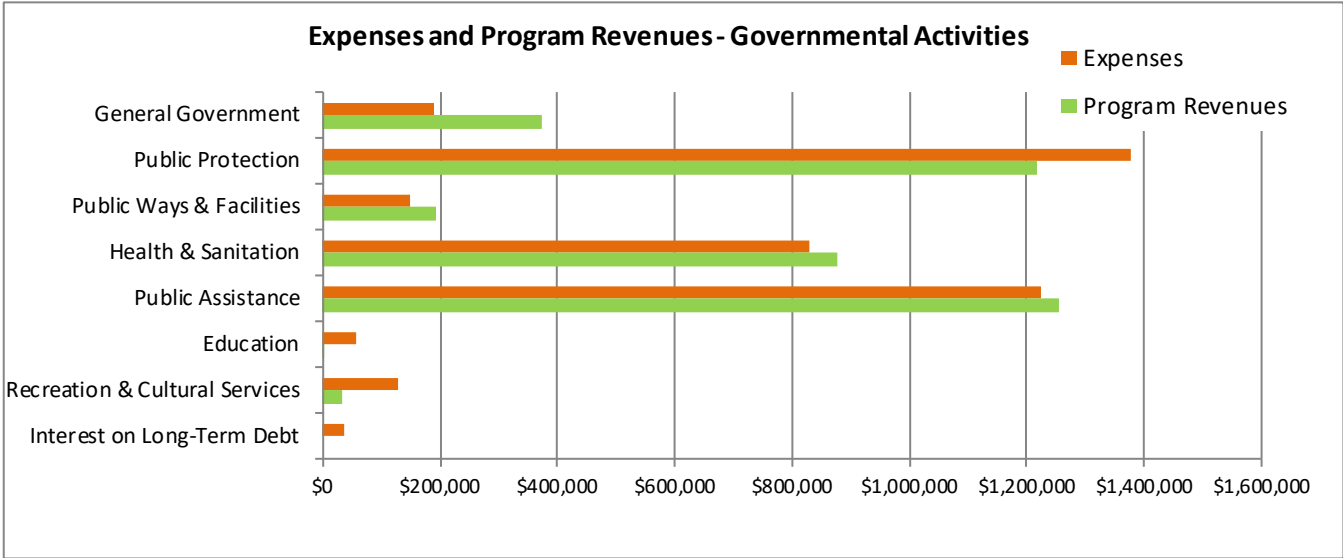
#### Revenues

- Property taxes increased by \$29,341, mainly due to an increase in secured assessed values.
- Charges for services increased by \$28,615, mainly due to an increase in mental health services, road and street services and fees received for Community Environmental Quality Control, Emergency Medical Services, Medical Waste and Water Quality Control. This increase was partially offset by a decrease in revenue for various public health and Drug Medi-Cal programs and the State's reimbursements for CalOptima.
- Property taxes in lieu of Vehicle License Fees (VLF) increased by \$17,257, primarily due to growth in secured property tax roll value.
- Operating grants and contributions decreased by \$32,365, mainly due to a decrease in federal funds received from programs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Federal Emergency Management Agency (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. This decrease was partially offset by an increase in revenues related to the compensation of revenue loss from ARPA funds.
- Other General Revenues decreased by \$36,765, mainly due to a net decrease in the fair value of investments.

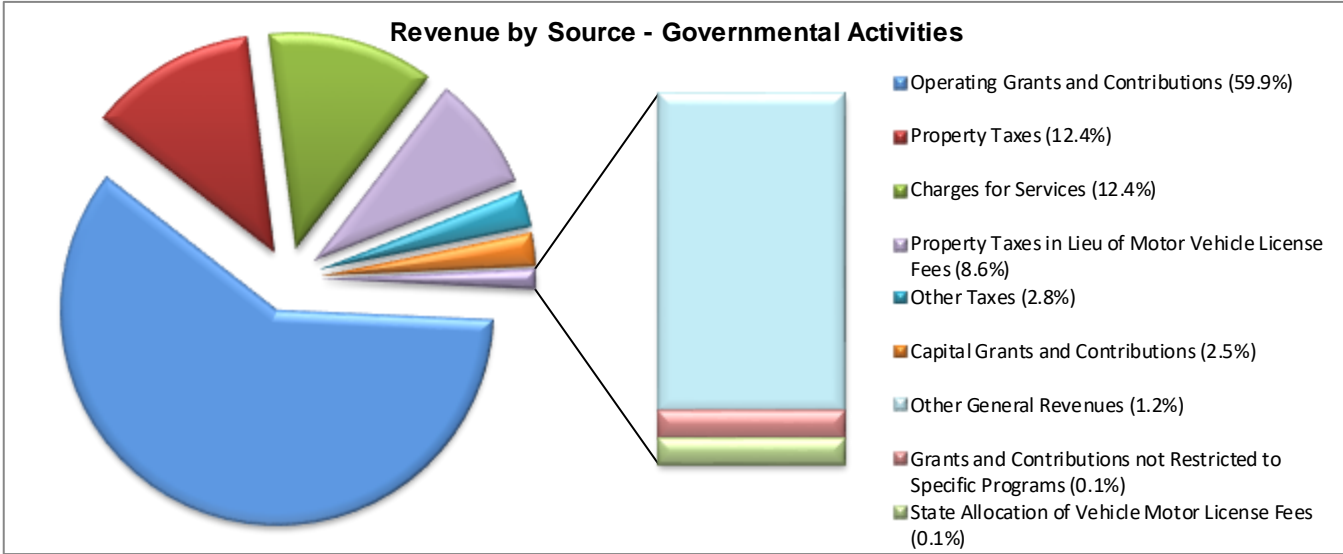
#### Expenses

- Expenses in health and sanitation decreased by \$276,316, primarily due to a decrease in professional and specialized services and medical supplies to address the COVID-19 public health emergency.
- Expenses in public protection decreased by \$136,279, mainly due to a decrease in pension costs.
- Expenses in public assistance decreased by \$134,678, mainly due to a decrease in expenses related to the Small Business Relief Program and to the Great Plates Program.
- Expenses in public ways and facilities increased by \$10,620, mainly due to higher South County Roadway Improvement Program fee credits paid to the developer and greater road maintenance and rehabilitation costs.
- Expenses in interest on long-term debt increased by \$7,916, primarily due to the debt service interest paid for various leased buildings and improvements under GASB Statement No. 87.
- Expenses in education increased by \$4,481, primarily due to an increase in capital outlay for OC Public Libraries.

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



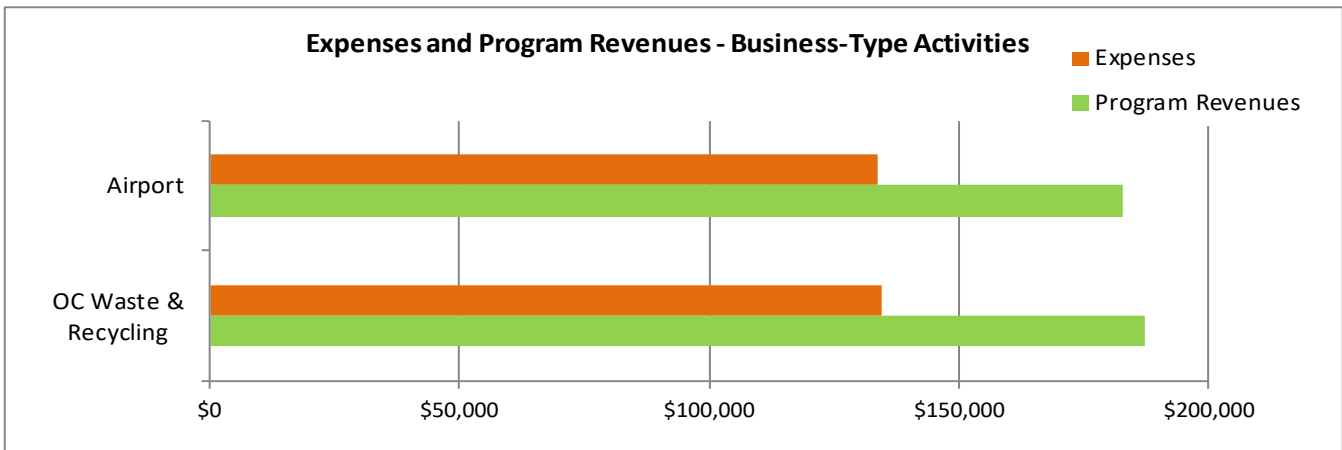
The chart below presents the percentage of total revenues by source for governmental activities:



**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.

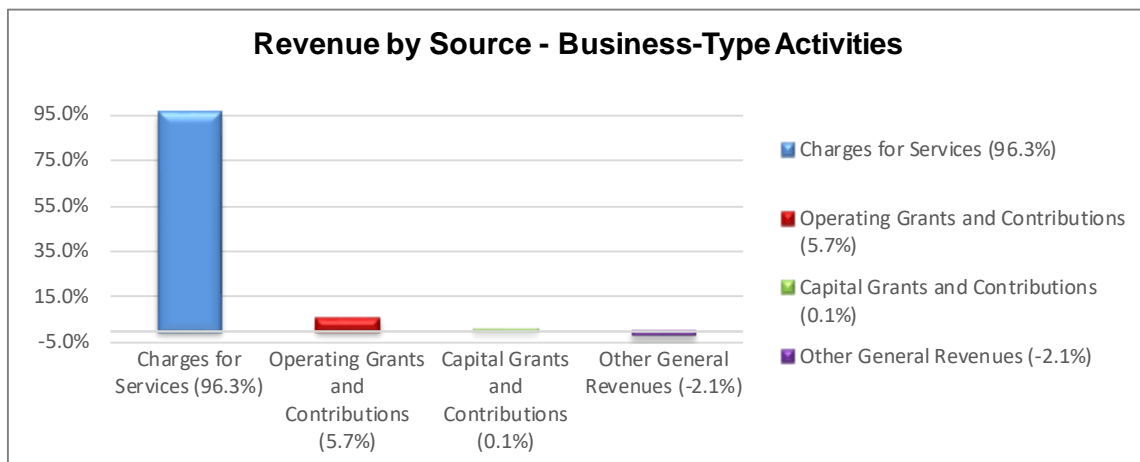
The following chart displays expenses and the associated program revenues by function for the business-type activities (major enterprise funds):



At the end of FY 2021-22, the business-type activities' total revenues exceeded expenses and transfers resulting in an increase of \$86,383 in net position compared to the prior year's increase in net position of \$50,733. Revenues totaled \$362,567, an increase of \$41,952 from the previous fiscal year, which is primarily attributable to increases in revenue from OC Waste & Recycling's sanitation and landfill disposal tonnage and fees, as well as the Airport's revenue from auto parking, landing fees, use of property, revenue from services and Passenger Facility Charge (PFC) revenue. Offsetting this increase was a net decrease in the fair value of investments and a decrease in Airport's capital grant revenues.

Expenses, including transfers to governmental activities, totaled \$276,184 representing an increase of \$6,302 from the previous year. This increase is primarily due to increases in OC Waste & Recycling and Airport's services and supplies (S&S) and professional and specialized services. Offsetting this increase were decreases in OC Waste & Recycling's closure and postclosure care costs and salaries and employee benefits (S&EB). 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 chart below presents the percentage of total revenues by source for business-type activities (major enterprise funds):



## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

### **Governmental Funds**

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

At June 30, 2022, the County's governmental funds reported total fund balances of \$3,174,931, which is an increase of \$420,458, in comparison with prior year ending fund balances, as restated.

### **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, as restated:

<b>GOVERNMENTAL FUNDS COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCES For the Years Ended June 30, 2022 and 2021</b>						
	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General Fund	\$ 4,235,138	\$ 4,133,547	\$ 3,843,660	\$ 4,261,122	\$ 391,478	\$ (127,575)
Flood Control District	208,778	165,785	226,997	185,516	(18,219)	(19,731)
Other Public Protection	62,662	84,024	78,920	47,051	(16,258)	36,973
Mental Health Services Act	249,456	239,941	195,202	189,857	54,254	50,084
Other Governmental Funds	1,047,180	1,094,062	1,037,977	971,417	9,203	122,645
<b>Total</b>	<b>\$ 5,803,214</b>	<b>\$ 5,717,359</b>	<b>\$ 5,382,756</b>	<b>\$ 5,654,963</b>	<b>\$ 420,458</b>	<b>\$ 62,396</b>

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 2021-22, revenues and other financing sources were more than the expenditures and other financing uses resulting in an increase in fund balance of \$391,478, compared to last year's decrease of \$127,575, as restated. Revenues and other financing sources increased by \$101,591, and expenditures and other financing uses decreased by \$417,462. The following is a brief summary of the primary factors that contributed to the increase in the net change in fund balance for the General Fund in FY 2021-22:

#### **Revenues**

- Tax revenue increased by \$41,545, which was primarily due to increases in secured property taxes and property taxes in-lieu of vehicle license fees (VLF) resulting from an increase in secured assessed values. Additionally, there was an increase in other property tax revenues from residual distributions and pass-through payments from cities.
- Charges for services increased by \$25,251, primarily due to increases in revenue for Drug Medi-Cal, Community Services and Supports, and Mental Health services. There was also an increase in law enforcement revenue from contract cities and behavioral health bureau charges, which were partially offset by a decrease in revenue for homeless outreach. Other factors that partially offset the increase in revenue were decreases in election

services revenue as a result of one-time receipts in FY 2020-21 related to the Center for Technology and Civic Life's COVID-19 Response Grant, the May 19, 2020 2nd District Board of Supervisors Special Election and the November 3, 2020 General Election.

- Transfers to the General Fund increased by \$22,353, primarily due to an increase in Social Services Agency (SSA) Wraparound program claims.

#### Expenditures

- Expenditures for health and sanitation decreased by \$258,449, primarily due to decreases in Health Care Agency (HCA) for professional services and S&S to address the COVID-19 public health emergency. Additionally, there were decreases in payments made to the State related to the Voluntary Rate Range Program and the Whole Person Care Pilot Program. These decreases were partially offset by an increase in professional services provided for the Emergency Rental Assistance Program, the Mental Health Services Act (MHSA), the Systems Coordination Services (SCS) and the Medical Safety Net Program.
- Transfers from the General Fund decreased by \$158,244, primarily due to a decrease in transfers out to the Countywide Capital Projects Non-General Fund for public health and safety capital projects.

#### 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 2021-22, there was a decrease in fund balance of \$18,219 as compared to last year's decrease of \$19,731. Revenues and other financing sources increased by \$42,993, mainly due to revenue obtained for the sale of property in the city of Highland to San Bernardino Valley Municipal Water District. Expenditures and other financing uses increased by \$41,481, primarily due to the start of construction for the Huntington Beach Channel and Talbert Channel Sheet Pile Repair Design-Build Project. This increase was offset by a decrease in construction costs from the completion of various channels and the Galivan Retarding Basin. Additionally, there was a decrease in construction costs and land purchases for the Santa Ana 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 fingerprint identification systems, and investigation team. At the end of FY 2021-22, there was a decrease in fund balance of \$16,258, compared to last year's increase of \$36,973. Revenues and other financing sources decreased by \$21,362, primarily from the decrease in transfers of excess public safety sales tax. Also, the transfer of restricted fee revenue from General Fund to Clerk-Recorder Operating Reserve Fund decreased as a result of a lower operating income in the current year compared to the prior year. Expenditures and other financing uses increased by \$31,869, largely from the transfer out from the Excess Prop 172 Public Safety Sales Tax Fund to the Sheriff-Coroner's Department for the James A. Musick Facility Expansion Project that commenced in August 2020. Additionally, there was an increase in the repayment of cash deposit held in the Victim Fund as a result of the dismissal of the case in the Consumer Prosecution Fund. Another factor that contributed to the increase was greater IT hardware maintenance and support costs following a new 8-year 800MHz Support System Upgrade contract with Motorola Solutions Inc.

#### Mental Health Services Act (MHSA)

This fund accounts for purpose restricted MHSA revenues. At the end of FY 2021-22, fund balance increased by \$54,254, compared to last year's increase of \$50,084. Revenues and other financing sources increased by \$9,515, primarily due to higher allocation from the State for approved mental health services. Expenditures increased by \$5,345, primarily due to the change in the fair value of investments.

#### 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 2021-22, fund balances increased by \$9,203, in comparison to prior year's increase of \$122,645. Revenues and other financing sources decreased by \$46,882, primarily due to a decrease in transfers in to the Countywide Capital Projects Non-General Fund and the Countywide IT Projects Non-General Fund, which was partially offset by the issuance of Teeter Plan Notes and an increase in revenues for road and street services. Expenditures and other financing uses increased by \$66,560, primarily due to an increase in construction costs and transfers out from the Countywide Capital Projects Non-

General Fund for the James A. Musick Facility Expansion Project Phase I and II. This increase was partially offset by a decrease in construction costs for CFD 2017-1 Rancho Mission Viejo-Village of Esencia Improvement Area II and the Yale Transitional Center as construction was primarily completed in the prior year, and by a decrease in the amount paid for the retirement of Teeter Plan Notes compared to the prior year.

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

<b>COMPARATIVE FUND BALANCE</b>					
<b>Governmental Funds</b>					
<b>June 30, 2022 and 2021</b>					
	<b>2022</b>		<b>2021</b>		<b>Increase/(Decrease) %</b>
General Fund	\$	1,127,205	\$	735,727	53 %
Flood Control District		449,889		468,108	(4)%
Other Public Protection		202,906		219,164	(7)%
Mental Health Services Act		236,413		182,159	30 %
Other Governmental Funds		1,158,518		1,149,315	1 %
<b>Total</b>	<b>\$</b>	<b>3,174,931</b>	<b>\$</b>	<b>2,754,473</b>	<b>15 %</b>

### 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, as restated:

<b>ENTERPRISE FUNDS</b>							
<b>COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, CONTRIBUTIONS, TRANSFERS, AND CHANGES IN FUND NET POSITION</b>							
<b>For the Years Ended June 30, 2022 and 2021</b>							
	<b>Revenues, Contributions and Transfers</b>		<b>Expenses and Transfers</b>		<b>Change in Fund Net Position</b>		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Airport	\$ 180,243	\$ 137,186	\$ 132,815	\$ 127,178	\$ 47,428	\$ 10,008	
OC Waste & Recycling	182,811	184,215	142,953	142,700	39,858	41,515	
Compressed Natural Gas	159	199	13	11	146	188	
<b>Total</b>	<b>\$ 363,213</b>	<b>\$ 321,600</b>	<b>\$ 275,781</b>	<b>\$ 269,889</b>	<b>\$ 87,432</b>	<b>\$ 51,711</b>	

### Airport

This fund accounts for major construction and self-supporting aviation related activities rendered at the Airport. At the end of FY 2021-22, there was an increase of \$47,428 in fund net position compared to the prior year increase of \$10,008. Revenues, contributions and transfers increased by \$43,057, primarily due to increases in auto parking, landing fees, revenue from use of property, revenue from services, and PFC revenue. Partially offsetting these increases were net decreases in the fair value of investments, as well as declines in intergovernmental revenues and capital grant contributions. The Airport's operating revenues were positively affected by the continued passenger recovery from the COVID-19 pandemic. Expenses increased by \$5,637, mainly due to an increase in professional and specialized services and S&S.

#### 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 2021-22, there was an increase of \$39,858 in fund net position compared to the prior year increase of \$41,515. Revenues, contributions and transfers decreased by \$1,404, which was primarily due to the change in the fair value of investments. This decrease was partially offset by an increase in sanitation and landfill disposal tonnage and fees collected for waste, recycling, and importation. Expenses and transfers increased by \$253, primarily due to an increase in leases, S&S and professional and specialized services. These increases were offset by a decrease in landfill site closure and postclosure care costs 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 compressed natural gas sales to fuel the County's growing fleet of CNG-powered heavy equipment. At the end of FY 2021-22, there was an increase of \$146 in fund net position compared to the prior year increase of \$188. Revenues decreased by \$40 due to a lower royalty payment from Clean Energy and a one-time federal tax refund received in FY 2020-21. Expenditures increased by \$2 due to an increase in utilities purchased.

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 \$127,290 for anticipated reimbursement from the FEMA for 100% federal share of the County's eligible costs to combat and respond to the COVID-19 Pandemic.
- An increase of \$62,824 in the HCA due to federal grant revenue for the Epidemiology and Laboratory Capacity Enhanced Detection Expansion (ELC2) program through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021.
- An increase of \$48,947 in the Sheriff-Coroner Department due to excess revenue from the Prop 172 Public Safety Sales Tax.
- An increase of \$27,843 in the OC Community Resources (OCCR) Department due to anticipated monies related to the ARPA and the California Department of Aging to provide nutrition and economic assistance to County residents and businesses impacted by the COVID-19 Pandemic.

#### Transfers In

- An increase of \$127,290 for expected transfer of FEMA revenues to replenish General Fund reserves used in prior years to upfront FEMA eligible COVID-19 related expenditures.
- An increase of \$19,729 in HCA from various sources, including HCA Interest Bearing Purpose Restricted Revenue, OC Tobacco Settlement Revenue, and MHSA to support ongoing program costs.
- An increase of \$3,410 in the Sheriff-Coroner Department, primarily due to transfers from Tobacco Settlement Revenue and Sheriff-Coroner Replacement and Maintenance Fund to reimburse costs related to the Body Worn Camera Program implementation.

## 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 \$256,724 less than budgeted amount was primarily comprised of the following:
  - \$127,290 less received in the General Fund due to a delay in the reimbursement of FEMA claims.
  - \$92,612 less received in HCA due to lower than expected drawdowns from the MHSA Fund and OC Tobacco Settlement Revenue.
  - \$7,314 less received in the Sheriff-Coroner Department primarily due to lower than budgeted transfers from the State Criminal Alien Assistance Program and Sheriff Narcotics Program funds.
  - \$6,000 less received from the Teeter Debt Service Fund, which was not necessary to balance the General Fund's budget.
  - \$4,296 less received in SSA mainly attributable to lower than budgeted reimbursements from the SSA Wraparound Fund.

### Intergovernmental

- A \$103,378 less than budgeted amount was primarily comprised of the following:
  - \$72,353 less in the Miscellaneous Fund due to a delay of the reimbursement of FEMA claims.
  - \$53,515 less in SSA due to lower than expected funding from the Federal Public Assistance Administration for the CalWORKs and CalFresh programs and lower than expected state revenue for the CalWORKs Advance program and Cash Reimbursement program.
  - \$49,605 less in HCA due to an increase in allocation of COVID-19 related funding and lower than anticipated reimbursements from ARPA, Coronavirus Relief Fund, and FEMA.
  - Partially offsetting the overall less than budgeted intergovernmental revenue amounts were the following:
    - \$57,645 more received in the County Local Revenue 2011 due to increased sales tax revenue being higher than projected during the COVID-19 pandemic.
    - \$15,093 more received by HCA from the State of California for the Housing and Community Development programs and Emergency Solutions Grant Coronavirus Program.
    - \$11,062 more received in the Sheriff-Coroner Department related to AB 109 Realignment allocation, and grants for improvements to the Theo Lacy Facility, Men's Central Jail and Intake Release Center.

### Taxes

- A \$27,754 higher than budgeted amount was primarily comprised of the following:
  - \$18,392 more in other taxes due to an increase in property transfer tax revenue and former California Redevelopment Agencies residual distributions.
  - \$4,977 more in current secured property taxes resulting from an increase in secured assessed values.

## 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:

### American Rescue Plan Act (ARPA)

- An increase of \$200,696, primarily due to an increase in appropriations for ARPA funding to be used for the Emergency Medical Services facility at El Toro, Remote Workspace Delivery Project, and the Virtual Private Network (VPN) Solution Project.

### Health Care Agency

- An increase of \$78,561, mainly due to an increase in S&S for the Epidemiology and Laboratory Capacity Enhanced Detection Expansion Program and an increase in budgeted transfers to the Special Needs Housing Program MHSA for the development of supportive housing.



Sheriff-Coroner

- An increase of \$53,793, primarily due to transfers to the Countywide Capital Projects Non-General Fund and Excess Prop 172 Public Safety Sales Tax Fund.

OC Community Resources

- An increase of \$32,822, mainly due to an increase in S&S for California Department on Aging emergency programs, Community Investment program, ARPA programs, and OC Workforce and Economic Development Division.

Miscellaneous

- A decrease of \$76,430 mainly due to the reallocation of appropriations for ARPA funding to the American Rescue Plan Act Fund partially offset by the budgeted transfer out of FEMA funds to replenish reserves.

**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:

American Rescue Plan Act (ARPA)

- \$199,496 lower than budgeted mainly as a result of lower than anticipated transfers out to the Countywide Capital Projects Non-General Fund due to the timing of the construction of an Emergency Medical Services facility at El Toro and other capital projects funded with ARPA funds.

Miscellaneous

- \$150,358 lower than budgeted amount primarily due to the contingency appropriations and FEMA revenue that were budgeted but not fully utilized.

Health Care Agency

- \$104,840 less than budgeted amount mainly due to lower than anticipated expenditures for S&EB, professional and specialized services associated with MHSA programs, SCS, HCA Administration, and Health Equity program.

Social Services Agency

- \$67,748 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 support and care of persons costs for CalWIN program, and lower project costs for Orangewood Children and Family Center Rehab Kitchen and 840 Eckhoff Office.

Sheriff-Coroner

- \$59,590 lower than budgeted amount mainly due to lower than expected costs for S&EB, professional and specialized contracted services, as well as transportation and travel expenses.

**Capital Assets**

At June 30, 2022, the County's capital assets, as restated, for both the governmental and business-type activities amounted to \$5,221,161 net of accumulated depreciation/amortization. The investment in capital assets includes land, structures and improvements, land improvements, equipment, software, infrastructure, intangible in progress, land use rights, construction in progress and intangible right-to-use lease assets. The total increase in the County's investment in capital assets for the current year was 14%.

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

<b>CAPITAL ASSETS</b>								
<b>(Net of Accumulated Depreciation/Amortization)</b>								
<b>June 30, 2022 and 2021</b>								
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>		<b>Increase/</b>	
	<b>Activities</b>		<b>Activities</b>				<b>(Decrease)</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>% Change</u>	
Land	\$ 838,106	\$ 871,293	\$ 38,379	\$ 38,379	\$ 876,485	\$ 909,672	(4)%	
Structures and Improvements	801,296	821,067	524,505	524,868	1,325,801	1,345,935	(1)%	
Land Improvements	8,182	5,550	564	584	8,746	6,134	43 %	
Equipment	198,752	208,429	55,502	50,611	254,254	259,040	(2)%	
Software	35,188	29,770	2,687	2,769	37,875	32,539	16 %	
Infrastructure	1,307,476	1,343,207	267,978	272,480	1,575,454	1,615,687	(2)%	
Intangible in Progress	21,725	27,370	335	307	22,060	27,677	(20)%	
Land Use Rights	16,435	6,439	--	--	16,435	6,439	155 %	
Construction in Progress	654,949	327,261	34,683	52,793	689,632	380,054	81 %	
Intangible Right-to-Use Assets	414,419	--	--	--	414,419	--	--	
<b>Total</b>	<b>\$ 4,296,528</b>	<b>\$ 3,640,386</b>	<b>\$ 924,633</b>	<b>\$ 942,791</b>	<b>\$ 5,221,161</b>	<b>\$ 4,583,177</b>	<b>14 %</b>	

The following lists the significant expenditures for capital assets in FY 2021-22:

General Fund

- \$1,218 for the replacement of HVAC units at Orangewood Children and Family Center
- \$1,052 for the purchase of IT Hardware, software and services for Public Defender
- \$1,049 for the Property Tax System Re-platforming Project

Flood Control District

- \$50,394 for the Huntington Beach and Talbert Channels Rehabilitation Project
- \$41,608 for the East Garden Grove Wintersburg Channel Project
- \$21,840 for the purchase of properties for the Santa Ana River Mainstem and Prado Dam Project
- \$1,233 for the Santa Ana Delhi Channel Improvement Project

Other Public Protection

- \$1,865 for the purchase of various telecommunication equipment for the 800 MHz Countywide Coordinated Communication Systems Upgrade Project

Other Governmental Funds

- \$83,478 for the Civic Center Facilities Master Plan, CAN Building Construction Project
- \$79,092 for the James A. Musick Facility Master Plan, Phase I Project
- \$41,559 for the James A. Musick Facility Master Plan, Phase II Project
- \$8,462 for the Juvenile Hall-Gym and Visitation Center
- \$7,213 for the OC Zoo Large Mammal Exhibit
- \$4,737 for the Mile Square Regional Park Golf Course Conversion Phase I
- \$3,138 for the Katella Range Facility Upgrade Project
- \$2,853 for the Intake Release Center Mod K-Mental Health Upgrades
- \$2,299 for the costs associated with the CCTV infrastructure for the Central Jail Complex and Theo Lacy Facility
- \$1,966 for the CCTV Central Jail Complex Power Upgrade
- \$1,715 for the replacements of various picnic shelters in the Mile Square Regional Park
- \$1,531 for the Laguna Canyon Road Widening Project
- \$1,456 for the relocation and improvements for the North Youth Reporting Center
- \$1,447 for the Juvenile Hall Air Handling Units Replacement Project

- \$1,375 for the OC Loop El Cajon Bikeway Project
- \$1,363 for the construction costs related to the San Juan Capistrano Library remodeling
- \$1,160 for the Westminster Library tenant enhancements
- \$1,156 for the Cypress Library tenant enhancements

#### Airport

- \$8,553 for the rental car reconfiguration
- \$1,134 for the Terminal Building Curtain Wall Modification Project

#### OC Waste & Recycling

- \$4,012 for the Prima Deshecha Flare Replacement Project
- \$3,819 for the purchase of heavy equipment at Olinda Alpha Landfill and North Regional Landfill
- \$3,540 for the purchase of heavy equipment at Frank R. Bowerman (FRB) Landfill and Central Regional Landfill
- \$3,453 for the purchase of heavy equipment for the Prima Deshecha Landfill and South Regional Landfill
- \$2,421 for the construction costs of liner & groundwater systems at South Region Prima Zone 1
- \$1,175 for the sycamore and oak tree installations for Zone 4 Habitat Mitigation Project at the Prima Deshecha Landfill

#### Internal Service Funds

- \$7,304 for the purchase of various vehicles for OC Fleet Services
- \$3,165 for the Redundant Bus and Active Treatment System installation and upgrade at the OC Data Center

Additional information on the County's capital assets can be found in Note 6, Changes in Capital Assets and Note 13, Leases in the Notes to the Basic Financial Statements section.

#### Commitments for Capital Expenditures

At the end of FY 2021-22, significant commitments for capital expenditures included the following:

- \$19,123 for the Huntington Beach and Talbert Channels
- \$18,500 for the Prima Fee Booth Replacement
- \$18,135 for the East Garden Grove-Wintersburg Channel U/S Warner
- \$16,396 for the Civic Center Facilities Master Plan, CAN Building
- \$12,969 for the purchase of various vehicles
- \$10,469 for the Laguna Canyon Channel Replacement Woodland to Canyon Frontage Road
- \$6,757 for the Mile Square Park Expansion Phase I
- \$6,348 for the Katella Range Facility Upgrade
- \$6,167 for the telecommunications technology for the Sheriff-Coroner
- \$5,680 for the Coyote Creek Channel Segment O
- \$5,025 for the Valencia Greenery

Additional information on the County's commitments for capital expenditures can be found in Note 15, Construction and Other Significant Commitments in the Notes to the Basic Financial Statements section.

#### **Long-Term Debt**

At June 30, 2022, the County had total debt obligations outstanding of \$581,962, excluding long-term liabilities such as compensated absences payable, pension, OPEB, and lease obligations payable. During the year, the County's outstanding bond obligations increased by 3% which is primarily attributable to the issuance of Teeter Plan Notes in the amount of \$79,978. Partially offsetting the increase was the redemption of \$37,406 of Teeter Plan Notes, the redemption of \$16,920 of the revenue bonds and a decrease of \$3,026 in the Interest Accretion on Capital Appreciation Bonds (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, 2022 and 2021:

LONG-TERM DEBT OBLIGATIONS							
June 30, 2022 and 2021							
	Governmental		Business-Type		Total		Increase/ (Decrease)
	Activities		Activities				% Change
	2022	2021	2022	2021	2022	2021	
Revenue Bonds	\$ 376,781	\$ 381,886	\$ 60,010	\$ 71,825	\$ 436,791	\$ 453,711	(4)%
Pension Obligation Bonds	--	516	--	--	--	516	(100)%
Teeter Plan Notes (Direct Placement)	79,978	37,406	--	--	79,978	37,406	114 %
Add: Premium							
on Bonds Payable	59,013	59,967	6,180	8,085	65,193	68,052	(4)%
Add: Interest Accretion							
on CABs	--	2,890	--	--	--	2,890	(100)%
<b>Total</b>	<b>\$ 515,772</b>	<b>\$ 482,665</b>	<b>\$ 66,190</b>	<b>\$ 79,910</b>	<b>\$ 581,962</b>	<b>\$ 562,575</b>	<b>3 %</b>

The following summarizes the County's long-term debt issuance during FY 2021-22:

Teeter Plan Notes: On July 14, 2021, the County issued taxable Teeter Plan Obligation Notes, Series B to refund the \$37,406 outstanding Teeter Plan Obligation Notes and to finance the purchase of \$42,572 of delinquent property tax receivables associated with the Teeter plan for a new outstanding balance of \$79,978.

Additional information on the County's long-term debt activity can be found in Note 11, Long-Term Obligations, and Note 22, Subsequent Events in the Notes to the 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 (IDR) from Fitch Ratings.

On November 24, 2021, S&P raised the ratings on the 2019A & 2019B Airport Revenue Refunding Bonds to AA- from A+.

On August 5, 2022, the County's payment obligation commenced for the 2018 Lease Revenue Bonds with an AA rating from S&P and an AA+ rating from Fitch Ratings.

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

LONG-TERM DEBT RATINGS			
June 30, 2022			
	S&P	Moody's	Fitch
2016 Lease Revenue Bonds	AA	NR	NR
2017 Lease Revenue Bonds	AA	NR	AA+
2018 Lease Revenue Bonds	AA	NR	AA+
Teeter Plan Notes	NR	NR	NR
Airport 2019A Revenue Refunding Bonds	AA-	NR	NR
Airport 2019B Revenue Refunding Bonds	AA-	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-Homelessness

The County continues to work together with cities to respond to regional community needs in addressing homelessness. The partnership between the County and each of the 34 cities in the County is essential to meet the needs of people experiencing homelessness and leverages the funding available with the Building Homes Job Act (SB 2) or other programs such as the State's No Place like Home, California Advancing and Innovating Medi-Cal, and the Special Needs Housing Programs.

In June 2018, the County issued its Housing Funding Strategy to create 2,700 permanent supportive housing units of which 874 units have been built, 1,008 units are under construction, and 520 are in the process of obtaining funding. As of October 31, 2022, a combined total of 2,278 supportive and affordable housing units are in the current pipeline. Significant efforts include the following:

- Operational funding was provided to three city-operated emergency shelter and capital funding was provided for a city-operated emergency shelter.
- Funding was provided for the development and operations of a transitional aged youth-focused emergency shelter and construction of the Yale Navigation Center.
- California Department of Housing and Community Development awarded funding for two Homekey Projects to secure motel buildings and convert them into interim or/and permanent, long-term housing resulting in 132 units of interim housing that have begun the process to transition to permanent supportive housing.
- State Homeless Housing, Assistance and Prevention (HHAP) funding identified to create 62 units of non-congregate shelter.
- Field-based outreach teams integrate with County behavioral health resources to support city-led homeless services programs.
- The Emergency Rental Assistance Program provided nearly \$34,000 in financial assistance to tenant households experiencing financial hardship due to COVID-19 to pay for rental arrears and past due utilities thus promoting housing stability and minimizing the risk of homelessness.

In addition, 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 to streamline their access of County programs and improve outcomes related to health and housing.

#### FEMA and ARPA Revenue for COVID-19

The County will continue to 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 2022, the County submitted \$202,589 FEMA claims and received reimbursement for approximately \$87,966 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, and in June 2022, the County received the second and final tranche of \$308,420. 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, 2022, the County used \$111,188 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, 2021, the funding ratio for the System is 81.15%, which is an increase from 76.51% in 2020. The System's Unfunded Actuarial Accrued Liability (UAAL) decreased from \$5.38 billion (\$4.48 billion attributable to the County) to \$4.52 billion (\$3.88 billion attributable to the County). The decrease in the UAAL is primarily attributable to favorable investment returns (after smoothing) and salary increases less than expected, slightly offset by actual cost-of-living adjustment (COLA) increases greater 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.

### 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 a further 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](http://www.ac.ocgov.com).





Physical Arrests-Juv					
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

Function/Program	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
<b>General Government</b>					
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			943,771	937,630
Number of Unsecured Property Assessed				117,128	121,665
New Parcels Created and Mapped				7,868	
New Construction Events				29,341	
County Executive Office					
Volunteer Program					
Clerk-Recorder					
Map					

*Orange County*

1890

41,217
5,901
50.47
47.20
43.41
42.00
25,800
500,000
25,1678
2.00
200.00
24,800
1,000.00
25,800
24,800

*... to State ...  
... Double Assessment ...  
... Release ...  
... 14 ...  
... returned by ...  
... to Treasurer ...*









County of Orange  
Annual Comprehensive Financial Report  
June 30, 2022  
(Dollar Amounts in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental CFDOC	Proprietary CalOptima
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,963,219	\$ 844,314	\$ 4,807,533	\$ 65,358	\$ 868,458
Restricted Cash and Cash Equivalents	46,946	154,082	201,028	--	300
Investments	--	8,981	8,981	--	1,580,620
Deposits In-Lieu of Cash	11,607	32,775	44,382	--	--
Internal Balances	(13,198)	13,198	--	--	--
Due from Component Unit	435	--	435	--	--
Due from Primary Government	--	--	--	443	--
Prepaid Costs	407,846	7,339	415,185	107	94,264
Inventory of Materials and Supplies	2,488	--	2,488	--	--
Receivables, Net of Allowances					
Accounts	22,052	20,505	42,557	--	405,192
Taxes	38,333	--	38,333	1,566	--
Interest/Dividends	3,554	856	4,410	105	--
Deposits	669	--	669	--	--
Advances	1,276	--	1,276	2,122	--
Leases	196,147	115,774	311,921	--	--
Due from Other Governmental Agencies, Net	632,194	15,467	647,661	570	--
Notes Receivable, Net	62,739	--	62,739	--	--
Net Pension Asset	--	--	--	812	--
Capital Assets					
Not Depreciable/Amortizable	1,531,215	73,397	1,604,612	--	15,420
Depreciable/Amortizable, Net	2,765,313	851,236	3,616,549	101	51,444
Total Capital Assets	4,296,528	924,633	5,221,161	101	66,864
Total Assets	9,672,835	2,137,924	11,810,759	71,184	3,015,698
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	922,650	20,488	943,138	887	9,626

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

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

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental CFCOC	Proprietary CalOptima
<b>LIABILITIES</b>					
Accounts Payable	\$ 178,071	\$ 20,482	\$ 198,553	\$ 2,126	\$ 10,873
Salaries and Employee Benefits Payable	94,226	2,079	96,305	58	19,568
Retainage Payable	9,717	1,008	10,725	791	--
Interest Payable	2,057	1,500	3,557	--	--
Deposits from Others	106,212	34,601	140,813	--	--
Due to Primary Government	--	--	--	435	--
Due to Other Governmental Agencies	79,809	10,660	90,469	3,009	1,014,382
Unearned Revenue	417,597	11,079	428,676	--	8,049
Short-Term Bonds Payable	521,784	--	521,784	--	--
Long-Term Liabilities					
Due Within One Year					
Civic Center Facilities Master Plan Loan	7,835	--	7,835	--	--
Insurance Claims Payable	65,665	--	65,665	--	--
Medical Claims Payable	--	--	--	--	305,224
Capitation and Withholds	--	--	--	--	193,215
Compensated Employee Absences Payable	112,756	2,658	115,414	74	--
Financed Purchase Liability	9,749	332	10,081	--	--
Notes Payable	79,978	--	79,978	--	--
Bonds Payable	2,778	8,443	11,221	--	--
Pollution Remediation Obligation	--	579	579	--	--
Intangible Assets Obligations Payable	1,094	104	1,198	--	--
Lease Liability	25,162	--	25,162	78	--
Landfill Site Closure/Postclosure Liability	--	2,848	2,848	--	--
Due in More than One Year					
Civic Center Facilities Master Plan Loan	373,139	--	373,139	--	--
Estimated Liability - Litigation and Claims	21,392	--	21,392	--	--
Insurance Claims Payable	184,358	--	184,358	--	--
Compensated Employee Absences Payable	64,641	1,309	65,950	22	--
Financed Purchase Liability	20,884	331	21,215	--	--
Bonds Payable	52,042	57,747	109,789	--	--
Pollution Remediation Obligation	--	13,041	13,041	--	--
Intangible Assets Obligations Payable	2,490	220	2,710	--	--
Lease Liability	401,795	--	401,795	26	--
Landfill Site Closure/Postclosure Liability	--	186,528	186,528	--	--
Net Pension Liability	1,999,205	49,475	2,048,680	--	578
Net OPEB Liability	228,688	4,361	233,049	231	22,178
Total Liabilities	5,063,124	409,385	5,472,509	6,850	1,574,067
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,083,886</b>	<b>150,575</b>	<b>2,234,461</b>	<b>1,291</b>	<b>31,790</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	3,423,823	863,392	4,287,215	(2)	66,772
Restricted for:					
Expendable					
Pension Benefits	135,745	--	135,745	--	--
Capital Projects	43,354	--	43,354	--	--
Debt Service	25,617	8,362	33,979	--	--
Legally Segregated for Grants and Other Purposes	1,538,419	--	1,538,419	--	--
Regional Park Endowment	163	--	163	--	--
CalOptima	--	--	--	--	107,346
Passenger Facility Charges Approved Capital Projects	--	24,473	24,473	--	--
Capital Projects-Replacements and Renewals	--	1,000	1,000	--	--
Landfill Closure/Postclosure	--	18,566	18,566	--	--
Landfill Corrective Action	--	11,827	11,827	--	--
Wetland	--	879	879	--	--
Nonexpendable					
Regional Park Endowment	200	--	200	--	--
Unrestricted (Deficit)	(1,718,846)	669,953	(1,048,893)	63,932	1,245,349
Total Net Position	\$ 3,448,475	\$ 1,598,452	\$ 5,046,927	\$ 63,930	\$ 1,419,467

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Functions/Programs	Expenses		Program Revenues		
	Direct Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>					
Governmental Activities					
General Government	\$ 244,247	\$ (54,597)	\$ 56,627	\$ 316,273	\$ --
Public Protection	1,339,749	37,753	312,588	785,254	120,014
Public Ways and Facilities	152,597	(3,307)	74,360	108,911	10,579
Health and Sanitation	823,817	6,856	153,074	725,426	--
Public Assistance	1,215,483	8,562	26,097	1,228,441	--
Education	56,252	808	505	666	--
Recreation and Cultural Services	127,144	2,236	30,444	1,845	--
Interest on Long-Term Debt	35,148	--	--	--	--
Total Governmental Activities	<u>3,994,437</u>	<u>(1,689)</u>	<u>653,695</u>	<u>3,166,816</u>	<u>130,593</u>
Business-Type Activities					
Airport	132,862	693	162,025	20,170	660
OC Waste & Recycling	133,637	983	186,790	401	--
Compressed Natural Gas	--	13	165	--	--
Total Business-Type Activities	<u>266,499</u>	<u>1,689</u>	<u>348,980</u>	<u>20,571</u>	<u>660</u>
Total Primary Government	<u>\$ 4,260,936</u>	<u>\$ --</u>	<u>\$ 1,002,675</u>	<u>\$ 3,187,387</u>	<u>\$ 131,253</u>
<b>Component Units</b>					
Children and Families					
Commission of Orange County	\$ 20,293	\$ --	\$ --	\$ 27,615	\$ --
CalOptima	4,096,292	--	4,227,340	--	--
Total Component Units	<u>\$ 4,116,585</u>	<u>\$ --</u>	<u>\$ 4,227,340</u>	<u>\$ 27,615</u>	<u>\$ --</u>

General Revenues	
Taxes	
Property Taxes, Levied for General Fund	
Property Taxes, Levied for Flood Control District	
Property Taxes, Levied for OC Parks	
Property Taxes, Levied for OC Public Libraries	
Property Taxes in-Lieu of Motor Vehicle License Fees	
Other Taxes	
Grants and Contributions Not Restricted to Specific Programs	
State Allocation of Motor Vehicle License Fees	
Unrestricted Investment Earnings	
Miscellaneous	
Transfers	
Total General Revenues and Transfers	
Change in Net Position	
Net Position-Beginning of Year, as Restated	
Net Position-End of Year	

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

**Net (Expense) Revenue and Change in Net Position**

Primary Government			Component Units		Functions/Programs
Governmental Activities	Business-Type Activities	Total	Governmental CFCOC	Proprietary CalOptima	
<b>Primary Government</b>					
Governmental Activities					
\$ 183,250	\$ --	\$ 183,250	\$ --	\$ --	General Government
(159,646)	--	(159,646)	--	--	Public Protection
44,560	--	44,560	--	--	Public Ways and Facilities
47,827	--	47,827	--	--	Health and Sanitation
30,493	--	30,493	--	--	Public Assistance
(55,889)	--	(55,889)	--	--	Education
(97,091)	--	(97,091)	--	--	Recreation and Cultural Services
(35,148)	--	(35,148)	--	--	Interest on Long-Term Debt
<u>(41,644)</u>	<u>--</u>	<u>(41,644)</u>	<u>--</u>	<u>--</u>	Total Governmental Activities
Business-Type Activities					
--	49,300	49,300	--	--	Airport
--	52,571	52,571	--	--	OC Waste & Recycling
--	152	152	--	--	Compressed Natural Gas
<u>--</u>	<u>102,023</u>	<u>102,023</u>	<u>--</u>	<u>--</u>	Total Business-Type Activities
<u>(41,644)</u>	<u>102,023</u>	<u>60,379</u>	<u>--</u>	<u>--</u>	Total Primary Government
<b>Component Units</b>					
Children and Families					
			7,322	--	Commission of Orange County
			<u>--</u>	<u>131,048</u>	CalOptima
			<u>7,322</u>	<u>131,048</u>	Total Component Units
General Revenues					
Taxes					
367,918	--	367,918	--	--	Property Taxes, Levied for General Fund
126,365	--	126,365	--	--	Property Taxes, Levied for Flood Control District
97,889	--	97,889	--	--	Property Taxes, Levied for OC Parks
61,721	--	61,721	--	--	Property Taxes, Levied for OC Public Libraries
455,578	--	455,578	--	--	Property Taxes in-Lieu of Motor Vehicle License Fees
149,568	--	149,568	--	--	Other Taxes
4,631	--	4,631	--	--	Grants and Contributions Not Restricted to Specific Programs
3,863	--	3,863	--	--	State Allocation of Motor Vehicle License Fees
(4,364)	(11,274)	(15,638)	(788)	(20,361)	Unrestricted Investment Earnings
67,756	3,630	71,386	172	--	Miscellaneous
7,996	(7,996)	--	--	--	Transfers
<u>1,338,921</u>	<u>(15,640)</u>	<u>1,323,281</u>	<u>(616)</u>	<u>(20,361)</u>	Total General Revenues and Transfers
1,297,277	86,383	1,383,660	6,706	110,687	Change in Net Position
2,151,198	1,512,069	3,663,267	57,224	1,308,780	Net Position-Beginning of Year, as Restated
<u>\$ 3,448,475</u>	<u>\$ 1,598,452</u>	<u>\$ 5,046,927</u>	<u>\$ 63,930</u>	<u>\$ 1,419,467</u>	Net Position-End of Year

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	General Fund	Flood Control District	Other Public Protection
<b><u>ASSETS</u></b>			
Pooled Cash/Investments	\$ 1,499,639	\$ 478,121	\$ 207,807
Cash/Cash Equivalents	--	--	11,404
Imprest Cash Funds	1,838	--	--
Restricted Cash and Investments with Trustee	9	--	--
Deposits In-Lieu of Cash	9,245	--	--
Receivables			
Accounts	16,499	539	49
Taxes	7,942	2,104	--
Interest/Dividends	1,536	453	227
Deposits	412	211	--
Advances	1,241	--	35
Leases	10,639	25,849	--
Allowance for Uncollectible Receivables	(673)	(56)	--
Due from Other Funds	125,995	1,951	17,626
Due from Component Unit	435	--	--
Due from Other Governmental Agencies, Net	461,836	65,691	4,259
Inventory of Materials and Supplies	1,661	412	216
Prepaid Costs	516,060	7,393	1,595
Notes Receivable, Net	--	--	--
Total Assets	<u>\$ 2,654,314</u>	<u>\$ 582,668</u>	<u>\$ 243,218</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 84,267	\$ 14,406	\$ 557
Retainage Payable	1,397	5,374	6
Salaries and Employee Benefits Payable	87,901	1,246	273
Interest Payable	1,473	--	--
Deposits from Others	22,994	6,209	20,427
Due to Other Funds	74,035	11,848	10,196
Due to Other Governmental Agencies	31,753	99	7,547
Unearned Revenue	387,788	4,730	--
Bonds Payable	521,784	--	--
Advances from Other Funds	--	--	--
Total Liabilities	<u>1,213,392</u>	<u>43,912</u>	<u>39,006</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Total Deferred Inflows of Resources	<u>313,717</u>	<u>88,867</u>	<u>1,306</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	517,721	7,805	1,811
Restricted	164,954	442,084	201,095
Assigned	316,809	--	--
Unassigned	127,721	--	--
Total Fund Balances	<u>1,127,205</u>	<u>449,889</u>	<u>202,906</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,654,314</u>	<u>\$ 582,668</u>	<u>\$ 243,218</u>

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

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

Mental Health Services Act	Other Governmental Funds	Total Governmental Funds
\$ 249,918	\$ 1,167,181	\$ 3,602,666
--	--	11,404
--	45	1,883
--	46,937	46,946
--	2,362	11,607
--	5,190	22,277
--	28,287	38,333
244	802	3,262
--	46	669
--	--	1,276
--	73,518	110,006
--	(215)	(944)
--	69,599	215,171
--	--	435
18,409	81,658	631,853
--	--	2,289
--	22,355	547,403
--	62,739	62,739
<u>\$ 268,571</u>	<u>\$ 1,560,504</u>	<u>\$ 5,309,275</u>
\$ --	\$ 46,032	\$ 145,262
--	2,938	9,715
--	3,756	93,176
--	29	1,502
--	56,582	106,212
32,158	74,574	202,811
--	40,407	79,806
--	25,079	417,597
--	--	521,784
--	40,000	40,000
<u>32,158</u>	<u>289,397</u>	<u>1,617,865</u>
<u>--</u>	<u>112,589</u>	<u>516,479</u>
--	22,555	549,892
236,413	692,593	1,737,139
--	443,370	760,179
--	--	127,721
<u>236,413</u>	<u>1,158,518</u>	<u>3,174,931</u>
<u>\$ 268,571</u>	<u>\$ 1,560,504</u>	<u>\$ 5,309,275</u>

**ASSETS**

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

**LIABILITIES**

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

**DEFERRED INFLOWS OF RESOURCES**

Total Deferred Inflows of Resources

**FUND BALANCES**

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



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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 (\$273,544) 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

Total Fund Balances-Governmental Funds \$ 3,174,931

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

Land	838,106	
Structures and Improvements	1,635,006	
Equipment	341,540	
Software	159,366	
Infrastructure	2,103,601	
Land Use Rights (Permanent)	16,435	
Intangible Right-to-Use Lease Assets	452,204	
Land Improvements	10,208	
Construction in Progress	653,606	
Intangible in Progress	21,725	
Accumulated Depreciation/Amortization	<u>(2,011,301)</u>	4,220,496

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	135,745
Installment Receivables from Service Concession Arrangements	86,141

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. 133,497

Deferred outflows of resources are similar to assets, but they do not meet the definition of an asset. 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. 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 for the net Pension liability	603,386
Employer retirement contribution subsequent to measurement date for the net OPEB liability	30,311

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

Reclassification of prepaid pension contribution from prepaid costs to deferred outflows of resources for the portion to be recognized in the next measurement period. Refer to Note 18, Retirement Plans for further information.

Prepaid Pension Contribution	(278,456)
Deferred Outflows of Resources	278,456
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	408,031
Deferred Inflows of Resources Related to Pension	(1,795,415)
Deferred Inflows of Resources Related to OPEB	(89,054)
Deferred Inflows from Service Concession Arrangements	(67,569)

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 Payable, Net	(54,820)
Civic Center Facilities Master Plan Financing	(380,974)
Teeter Plan Notes Payable	(79,978)
Compensated Employee Absences Payable	(174,881)
Financed Purchase Liability	(18,123)
Intangible Assets Obligations Payable	(3,518)
Lease Liability	(426,836)
Interest Payable on Bonds	(555)
Estimated Liability-Litigation and Claims	(21,392)
County's proportionate share of Net Pension Liability	(1,986,504)
County's proportionate share of Net OPEB Liability	(225,872)
	(3,373,453)

Net Position of Governmental Activities	\$ 3,448,475
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	General Fund	Flood Control District	Other Public Protection
<b>Revenues</b>			
Taxes	\$ 889,841	\$ 143,123	\$ --
Licenses, Permits, and Franchises	25,626	10	12
Fines, Forfeitures, and Penalties	39,230	21	2,592
Use of Money and Property	3,952	3,878	2,341
Intergovernmental	2,411,079	6,846	20,987
Charges for Services	524,632	15,886	12,545
Other	19,843	38,799	5,111
Total Revenues	<u>3,914,203</u>	<u>208,563</u>	<u>43,588</u>
<b>Expenditures</b>			
Current			
General Government	226,883	--	--
Public Protection	1,473,627	99,379	33,738
Public Ways and Facilities	38,058	--	--
Health and Sanitation	871,788	--	--
Public Assistance	1,034,064	--	--
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	19,239	120,101	2,865
Debt Service			
Principal Retirement	30,699	--	80
Interest	16,903	--	71
Total Expenditures	<u>3,711,261</u>	<u>219,480</u>	<u>36,754</u>
Excess (Deficit) of Revenues Over Expenditures	202,942	(10,917)	6,834
<b>Other Financing Sources (Uses)</b>			
Transfers In	315,293	215	19,074
Transfers Out	(132,399)	(7,517)	(42,166)
Debt Issued	--	--	--
Leases Issued	5,642	--	--
Total Other Financing Sources (Uses)	<u>188,536</u>	<u>(7,302)</u>	<u>(23,092)</u>
Net Change in Fund Balances	391,478	(18,219)	(16,258)
Fund Balances-Beginning of Year, as Restated	735,727	468,108	219,164
Fund Balances-End of Year	<u>\$ 1,127,205</u>	<u>\$ 449,889</u>	<u>\$ 202,906</u>

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

Mental Health Services Act	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 176,725	\$ 1,209,689
--	1,147	26,795
--	20,541	62,384
886	35,320	46,377
248,520	452,854	3,140,286
--	61,973	615,036
50	39,481	103,284
<u>249,456</u>	<u>788,041</u>	<u>5,203,851</u>
--	10,664	237,547
--	19	1,606,763
--	100,863	138,921
3,982	1,305	877,075
--	252,400	1,286,464
--	57,457	57,457
--	130,180	130,180
--	279,456	421,661
--	43,076	73,855
--	22,040	39,014
<u>3,982</u>	<u>897,460</u>	<u>4,868,937</u>
245,474	(109,419)	334,914
--	179,161	513,743
(191,220)	(140,517)	(513,819)
--	79,978	79,978
--	--	5,642
<u>(191,220)</u>	<u>118,622</u>	<u>85,544</u>
54,254	9,203	420,458
182,159	1,149,315	2,754,473
<u>\$ 236,413</u>	<u>\$ 1,158,518</u>	<u>\$ 3,174,931</u>

Revenues

Taxes
Licenses, Permits, and Franchises
Fines, Forfeitures, and Penalties
Use of Money and Property
Intergovernmental
Charges for Services
Other
Total Revenues

Expenditures

Current
General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural Services
Capital Outlay
Debt Service
Principal Retirement
Interest
Total Expenditures
Excess (Deficit) of Revenues Over Expenditures

Other Financing Sources (Uses)

Transfers In
Transfers Out
Debt Issued
Leases Issued
Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances-Beginning of Year, as Restated
Fund Balances-End of Year

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The Net Change in Fund Balances for governmental funds of \$420,458 in the Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Position for governmental activities of \$1,297,277 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	\$	420,458
--	----	---------

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 are 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	26,050	
Construction in Progress	361,628	
Equipment	13,037	
Software	15,870	
Net of Gains/(Losses) on Capital Assets Dispositions	(58,355)	
Depreciation/Amortization Expense	(155,820)	
Capital Contributions	1,254	203,664

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	(79,978)	
Leases Issued	(5,642)	
Principal and Other Long-Term Liability Payments:		
Bonds Payable	5,621	
Teeter Plan Notes Payable	37,406	
Leases	25,345	
Financed Purchases	5,482	(11,766)

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

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

Government Mandated and Voluntary Nonexchange Property Tax Revenues	111,178	
	<u>3,035</u>	114,213

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	3,466	
Amortization of Deferred Charges	544	
Change in Compensated Employee Absences	8,083	
Pension Costs and Investment Loss of the County's Investment Account with OCERS	(13,017)	
Estimated Litigation and Claims Expense	(21,392)	
Interest Accretion on Capital Appreciation Bonds	<u>(136)</u>	(22,452)

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 the ISF's 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	(7,692)	
Consolidation of Nonoperating Revenues, Expenses and Transfers to Governmental Activities	<u>16,705</u>	9,013

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	(15,697)	
OPEB Employer Contribution	<u>41,032</u>	25,335

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/Credit	36,556	
Pension Employer Contribution	<u>522,256</u>	<u>558,812</u>

Change in Net Position of Governmental Activities	\$	<u><u>1,297,277</u></u>
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County of Orange  
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**BUDGETARY COMPARISON STATEMENT  
MAJOR GOVERNMENTAL FUNDS-GENERAL FUND**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Revenues and Other Financing Sources</b>				
Taxes	\$ 863,258	\$ 863,258	\$ 891,012	\$ 27,754
Licenses, Permits, and Franchises	27,668	27,170	25,761	(1,409)
Fines, Forfeitures, and Penalties	28,729	28,729	38,797	10,068
Use of Money and Property	10,131	10,131	11,894	1,763
Intergovernmental	2,234,453	2,520,869	2,417,491	(103,378)
Charges for Services	534,863	549,297	540,287	(9,010)
Other	36,005	36,039	42,237	6,198
Transfers In	413,497	567,007	310,283	(256,724)
Bond Issuance Proceeds	--	100	--	(100)
Total Revenues and Other Financing Sources	<u>4,148,604</u>	<u>4,602,600</u>	<u>4,277,762</u>	<u>(324,838)</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
American Rescue Plan Act	--	200,696	1,200	199,496
Assessor	45,299	46,651	41,567	5,084
Auditor-Controller	20,606	20,748	18,588	2,160
Board of Supervisors-1st District	1,589	1,589	1,503	86
Board of Supervisors-2nd District	1,743	1,743	1,278	465
Board of Supervisors-3rd District	1,638	1,638	1,472	166
Board of Supervisors-4th District	1,564	1,564	1,351	213
Board of Supervisors-5th District	1,615	1,615	1,361	254
Capital Acquisition Financing	1,665	1,665	1,619	46
Capital Projects	19,820	19,820	18,069	1,751
CAPS Program	13,083	13,436	12,146	1,290
CEO Real Estate	9,207	10,017	8,805	1,212
Clerk of the Board	5,717	6,218	5,615	603
County Counsel	10,643	12,371	12,125	246
County Executive Office	28,413	29,846	21,490	8,356
Data Systems Development Project	4,037	4,037	4,037	--
Employee Benefits	2,412	2,578	2,270	308
Human Resources	7,185	9,533	8,659	874
IBM Mainframe	2,396	2,396	2,396	--
Internal Audit	2,962	2,962	2,637	325
Miscellaneous	250,467	174,037	23,679	150,358
OC Campaign Finance and Ethics Commission	470	470	438	32
OCIT Shared Services	3,774	4,629	4,614	15
Office of Independent Review	1,079	1,079	732	347
Performance Audit	457	457	411	46
Prepaid Pension Obligation	10	110	15	95
Property Tax System Centralized O & M Support	7,065	7,683	5,181	2,502
Registrar of Voters	21,441	30,249	26,798	3,451
Treasurer-Tax Collector	16,616	16,938	14,141	2,797
Utilities	34,054	34,054	30,505	3,549
Public Protection:				
Alternate Defense	7,633	7,633	5,335	2,298
Building & Safety	15,170	15,170	13,482	1,688
Child Support Services	56,809	56,809	51,040	5,769
Clerk-Recorder	23,074	23,074	20,088	2,986
District Attorney	175,987	182,305	178,041	4,264
District Attorney-Public Administrator	4,008	4,011	3,946	65
Grand Jury	609	609	544	65
HCA Public Guardian	5,530	6,058	6,058	--
Juvenile Justice Commission	292	292	142	150
OC Animal Care	22,969	23,262	19,645	3,617
Pretrial Services	1,794	2,259	2,023	236
Probation	194,322	198,114	186,771	11,343
Public Defender	95,606	99,231	92,162	7,069
Sheriff-Coroner	914,336	968,129	908,539	59,590
Sheriff Court Operations	2	2	--	2
Trial Courts	67,816	67,816	66,311	1,505
Public Ways and Facilities:				
OC Public Works	64,959	64,959	54,162	10,797
Health and Sanitation:				
Health Care Agency	901,446	980,007	875,167	104,840
OC Watersheds	19,501	19,501	14,137	5,364
Public Assistance:				
OC Community Resources	55,356	88,178	78,296	9,882
Social Services Agency	1,057,291	1,059,993	992,245	67,748
Total Expenditures and Other Financing Uses	<u>4,201,537</u>	<u>4,528,241</u>	<u>3,842,836</u>	<u>685,405</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(52,933)	74,359	434,926	\$ <u>360,567</u>
Fund Balances-Beginning of Year	736,853	736,853	736,853	
Fund Balances-End of Year	<u>\$ 683,920</u>	<u>\$ 811,212</u>	<u>\$ 1,171,779</u>	

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

Budgetary Comparison Statement  
(Dollar Amounts in Thousands)

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

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Revenues and Other Financing Sources</b>				
Taxes	\$ 130,694	\$ 130,694	\$ 143,460	\$ 12,766
Licenses, Permits, and Franchises	--	--	9	9
Fines, Forfeitures, and Penalties	15	15	21	6
Use of Money and Property	8,702	8,702	4,487	(4,215)
Intergovernmental	29,530	29,530	4,088	(25,442)
Charges for Services	10,241	10,241	16,069	5,828
Other	110	29,139	38,797	9,658
Transfers In	78,483	78,483	78,483	--
Total Revenues and Other Financing Sources	<u>257,775</u>	<u>286,804</u>	<u>285,414</u>	<u>(1,390)</u>
<b>Expenditures and Other Financing Uses</b>				
Public Protection:				
OC Flood	239,708	250,083	192,879	57,204
OC Flood-Capital Improvement Projects	130,674	132,824	71,780	61,044
OC Flood-Santa Ana River	139,019	168,048	33,498	134,550
Total Expenditures and Other Financing Uses	<u>509,401</u>	<u>550,955</u>	<u>298,157</u>	<u>252,798</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(251,626)	(264,151)	(12,743)	<u>\$ 251,408</u>
Fund Balances-Beginning of Year	468,658	468,658	468,658	
Fund Balances-End of Year	<u>\$ 217,032</u>	<u>\$ 204,507</u>	<u>\$ 455,915</u>	

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



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**BUDGETARY COMPARISON STATEMENT**  
**MAJOR GOVERNMENTAL FUNDS-OTHER PUBLIC PROTECTION**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Revenues and Other Financing Sources</b>				
Licenses, Permits, and Franchises	\$ 12	\$ 12	\$ 12	\$ --
Fines, Forfeitures, and Penalties	3,342	3,342	2,592	(750)
Use of Money and Property	5,709	5,724	2,622	(3,102)
Intergovernmental	20,487	22,304	20,233	(2,071)
Charges for Services	15,112	15,112	12,545	(2,567)
Other	6,782	6,782	5,107	(1,675)
Transfers In	9,021	23,086	20,976	(2,110)
Total Revenues and Other Financing Sources	<u>60,465</u>	<u>76,362</u>	<u>64,087</u>	<u>(12,275)</u>
<b>Expenditures and Other Financing Uses</b>				
Public Protection:				
Building and Safety-Operating Reserve	357	854	853	1
California Automated Fingerprint Identification Operational Costs	2,109	1,786	1,334	452
California Automated Fingerprint Identification Systems Costs	41,434	43,318	2,473	40,845
Child Support Program Development	6,260	6,260	2,177	4,083
Clerk Recorder Operating Reserve	5,085	5,085	18	5,067
Clerk Recorder Special Revenue	9,287	9,287	8,058	1,229
County Automated Fingerprint Identification	2,333	2,657	1,743	914
Delta Special Revenue	24	24	7	17
District Attorney's Supplemental Law Enforcement Services	1,704	1,704	1,360	344
Excess Public Safety Sales Tax	4,362	24,356	18,992	5,364
Inmate Welfare	16,503	17,796	3,281	14,515
Jail Commissary	10,270	11,590	6,375	5,215
Motor Vehicle Theft Task Force	5,374	5,374	3,999	1,375
Narcotic Forfeiture and Seizure	752	917	409	508
Orange County Jail	240	240	--	240
Proposition 64-Consumer Protection	4,249	2,759	2,011	748
Proposition 69-DNA Identification	1,072	1,893	375	1,518
Real Estate Prosecution	2,211	2,211	2,210	1
Regional Narcotic Suppression Program-Other	3,668	3,944	1,405	2,539
Sheriff Court OPS-Special Collections	2,447	2,519	782	1,737
Sheriff Narcotics Program-CALMMET-Treasury	1,573	1,932	230	1,702
Sheriff Narcotics Program-Dept of Justice	11,220	12,510	1,174	11,336
Sheriff Narcotics Program-Other	2,089	2,848	341	2,507
Sheriff-Coroner Replacement and Maintenance	24,380	24,342	2,207	22,135
Sheriff's State Criminal Alien Assistance Program	2,696	2,695	--	2,695
Sheriff's Substations Fee Program	195	195	51	144
Sheriff's Supplemental Law Enforcement Services	2,420	2,420	1,001	1,419
Traffic Violator	965	954	216	738
Ward Welfare	182	182	182	--
800 MHz Countywide Coordinated Communications System	14,536	16,353	8,986	7,367
Total Expenditures and Other Financing Uses	<u>179,997</u>	<u>209,005</u>	<u>72,250</u>	<u>136,755</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(119,532)	(132,643)	(8,163)	<u>\$ 124,480</u>
Fund Balances-Beginning of Year	199,697	199,697	199,697	
Fund Balances-End of Year	<u>\$ 80,165</u>	<u>\$ 67,054</u>	<u>\$ 191,534</u>	

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

Budgetary Comparison Statement  
(Dollar Amounts in Thousands)

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

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 1,725	\$ 1,725	\$ 1,318	\$ (407)
Intergovernmental	207,556	207,556	248,520	40,964
Other	--	--	50	50
Total Revenues and Other Financing Sources	<u>209,281</u>	<u>209,281</u>	<u>249,888</u>	<u>40,607</u>
<b>Expenditures and Other Financing Uses</b>				
Health & Sanitation:				
Mental Health Services Act	<u>244,484</u>	<u>247,015</u>	<u>191,347</u>	<u>55,668</u>
Total Expenditures and Other Financing Uses	<u>244,484</u>	<u>247,015</u>	<u>191,347</u>	<u>55,668</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(35,203)	(37,734)	58,541	<u>\$ 96,275</u>
Fund Balances-Beginning of Year	181,728	181,728	181,728	
Fund Balances-End of Year	<u>\$ 146,525</u>	<u>\$ 143,994</u>	<u>\$ 240,269</u>	

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

County of Orange  
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	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	
<b>ASSETS</b>					
Current Assets					
Pooled Cash/Investments	\$ 216,286	\$ 577,750	\$ 437	\$ 794,473	\$ 341,646
Cash Equivalents/Specific Investments	44,449	--	--	44,449	--
Cash/Cash Equivalents	5,343	--	--	5,343	5,612
Imprest Cash Funds	14	35	--	49	8
Restricted Cash and Investments with Trustee	9,863	--	--	9,863	--
Restricted Pooled Cash and Investments	24,109	935	--	25,044	--
Specific Investments	8,981	--	--	8,981	--
Deposits In-Lieu of Cash	6,452	26,323	--	32,775	--
Receivables:					
Accounts	6,646	11,536	46	18,228	824
Passenger Facility Charges	2,022	--	--	2,022	--
Interest/Dividends	226	629	1	856	292
Pollution Remediation Obligation Recoveries	256	--	--	256	--
Leases	13,861	40	--	13,901	--
Allowance for Uncollectible Receivables	--	(1)	--	(1)	(105)
Due from Other Funds	36	168	--	204	2,951
Due from Other Governmental Agencies	13,686	1,781	--	15,467	341
Inventory of Materials and Supplies	--	--	--	--	199
Prepaid Costs	3,805	3,534	--	7,339	3,154
Total Current Assets	356,035	622,730	484	979,249	354,922
Noncurrent Assets					
Restricted Cash and Investments with Trustee	8,110	--	--	8,110	--
Restricted Pooled Cash and Investments	--	13,102	--	13,102	--
Restricted Pooled Cash and Investments-Closure and Postclosure Care Costs	--	97,963	--	97,963	--
Advances to Other Funds	--	40,000	--	40,000	--
Leases Receivable	96,626	5,247	--	101,873	--
Capital Assets:					
Not Depreciable/Amortizable	42,087	31,310	--	73,397	1,343
Depreciable/Amortizable, Net	556,493	294,743	--	851,236	74,689
Total Capital Assets	598,580	326,053	--	924,633	76,032
Total Noncurrent Assets	703,316	482,365	--	1,185,681	76,032
Total Assets	1,059,351	1,105,095	484	2,164,930	430,954
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	9,573	10,915	--	20,488	10,497

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

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

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)		
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 8,250	\$ 12,232	\$ --	\$ 20,482	\$ 14,237
Retainage Payable	657	351	--	1,008	2
Salaries and Employee Benefits Payable	870	1,209	--	2,079	1,050
Unearned Revenue	11,015	64	--	11,079	--
Due to Other Funds	2,617	8,542	--	11,159	4,356
Due to Other Governmental Agencies	323	10,337	--	10,660	3
Insurance Claims Payable	--	--	--	--	65,665
Compensated Employee Absences Payable	1,123	1,535	--	2,658	1,439
Pollution Remediation Obligation	--	579	--	579	--
Intangible Assets Obligations Payable	104	--	--	104	33
Landfill Site Closure/Postclosure Liability	--	2,848	--	2,848	--
Bonds Payable	8,443	--	--	8,443	--
Financed Purchase Liability	332	--	--	332	3,306
Lease Liability	--	--	--	--	103
Interest Payable	1,500	--	--	1,500	--
Deposits from Others	7,110	27,491	--	34,601	--
<b>Total Current Liabilities</b>	<b>42,344</b>	<b>65,188</b>	<b>--</b>	<b>107,532</b>	<b>90,194</b>
<b>Noncurrent Liabilities</b>					
Insurance Claims Payable	--	--	--	--	184,358
Compensated Employee Absences Payable	463	846	--	1,309	1,077
Pollution Remediation Obligation	994	12,047	--	13,041	--
Intangible Assets Obligations Payable	220	--	--	220	33
Landfill Site Closure/Postclosure Liability	--	186,528	--	186,528	--
Bonds Payable	57,747	--	--	57,747	--
Financed Purchase Liability	331	--	--	331	9,204
Lease Liability	--	--	--	--	18
Net Pension Liability	21,593	27,882	--	49,475	12,701
Net OPEB Liability	1,886	2,475	--	4,361	2,816
<b>Total Noncurrent Liabilities</b>	<b>83,234</b>	<b>229,778</b>	<b>--</b>	<b>313,012</b>	<b>210,207</b>
<b>Total Liabilities</b>	<b>125,578</b>	<b>294,966</b>	<b>--</b>	<b>420,544</b>	<b>300,401</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>125,354</b>	<b>25,221</b>	<b>--</b>	<b>150,575</b>	<b>23,400</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	537,549	325,843	--	863,392	63,335
Restricted for:					
Debt Service	8,362	--	--	8,362	--
Passenger Facility Charges Approved Capital Projects	24,473	--	--	24,473	--
Capital Projects-Replacements and Renewals	1,000	--	--	1,000	--
Landfill Closure/Postclosure	--	18,566	--	18,566	--
Landfill Corrective Action	--	11,827	--	11,827	--
Wetland	--	879	--	879	--
Unrestricted	246,608	438,708	484	685,800	54,315
<b>Total Net Position</b>	<b>\$ 817,992</b>	<b>\$ 795,823</b>	<b>\$ 484</b>	<b>1,614,299</b>	<b>\$ 117,650</b>
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				(1,049)	
Cumulative Effect of Prior Years' Internal Service Funds Allocation				(14,798)	
<b>Net Position of Business-Type Activities</b>				<b>\$ 1,598,452</b>	

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022  
(Dollar Amounts in Thousands)

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

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	
Operating Revenues					
Use of Money and Property	\$ 108,805	\$ 4,727	\$ 165	\$ 113,697	\$ 1,342
Licenses, Permits, and Franchises	--	282	--	282	--
Charges for Services	32,241	181,764	--	214,005	115,426
Insurance Premiums	--	--	--	--	349,325
Total Operating Revenues	<u>141,046</u>	<u>186,773</u>	<u>165</u>	<u>327,984</u>	<u>466,093</u>
Operating Expenses					
Salaries and Employee Benefits	18,499	26,384	--	44,883	19,324
Services and Supplies	33,016	40,322	--	73,338	44,710
Professional Services	45,430	20,708	13	66,151	67,328
Insurance Claims and Premiums	--	--	--	--	329,140
Pollution Remediation Expense	--	(650)	--	(650)	--
Other Charges	--	--	--	--	171
Taxes and Other Fees	153	21,031	--	21,184	7
Landfill Site Closure/Postclosure Costs	--	5,390	--	5,390	--
Depreciation/Amortization	34,244	21,671	--	55,915	14,154
Total Operating Expenses	<u>131,342</u>	<u>134,856</u>	<u>13</u>	<u>266,211</u>	<u>474,834</u>
Operating Income (Loss)	<u>9,704</u>	<u>51,917</u>	<u>152</u>	<u>61,773</u>	<u>(8,741)</u>
Nonoperating Revenues (Expenses)					
Fines, Forfeitures, and Penalties	399	17	--	416	--
Intergovernmental Revenues	20,170	401	--	20,571	2,799
Interest and Investment Income	840	2,214	1	3,055	999
Net Decrease in the Fair Value of Investments	(3,694)	(10,628)	(7)	(14,329)	(5,157)
Interest Expense	(1,473)	--	--	(1,473)	(5)
Gain on Disposition of Capital Assets	56	489	--	545	429
Passenger Facility Charges Revenue	20,580	--	--	20,580	--
Other Taxes	--	--	--	--	8
Other Revenue	181	3,449	--	3,630	9,465
Total Nonoperating Revenues (Expenses)	<u>37,059</u>	<u>(4,058)</u>	<u>(6)</u>	<u>32,995</u>	<u>8,538</u>
Income (Loss) Before Contributions and Transfers	46,763	47,859	146	94,768	(203)
Capital Grant Contributions	601	--	--	601	--
Capital Contributions	59	--	--	59	95
Transfers In	5	96	--	101	9,191
Transfers Out	--	(8,097)	--	(8,097)	(1,119)
Change in Net Position	<u>47,428</u>	<u>39,858</u>	<u>146</u>	<u>87,432</u>	<u>7,964</u>
Net Position-Beginning of Year, as Restated	770,564	755,965	338		109,686
Net Position-End of Year	<u>\$ 817,992</u>	<u>\$ 795,823</u>	<u>\$ 484</u>		<u>\$ 117,650</u>
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				<u>(1,049)</u>	
Increase in Net Position of Business-Type Activities				<u>\$ 86,383</u>	

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



County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022  
(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 131,529	\$ 190,249	\$ 156	\$ 321,934	\$ 35,517
Cash Received for Premiums within the County's Entity	--	--	--	--	349,325
Payments to Suppliers for Goods and Services	(78,747)	(57,184)	(13)	(135,944)	(419,730)
Payments to Employees for Services	(24,258)	(26,129)	--	(50,387)	(27,650)
Payments for Interfund Services	--	(281)	--	(281)	(189)
Receipts for Interfund Services Provided	356	940	--	1,296	83,201
Landfill Site Closure/Postclosure Care Costs	--	(2,848)	--	(2,848)	--
Payment for Taxes and Other Fees	(153)	(21,031)	--	(21,184)	(7)
Other Operating Receipts	800	4,116	--	4,916	9,428
Other Operating Payments	--	(8,161)	--	(8,161)	(4,719)
Net Cash Provided by Operating Activities	<u>29,527</u>	<u>79,671</u>	<u>143</u>	<u>109,341</u>	<u>25,176</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	5	96	--	101	9,191
Transfers Out	--	(8,097)	--	(8,097)	(1,119)
Intergovernmental Revenues	17,766	401	--	18,167	2,799
Other Taxes	--	--	--	--	8
Advances Received From Other Funds, Net	--	15,000	--	15,000	--
Net Cash Provided by Noncapital Financing Activities	<u>17,771</u>	<u>7,400</u>	<u>--</u>	<u>25,171</u>	<u>10,879</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
<b>ACTIVITIES</b>					
Acquisition of Capital Assets	(20,340)	(18,888)	--	(39,228)	(12,451)
Principal Paid on Bonds	(11,815)	--	--	(11,815)	--
Interest Paid on Long-Term Debt	(3,296)	--	--	(3,296)	--
Capital Grant Contributions	742	--	--	742	--
Passenger Facility Charges Received	21,106	--	--	21,106	--
Principal Paid on Financed Purchase Liability	(331)	--	--	(331)	(3,813)
Interest Paid on Financed Purchase Liability	--	--	--	--	(5)
Receipts for Lease Receivables	11,765	210	--	11,975	--
Interest on Lease Receivables	2,691	146	--	2,837	--
Proceeds from Sale of Capital Assets	133	601	--	734	667
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>655</u>	<u>(17,931)</u>	<u>--</u>	<u>(17,276)</u>	<u>(15,602)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net Change in the Fair Value of Investments	(2,882)	(8,335)	(7)	(11,224)	(4,098)
Sale of Investments	41,744	--	--	41,744	--
Net Cash Provided (Used) by Investing Activities	<u>38,862</u>	<u>(8,335)</u>	<u>(7)</u>	<u>30,520</u>	<u>(4,098)</u>
Net Increase in Cash and Cash Equivalents	86,815	60,805	136	147,756	16,355
Cash and Cash Equivalents-Beginning of Year	213,249	628,980	301	842,530	330,911
Cash and Cash Equivalents-End of Year	<u>\$ 300,064</u>	<u>\$ 689,785</u>	<u>\$ 437</u>	<u>\$ 990,286</u>	<u>\$ 347,266</u>

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

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

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	OC Waste & Recycling	Compressed Natural Gas (Nonmajor)	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 9,704	\$ 51,917	\$ 152	\$ 61,773	\$ (8,741)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation/Amortization	34,244	21,671	--	55,915	14,154
Recognition of Lease Income	(14,456)	(356)	--	(14,812)	--
Fines, Forfeitures and Penalties	399	17	--	416	--
Other Revenue	181	3,449	--	3,630	9,465
(Increases) Decreases In:					
Deposits In-Lieu of Cash	(324)	(8,570)	--	(8,894)	--
Receivables, Net	(109,697)	(1,155)	(9)	(110,861)	(722)
Due from Other Funds	93	940	--	1,033	1,019
Due from Other Governmental Agencies	178	(211)	--	(33)	26
Inventory of Materials and Supplies	--	--	--	--	36
Prepaid Costs	(256)	(261)	--	(517)	(273)
Deferred Outflows of Resources Related to Pension	752	703	--	1,455	1,166
Deferred Outflows of Resources Related to OPEB	(59)	(71)	--	(130)	(89)
Increases (Decreases) In:					
Accounts Payable	(273)	4,007	--	3,734	5,289
Retainage Payable	14	--	--	14	(6)
Salaries and Employee Benefits Payable	104	229	--	333	175
Unearned Revenue	7,215	(4)	--	7,211	--
Due to Other Funds	263	(281)	--	(18)	712
Due to Other Governmental Agencies	94	(161)	--	(67)	2
Insurance Claims Payable	--	--	--	--	12,541
Compensated Employee Absences Payable	(87)	26	--	(61)	(58)
Pollution Remediation Obligation	--	(1,042)	--	(1,042)	--
Deposits from Others	(1,331)	8,648	--	7,317	--
Net Pension Liability	(12,759)	(15,276)	--	(28,035)	(19,415)
Net OPEB Liability	(615)	(738)	--	(1,353)	(939)
Landfill Site Closure/ Postclosure Liability	--	2,542	--	2,542	--
Deferred Inflows of Resources Related to Pension	6,667	7,987	--	14,654	10,145
Deferred Inflows of Resources Related to OPEB	452	541	--	993	689
Deferred Inflows of Resources Related to Leases	109,024	5,120	--	114,144	--
Total Adjustments	19,823	27,754	(9)	47,568	33,917
Net Cash Provided by Operating Activities	<u>\$ 29,527</u>	<u>\$ 79,671</u>	<u>\$ 143</u>	<u>\$ 109,341</u>	<u>\$ 25,176</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position Accounts					
Pooled Cash/Investments	\$ 216,286	\$ 577,750	\$ 437	\$ 794,473	\$ 341,646
Cash Equivalents/Specific Investments	44,449 (2)	--	--	44,449	--
Cash/Cash Equivalents	5,343	--	--	5,343	5,612
Imprest Cash Funds	14	35	--	49	8
Restricted Cash and Investments with Trustee	9,863 (1)	--	--	9,863	--
Restricted Pooled Cash/Investments	24,109	14,037	--	38,146	--
Restricted Pooled Cash/Investments-Closure and Postclosure Care Costs	--	97,963	--	97,963	--
Total Cash and Cash Equivalents	<u>\$ 300,064</u>	<u>\$ 689,785</u>	<u>\$ 437</u>	<u>\$ 990,286</u>	<u>\$ 347,266</u>

Schedule of Noncash Investing, Capital, and Financing Activities:

- The Internal Service Funds' gain of \$429 on disposition of capital assets.
- The Internal Service Funds received \$95 of capital contributions.
- The Internal Service Funds' acquisition of capital assets with accounts payable is \$186.
- Airport's gain of \$56 on disposition of capital assets.
- The Airport received \$59 of capital contributions.
- Airport's acquisition of capital assets with retainage payable is \$607.
- Airport's acquisition of capital assets with accounts payable is \$2,662.
- Airport's change in fair value of investments not considered cash or cash equivalents is \$25.
- Airport's accrued capital grant contribution receivable \$2,464.
- Airport's amortization of bond premium is \$1,905.
- Airport's amortization of deferred charge on refunding is \$378.
- OC Waste & Recycling's gain of \$489 on disposition of capital assets.
- OC Waste & Recycling's acquisition of capital assets with retainage payable is \$210.
- OC Waste & Recycling's acquisition of capital assets with accounts payable is \$1,031.

(1) Does not include \$8,110 from Airport's nonliquid Restricted Cash and Investments with Trustee.

(2) Does not include \$8,981 from Airport's nonliquid Specific Investments.



**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

	Private- Purpose Trust Funds	Investment Trust Funds	Pension and OPEB Trust Funds	Custodial Funds
<b>ASSETS</b>				
Pooled Cash/Investments	\$ 76,503	\$ 7,323,474	\$ 3,321	\$ 290,970
Cash/Cash Equivalents	--	--	369,373	741
Securities Lending Collateral	--	--	195,239	--
Restricted Cash and Investments				
Restricted Investments with Trustee				
Money Market Mutual Funds	4,438	--	--	31,851
Global Public Equity	--	--	10,694,036	14,932
Private Equity	--	--	3,369,659	--
Core Fixed Income	--	--	2,418,283	6,031
Credit	--	--	1,659,609	--
Real Assets	--	--	2,316,246	--
Risk Mitigation	--	--	1,982,386	--
Unique Strategies	--	--	76,904	--
Non-Bond Funds	--	--	201,924	--
Mutual Bond Funds	--	--	6,134	--
Stable Value Fund	--	--	33,438	--
Total Restricted Cash and Investments	4,438	--	22,758,619	52,814
Receivables				
Accounts	--	--	--	315
Investments	--	--	14,932	--
Taxes	--	--	--	245,885
Securities Sales	--	--	65,186	--
Contributions	--	--	25,981	--
Interest/Dividends	103	10,254	12	9,354
Other Receivables	--	--	6,906	--
Allowance for Uncollectible Receivables	--	--	--	(44,396)
Due from Other Governmental Agencies	--	--	963	8,529
Notes Receivable	1,203	--	--	--
Capital Assets, Net	--	--	11,067	--
Total Assets	82,247	7,333,728	23,451,599	564,212
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	30	--	--	--
Total Deferred Outflows of Resources	30	--	--	--
<b>LIABILITIES</b>				
Accounts Payable	--	--	123,165	11,036
Salaries and Employee Benefits Payable	--	--	118,169	--
Unearned Contributions	76	--	304,504	--
Investment Obligations	--	--	196,181	--
Bonds Payable	4,932	--	--	--
Interest Payable	72	--	--	--
Unapportioned Interest	--	--	--	6,885
Due to Other Governmental Agencies	83	272	--	17,545
Unapportioned Taxes	--	--	--	71,847
Total Liabilities	5,163	272	742,019	107,313
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	26	--	--	--
Total Deferred Inflows of Resources	26	--	--	--
<b>NET POSITION</b>				
Restricted for:				
OPEB Benefits	--	--	732,016	21,457
Pension	--	--	21,977,564	--
Pool Participants	--	7,333,456	--	--
Individuals, Organizations, and Other Governments	77,088	--	--	435,442
Total Net Position	\$ 77,088	\$ 7,333,456	\$ 22,709,580	\$ 456,899

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

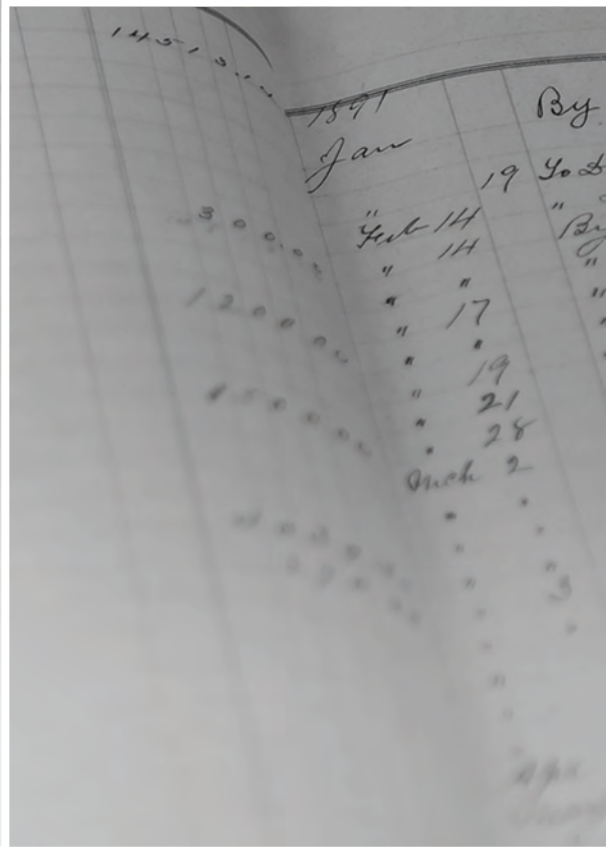
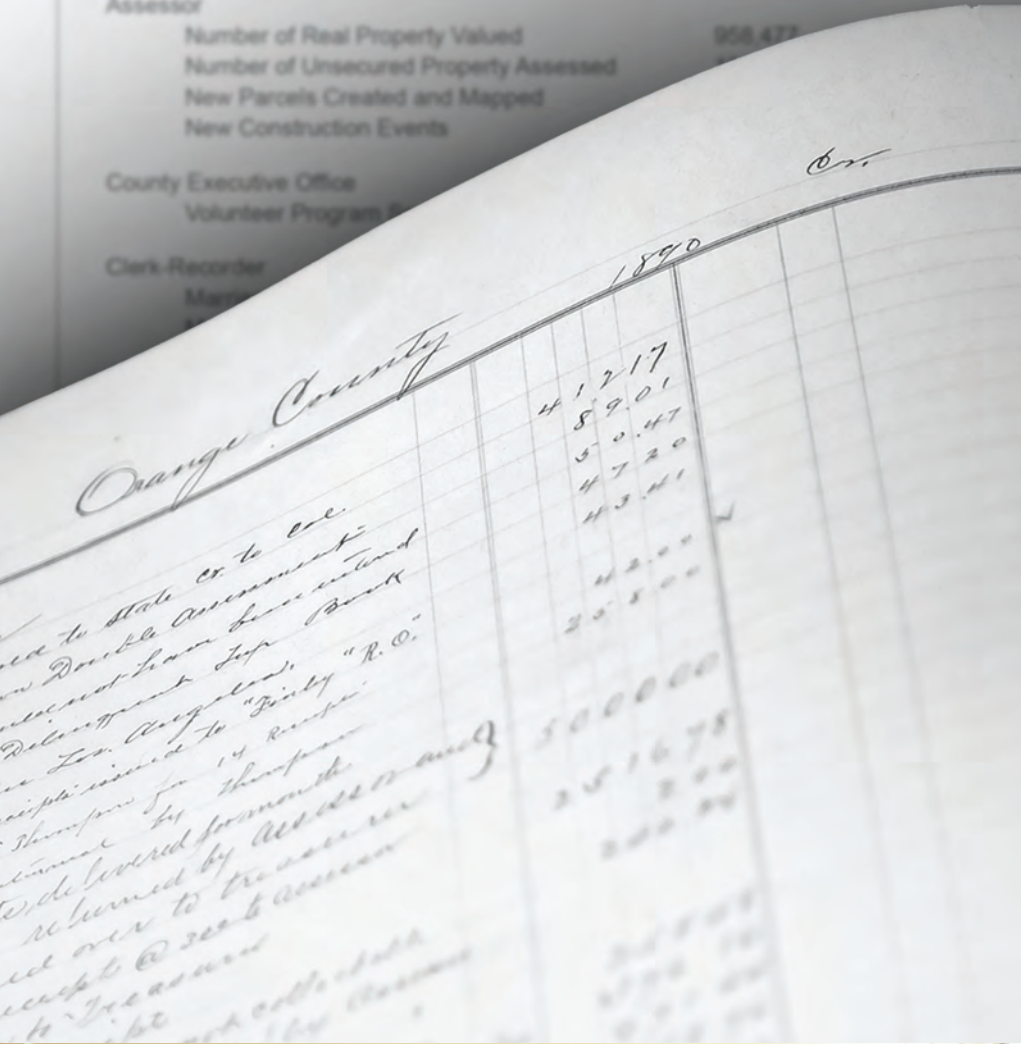
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Private- Purpose Trust Funds	Investment Trust Funds	Pension and OPEB Trust Funds	Custodial Funds
<b>Additions:</b>				
Contributions to Pension and OPEB Trust Funds:				
Employer	\$ --	\$ --	\$ 782,114	\$ 605
Employee	--	--	273,633	--
Contributions to Pooled Investments	--	11,584,289	--	1,251,411
Contributions to Private-Purpose Trust	38,204	--	--	--
Intergovernmental Revenues	3,790	--	--	--
Other Revenues	5,201	1,055	--	--
Taxes	--	--	--	10,604,060
Investment Earnings				
Interest	1,449	22,044	3,427,473	72,496
Net Decrease in the Fair Value of Investments	(467)	(115,974)	(41,725)	(1,128)
Less: Investment Expense	(30)	(3,666)	(132,234)	(122)
Total Additions	<u>48,147</u>	<u>11,487,748</u>	<u>4,309,261</u>	<u>11,927,322</u>
<b>Deductions:</b>				
Benefits Paid to Participants	--	--	1,103,434	1,419
Distributions from Pooled Investments	--	10,305,352	--	1,263,096
Distributions from Private-Purpose Trust	35,605	--	--	--
Professional Services	613	--	21,521	6,365
Other Expenses	--	--	--	44,395
Tax Pass-Throughs	384	--	--	--
Apportioned Taxes	--	--	--	10,673,341
Interest Expense	119	--	--	--
Total Deductions	<u>36,721</u>	<u>10,305,352</u>	<u>1,124,955</u>	<u>11,988,616</u>
Change in Net Position	11,426	1,182,396	3,184,306	(61,294)
Net Position-Beginning of Year	65,662	6,151,060	19,525,274	518,193
Net Position-End of Year	<u>\$ 77,088</u>	<u>\$ 7,333,456</u>	<u>\$ 22,709,580</u>	<u>\$ 456,899</u>



Physical Arrests-Juv		
Probationers under Supervision as of June 30th-Adult	9,727	11,761
Probationers under Supervision as of June 30th-Juvenile	1,078	1,364
Avg. Daily Juvenile Hall Population	99	91
Avg. Daily Camp Population	60	64

Function/Program	2020-21	2019-20
<b>General Government</b>		
Auditor-Controller		
Property Tax Bills Prepared	1,103,642	1,104,521
Assessor		
Number of Real Property Valued	958,477	
Number of Unsecured Property Assessed		
New Parcels Created and Mapped		
New Construction Events		
County Executive Office		
Volunteer Program		
Clerk-Recorder		
Marketing		







## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 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 generally accepted accounting principles (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 Governmental Accounting Standards Board (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 Orange County Board of Supervisors is the governing body of the District. 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 Orange County Board of Supervisors is the governing body of the Authority. Among its duties, it approves the Authority's budget and policies that govern the administration of 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 a three-member governing body that is appointed by the Board. Its purpose 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 a five-member governing body that is appointed by the Board. It provides services entirely to the County, through the purchases, construction or lease of land and buildings, 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. 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 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 Other Postemployment Benefits (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 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](http://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 which were 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](http://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://wps0.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 using 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)

Government 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 and 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 and amortization.
- 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, 2022, the County's governmental activities reported restricted net position of \$1,743,498 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 and Wetland amounted to \$65,107 and is restricted for the use of John Wayne Airport (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, 2022, the County reported \$24,473 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 (deficit). 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 (loss) 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 2021-22. 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 Treasurer Pool)

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 OPEB 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. Refer to Note 20, Deferred Outflows and Inflows of Resources for additional information.

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, financed purchases and 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. General capital asset acquisitions, including entering into contracts, giving the County the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

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 and amortization on capital assets.

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 and 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 and 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, and 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 Fund, 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 actual comparisons are presented on a budgetary basis and will not compare to the Statement of Revenues, Expenditures and Changes in Fund Balance.

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

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

**D. Budget Adoption and Revision (Continued)**

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.
- 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.
- 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 Internal Service Fund (ISF). Per GAAP, the lease payments were reclassified to the fund where the financed purchase 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.
- Per GASB Statement No. 87, "Leases" (GASB Statement No. 87), an expenditure and other financing source should be reported in the period the lease is initially recognized for the present value of the payments expected to be made during the lease term.



**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
<b>Actual Revenues and Other Financing Sources from the Budgetary Comparison Statements</b>	\$ 4,277,762	\$ 285,414	\$ 64,087	\$ 249,888
Differences-budget to GAAP:				
Change in unrealized loss on investment	(30,701)	(8,311)	(3,347)	(4,287)
Adjustment to report redirected investment income as transfers	--	--	9	--
Adjustment of revenue accruals for 60 day recognition period	(8,941)	3,081	754	--
Adjustment to record Public-Purpose Trust Fund monies as revenue in benefitting fund	(1,989)	(650)	--	--
Adjustment to eliminate intrafund transfers	(6,566)	(78,268)	(1,903)	--
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(6,857)	(188)	--	--
Revenues and Other Financing Sources for non-budgeted funds are excluded in the Budgetary Comparison Statements	--	--	102	--
Recognition of outstanding invoices for OC Animal Care Center	(150)	--	--	--
Reclassification of Other Revenues to an Expenditure for portion of pension obligation bonds funded by the County Investment Account with OCERS	(21,096)	--	--	--
Reclass ISF financed purchase rental to General Fund	136	--	--	--
Reclass change in the fair market value of investments	27,693	7,284	2,960	3,855
Record GASB Statement No. 87 Leases-Lessee	5,642	--	--	--
Record GASB Statement No.87 Leases-Lessor activities	205	416	--	--
<b>Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	<b>\$ 4,235,138</b>	<b>\$ 208,778</b>	<b>\$ 62,662</b>	<b>\$ 249,456</b>
<b>Actual Expenditures and Other Financing Uses from the Budgetary Comparison Statements</b>	<b>\$ 3,842,836</b>	<b>\$ 298,157</b>	<b>\$ 72,250</b>	<b>\$ 191,347</b>
Differences-budget to GAAP:				
Adjustment to report redirected investment income as transfers	--	--	9	--
Adjustment of expenditure accruals for timing differences	1,872	12	(198)	--
Adjustment to eliminate intrafund transfers	(6,566)	(78,268)	(1,903)	--
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(6,857)	(188)	--	--
Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements	--	--	5,802	--
Reclassification of Other Revenues to an Expenditure for portion of pension obligation bonds funded by the County Investment Account with OCERS	(21,096)	--	--	--
Reclass ISF financed purchase rental to General Fund	136	--	--	--
Reclass change in the fair market value of investments	27,693	7,284	2,960	3,855
Record GASB Statement No. 87 Leases-Lessee	5,642	--	--	--
<b>Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances</b>	<b>\$ 3,843,660</b>	<b>\$ 226,997</b>	<b>\$ 78,920</b>	<b>\$ 195,202</b>

**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 2021-22, through the County's budget process.

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

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

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

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022  
(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
<b>Nonspendable:</b>						
Inventory	\$ 1,661	\$ 412	\$ 216	\$ --	\$ --	\$ 2,289
Prepaid costs	516,060	7,393	1,595	--	22,355	547,403
Endowment	--	--	--	--	200	200
Total Nonspendable Fund Balance	517,721	7,805	1,811	--	22,555	549,892
<b>Restricted for:</b>						
Public Safety Realignment	164,954	--	--	--	--	164,954
Flood Control District	--	240,995	--	--	--	240,995
Flood Control District-Construction & Maintenance	--	47,402	--	--	--	47,402
OC Flood Santa Ana River Mainstem/Prado Dam Capital Project	--	153,687	--	--	--	153,687
Building & Safety Operating Reserve	--	--	4,348	--	--	4,348
Child Support Program Development	--	--	13,079	--	--	13,079
Clerk Recorder Special Revenue	--	--	14,463	--	--	14,463
Clerk Recorder Operating Reserve	--	--	15,102	--	--	15,102
Sheriff-Coroner Replacement & Maintenance	--	--	21,979	--	--	21,979
Excess Public Safety Sales Tax	--	--	23,504	--	--	23,504
CAL-ID System Costs	--	--	52,018	--	--	52,018
Jail Commissary	--	--	4,817	--	--	4,817
Inmate Welfare	--	--	11,963	--	--	11,963
800 MHz Countywide Coordinated Communications System	--	--	2,113	--	--	2,113
Prop 64-Consumer Protection	--	--	6,812	--	--	6,812
Regional Narcotics Suppression Program	--	--	17,213	--	--	17,213
Other Public Safety Programs	--	--	13,684	--	--	13,684
Mental Health Services Workforce Education & Training	--	--	--	59,553	--	59,553
Mental Health Services Prevention & Early Intervention	--	--	--	3,315	--	3,315
Mental Health Services Capital Facilities & Technological Needs	--	--	--	50,930	--	50,930
Mental Health Services Community Services and Support	--	--	--	43,374	--	43,374
Mental Health Services General	--	--	--	79,241	--	79,241
OC Dana Point Harbor Projects	--	--	--	--	60,725	60,725
Community and Welfare Services	--	--	--	--	69,877	69,877
Low and Moderate Income Housing Program	--	--	--	--	29,637	29,637
Health Care Programs	--	--	--	--	28,313	28,313
Parking Facilities	--	--	--	--	3,212	3,212
Roads	--	--	--	--	132,607	132,607
OC Road-Capital Improvement	--	--	--	--	51,229	51,229
Major Thoroughfare & Bridge Fee Program	--	--	--	--	18,070	18,070
Public Libraries	--	--	--	--	86,154	86,154
OC Parks	--	--	--	--	70,861	70,861
OC Parks-Capital Projects	--	--	--	--	24,784	24,784
County Tidelands-Newport Bay	--	--	--	--	8,533	8,533
Service Areas, Lighting, Maintenance and Assessment Districts	--	--	--	--	9,115	9,115
Other Environmental Management	--	--	--	--	7,130	7,130
Tobacco Settlement Programs	--	--	--	--	26,353	26,353
Housing Programs	--	--	--	--	23,881	23,881
Technological & Capital Acquisitions/Improvements	--	--	--	--	1,726	1,726
Endowment	--	--	--	--	163	163
Teeter Plan Notes	--	--	--	--	25,617	25,617
Capital Facilities Development Corporation	--	--	--	--	5,348	5,348
Capital Projects:						
Capital Facilities Development Corporation Construction	--	--	--	--	9,258	9,258
Total Restricted Fund Balance	\$ 164,954	\$ 442,084	\$ 201,095	\$ 236,413	\$ 692,593	\$ 1,737,139

**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
<b>Assigned to:</b>						
General Services:						
General Services-Operations	\$ 13,268	\$ --	\$ --	\$ --	\$ --	\$ 13,268
Maintenance and Construction	6,697	--	--	--	--	6,697
Imprest Cash	1,838	--	--	--	45	1,883
Public Safety	38,024	--	--	--	--	38,024
Public Works	3,431	--	--	--	--	3,431
American Rescue Plan Act	198,806	--	--	--	--	198,806
Watershed Programs	2,244	--	--	--	--	2,244
Social Services Programs	4,856	--	--	--	--	4,856
Health Care Programs	--	--	--	--	13,588	13,588
Teeter Plan Notes	--	--	--	--	134,802	134,802
Capital Projects:						
Financial/Procurement/HR Payroll System Upgrade	13,286	--	--	--	--	13,286
Sheriff-Coroner Renovation & Upgrade Projects	27,816	--	--	--	--	27,816
Sheriff-Coroner Maintenance Repair	4,000	--	--	--	--	4,000
Various IT/CAPS+ Upgrade projects	2,543	--	--	--	--	2,543
Countywide Projects	--	--	--	--	237,851	237,851
Parking Facilities	--	--	--	--	2,677	2,677
OC Parks	--	--	--	--	12,729	12,729
Real Estate Development	--	--	--	--	7,205	7,205
Community and Welfare Services	--	--	--	--	34,473	34,473
Total Assigned Fund Balance	<u>316,809</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>443,370</u>	<u>760,179</u>
<b>Unassigned</b>	<u>127,721</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>127,721</u>
Total Unassigned Fund Balance	<u>127,721</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>127,721</u>
<b>Total Fund Balances</b>	<u>\$ 1,127,205</u>	<u>\$ 449,889</u>	<u>\$ 202,906</u>	<u>\$ 236,413</u>	<u>\$ 1,158,518</u>	<u>\$ 3,174,931</u>

Annually, the Board adopts a five-year Strategic Financial Plan (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 may prepay 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 2021-22, the proceeds of \$521,784 was for short-term Taxable Pension Obligation Bonds to prepay its FY 2022-23 pension contribution at a discount. Of this amount \$515,568 is the prepaid costs for General Fund and is Nonspendable. Refer to Note 10, Short-Term Obligations, and Note 18, Retirement Plans for additional information.

**F. Cash and Investments**

The County's cash 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 Orange County Treasurer's Pool (OCTP) and specific investments, such as John Wayne Airport Investment Fund (JWA Fund). For reporting purposes, OCTP 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 OCTP is maintained for the County and other Non-County government entities for the purpose of benefiting from economies of scale through pooled investment activities.

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).

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

F. Cash and Investments (Continued)

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.

Participants' shares are valued using an amortized cost basis and income is distributed 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, Cash 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 19, Other Postemployment 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 may pay 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 \$547,403, which primarily consist of \$546,911 for the County's FY 2022-23 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 "*Accounting and Financial Reporting for Pensions*" (GASB Statement No. 68) and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*" (GASB Statement No. 71). Refer to Note 18, 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, intangible right-to-use lease assets, 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. Intangible right-to-use lease assets are recorded at the present value of future lease payments over the contract term.

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

I. Capital Assets (Continued)

Capital assets with an original unit cost equal to or greater than the County's capitalization threshold shown in the table below are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

<b>Asset Type</b>	<b>Capitalization Threshold</b>
Land	\$ 0
Land Improvements	\$150
Structures and Improvements	\$150
Equipment	\$ 5
Intangible:	
Software (Commercially Acquired)	\$ 5
All Other	\$150
Intangible Right-To-Use Lease Asset:	
Lease Equipment	\$10
Lease IT Equipment	\$10
Lease Structure and Improvements	\$ 0
Lease Land	\$ 0
Infrastructure	\$150

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the related assets. Intangible right-to-use lease assets are amortized over the shorter of lease term or the estimated useful life of the lease asset. 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 40 years
Intangibles:	
Computer Software	2 to 20 years
Intangible Right-To-Use Lease Assets:	
Lease Equipment	2 to 5 years
Lease IT Equipment	2 to 3 years
Lease Structures and Improvements	2 to 28 years
Lease Land	6 to 13 years
Infrastructure:	
Flood Channels	20 to 100 years
Roads	10 to 20 years
Bridges	50 to 75 years
Trails	20 to 75 years
Traffic Signals	15 to 75 years
Harbors	20 to 50 years
Airport–Runways, Taxiways, and Aprons	15 to 60 years
OC Waste & Recycling–Cell Development, Drainage Channels, Facility Improvements, Habitat, Landfill Gas/Environmental, Closure/Other Earthwork	3 to 153 years

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

I. Capital Assets (Continued)

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.

J. Leases

GASB Statement No. 87 defines a lease as a contract that transfers the right to use another entity's asset for a specific period of time in an exchange or exchange-like transaction. The County has entered into various lease agreements, primarily for office buildings, office equipment and other equipment. Under these contracts, the County recognizes a lease liability and a lease asset (intangible right-to-use asset) at the commencement of the lease term in the government-wide financial statements, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Likewise, the County leases its real property, structures and improvements to others, which include the Airport non-cancellable leases with air carriers and concessionaires, OC Waste & Recycling landfill gas lease agreements, and other recreational boating, retail, restaurants, and commercial operations at County parks and facilities. Under these contracts, the County recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term in the government-wide and governmental fund financial statements. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

An amendment to a lease contract is considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it is considered a partial or full lease termination. A lease termination is accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss.

The future lease payments are discounted using the interest rate implicit in the lease contract. If the interest rate is not available, the County uses its incremental borrowing rate determined by the County Executive Office. The lease term is determined by the sum of the non-cancelable periods, plus renewal options when they are reasonably certain of being exercised or early termination options when they are reasonably certain of not being exercised.

The Airport has regulated leases, not subject to the provisions of GASB Statement No. 87. For regulated leases, no lease receivable or deferred inflows of resources are reflected in the financial statements. Refer to Note 13, Leases for additional information.

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

**K. 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 assets by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net assets by the government that is applicable to a future period. Refer to Note 20, Deferred Outflows and Inflows of Resources for a detailed listing of the deferred inflows and outflows of resources the County has recognized.

**L. 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 16, Self-Insurance.

**M. 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, 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.

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, 2022 is allocated to and recorded in the corresponding funds for reporting purposes.



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

M. Property Taxes (Continued)

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:

	<u>California Revenue &amp; Taxation Code Section</u>
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 tax default for unpaid taxes occurs July 1.	3436
Power to sell is effective five years after tax default.	3691

N. Compensated Employee Absences

Compensated employee absences (vacation, compensatory time off, performance incentive plan time off, annual leave, and sick/healthcare 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.

O. 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-

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

O. Pensions (Continued)

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, 2022, the County's net pension liability from OCERS was measured as of December 31, 2021, 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, 2022; and the plan's total pension liability used to calculate the net pension liability was determined by rolling forward the July 1, 2021 valuation to June 30, 2022.

P. 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 Retiree Medical Plan is reported in the County's financial statements and has a plan year-end of December 31, 2021.

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 Retiree Medical 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, 2022, the County's net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Q. 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.

R. 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 2021-22 County-Wide Cost Allocation Plan (CWCAP), which was prepared in accordance with the Code of Federal 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.

S. Effects of New Pronouncements

The following lists recent GASB Pronouncements that have been implemented in FY 2021-22:

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

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

**S. Effects of New Pronouncements (Continued)**

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 inflow 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. The statement was implemented in FY 2021-22. Refer to Note 13, Leases for additional information.

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. The statement was implemented without an impact to the County.

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 reporting periods beginning after June 15, 2021, which requires the County to implement this Statement in FY 2021-22. The statement was implemented without an impact to the County.

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. The statement was implemented without an impact to the County.

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 implemented this Statement without an impact to 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 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 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 (PPPs). 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.

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

**S. Effects of New Pronouncements (Continued)**

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 (SBITAs). 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 April 2022, GASB issued Statement No. 99, “*Omnibus 2022*”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of other GASB statements, and (2) adding accounting and financial reporting guidance for financial guarantees. Portions of this Statement are effective upon issuance and were implemented in FY 2021-22 without an impact to the County. Certain requirement related to the leases, PPPs, and SBITAs, are effective for reporting periods beginning after June 15, 2022, which requires the County to implement them in FY 2022-23. The requirements related to the financial guarantees and the classification and reporting of certain derivatives are effective for periods beginning after June 13, 2023, which requires the County to implement them in FY 2023-24.

In June 2022, GASB issued Statement No. 100, “*Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*”. This Statement improves accounting and financial reporting requirements for accounting changes and errors corrections to provide more understandable, reliable, relevant, consistent, and comparable information. It also requires the display of note disclosures of the accounting change and error corrections. The requirements of this statement are effective for reporting periods after June 15, 2023, which requires the County to implement the Statement in FY 2023-24.

In June 2022, GASB issued Statement No. 101, “*Compensated Absences*” in which the primary objective is to update the recognition and measurement guidance for compensated absences. This is achieved by a unified model and amends certain previously required disclosures. The requirements of this statement are effective for reporting periods after December 15, 2023, which requires the County to implement the Statement in FY 2023-24.

**T. 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.

**U. 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.

<b>Government-Wide Statement of Net Position Line Item</b>	<b>Corresponding Governmental Funds Balance Sheet or Proprietary Funds Statement of Net Position Line Item</b>
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

**2. CHANGE IN ACCOUNTING PRINCIPLE**

The County implemented GASB Statement No. 87 in the current financial statements, which resulted in the restatement of the following:

Restatement of Statement of Net Position:

	Governmental Activities	Business-Type Activities	Total
Net Position at June 30, 2021	\$ 2,151,198	\$ 1,512,069	\$ 3,663,267
Lease Receivable under GASB Statement No. 87	115,184	126,120	241,304
Capital Assets, Intangible-Right-to-Use Lease Assets under GASB Statement No.87	447,581	--	447,581
Deferred Inflows of Resources under GASB Statement No. 87	(115,184)	(126,120)	(241,304)
Lease Liabilities under GASB Statement No. 87	(447,581)	--	(447,581)
Net position at June 30, 2021, as restated	<u>\$ 2,151,198</u>	<u>\$ 1,512,069</u>	<u>\$ 3,663,267</u>

Restatement of Balance Sheet:

	General Fund	Flood Control District	Other Governmental Fund
Fund Balance at June 30, 2021	\$ 735,727	\$ 468,108	\$ 1,149,315
Lease Receivable under GASB Statement No. 87	11,269	77,429	26,486
Deferred Inflows of Resources under GASB Statement No. 87	(11,269)	(77,429)	(26,486)
Fund Balance at June 30, 2021, as restated	<u>\$ 735,727</u>	<u>\$ 468,108</u>	<u>\$ 1,149,315</u>

Restatement of Proprietary Funds Net Position:

	Airport	OC Waste & Recycling	Total	Governmental Activities-Internal Service Funds
Net Position Proprietary Funds at June 30, 2021	\$ 770,564	\$ 755,965	\$ 1,526,529	\$ 109,686
Lease Receivable under GASB Statement No. 87	120,789	5,331	126,120	--
Capital Assets, Intangible-Right-to-Use Lease Assets under GASB Statement No.87	--	--	--	228
Deferred Inflows of Resources under GASB Statement No. 87	(120,789)	(5,331)	(126,120)	--
Lease Liabilities under GASB Statement No. 87	--	--	--	(228)
Net Position Proprietary Funds at June 30, 2021, as restated	<u>\$ 770,564</u>	<u>\$ 755,965</u>	<u>\$ 1,526,529</u>	<u>\$ 109,686</u>

Refer to Note 6, Changes in Capital Assets and Note 13, Leases, for additional information on GASB Statement No. 87.

**3. DEFICIT FUND EQUITY**

The Criminal Justice Facilities Fund reported a deficit net position balance of \$2,381. The deficit is primarily due to timing of reimbursements from the State for expenditures related to the James A. Musick Facility Construction Project. Costs incurred during the development of the project are reimbursed from the State in arrears of actual expenditures.

The Workers' Compensation ISF reported a deficit net position balance of \$13,841. 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 \$8,185 from the previous fiscal year primarily due to stable charges to program participants combined with favorable program and actuarial results. 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.

### **3. DEFICIT FUND EQUITY (Continued)**

The Property and Casualty ISF reported a deficit net position balance of \$3,269. 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 is primarily due to an increase in insurance premiums on the back of a hardening commercial insurance market combined with less favorable actuarial results. Charges to County departments have not provided sufficient cash flows to entirely fund the deficit in the Property and Casualty ISF. The County will continue to review charges to departments and manage the funding status of the Property and Casualty Program.

The Retiree Medical Plan 115 Trust reported a deficit net position balance of \$1,287. The deficit increased by \$84 due to the timing of employer contributions to fund the lump-sum payments for employees that elected to voluntarily retire or separate from the County as part of the Voluntary Retirement Incentive Program implemented by the County. Refer to Note 19, Other Postemployment Benefits for more information.

### **4. CASH 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 for all public funds in the OCIF. The law further provides that the Treasurer operates in the public interest when banking and investment activities are consolidated and duplication is reduced and economies of scale are achieved when consolidated investment strategies are carried out. The County Treasury contains pooled funds called the OCTP 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 (pooled) for investment purposes only and invested on the participants' behalf. The OCTP 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 OCTP into the OCIP and the OCEIP. In addition to the pooled funds in OCTP, 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 OCTP into three Funds: The Orange County Money Market Fund (OCMMF), the Orange County Educational Money Market Fund (OCEMMF), and the Extended Fund. On November 22, 2021, Standard & Poor's (S&P) reaffirmed its highest rating of AAAM Principal Stability Fund Rating (AAAm) on the OCMMF and the OCEMMF, which represents 4.9% of the total OCTP. The Treasurer will act on a "best efforts" basis to stabilize the Net Asset Value (NAV) at or above \$0.9975 (in absolute dollar amounts). OCTP does not have any legally binding guarantees of share values. The OCTP's maximum duration is 1.5 years.

Pursuant to CGC Sections 27130-27137, the Board has established a Treasury Oversight Committee (TOC) that monitors and reviews the Investment Policy Statement (IPS) annually and also ensures that the Treasurer has an audit annually, which include limited tests of compliance with laws and regulations. The TOC consists of the County Executive Officer, the elected County Auditor-Controller, the County elected 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 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.

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

Cash and investments in OCIF with the Treasurer totaled \$12,809,320 as of June 30, 2022, consisting of \$319,566 in cash, \$12,380,158 in investment securities in OCTP and \$109,596 in the Specific Investments.

Total County cash and investments at fair value as of June 30, 2022, are reported as follows:

Cash:

Imprest Cash	\$ 1,950
Pooled Cash for OCTP with Treasurer	319,566
Cash with Trustees	19,292
All other Cash and Timing Differences	(82,951)
Total Cash and Timing Differences	257,857

Investments:

Pooled Investments for OCTP with Treasurer	12,380,158
Specific Investments with Treasurer	109,596
Restricted Investments with Trustees	307,589
Total Investments	12,797,343

Fiduciary Component Unit Cash and Investments:

External-OCERS <sup>(1)</sup>	23,103,192
Total Cash and Investments	\$ 36,158,392

Total County Cash and Investments are reported in the following funds:

Governmental Funds	\$ 3,662,899
Proprietary Funds	1,354,643
Fiduciary Funds	31,075,492
Component Unit-CFCOC	65,358
Total Cash and Investments	\$ 36,158,392

(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. Cash 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 demand deposits and interest saving deposit funds deposited at any one financial institution up to a maximum of \$250. The County's 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.

#### 4. CASH AND INVESTMENTS (Continued)

##### 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. The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by CGC Section 53601, structured notes, structured investment vehicles, derivative instruments, and money market mutual funds that do not maintain a constant net asset value. All investments must be United States dollar denominated. As of June 30, 2022, the Treasurer was in full compliance with the more restrictive IPS for the OCTP and the Specific Investments accounts. 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, 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, 2022, the OCTP includes approximately 57.5% 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 in County of Orange Taxable Pension Obligation Bonds, 2022 Series A

On January 13, 2022, the OCTP purchased the County issued Taxable Pension Obligation Bonds, 2022 Series A (2022 POBs) in the principal amount of \$521,784. The 2022 POBs were issued with coupon rates ranging from 0.55% to 0.68% and with maturities from July 2022 to April 2023 and are solely owned by the pooled funds in the OCIF. The obligation of the County to pay principal and interest on the 2022 POBs is an obligation imposed by law and is absolute and unconditional. As of June 30, 2022, the outstanding principal amount of the 2022 POBs is \$521,784. The bonds are not rated by any of the Nationally Recognized Statistical Rating Organizations (NRSRO). The County's investment in the 2022 POBs is disclosed herein as Municipal Debt. For additional information, refer to Note 10, Short-Term Obligations, and Note 18, Retirement Plans.

##### Investment in State Investment Pool

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the CGC Section 16429.1 under the oversight of the Treasurer of the State of California. The fair value of the investment in this pool is reported in the accompanying financial statements at amounts based on the pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

##### 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 measurements are 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 LAIF is not subject to the fair value hierarchy.



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

**B. Investments (Continued)**

Fair Value Measurements (Continued)

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.

The following table presents a summary of the County's investments according to the assigned fair value hierarchy level as of June 30, 2022.

	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)
<b>OCIF-OCTP</b>				
U.S. Treasuries	\$ 6,272,171	\$ --	\$ 6,272,171	\$ --
U.S. Government Agencies	3,913,916	--	3,913,916	--
Municipal Debt	517,649	--	--	517,649
Sub-total	10,703,736	--	10,186,087	517,649
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	1,602,924			
Local Agency Investment Fund	73,498			
<b>Total, OCIF-OCTP</b>	<b>\$ 12,380,158</b>			
<b>OCIF-Specific Investments</b>				
U.S. Treasuries	\$ 41,045	\$ --	41,045	\$ --
U.S. Government Agencies	56,915	--	56,915	--
Sub-total	97,960	--	97,960	--
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	11,636			
<b>Total, OCIF-Specific Investments</b>	<b>\$ 109,596</b>			
<b>With Trustees</b>				
U.S. Treasuries	\$ 5,338	\$ --	\$ 5,338	\$ --
Non-Bond Funds	201,924	201,924	--	--
Bond Mutual Funds	6,134	6,134	--	--
Sub-total	213,396	208,058	5,338	--
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	40,550			
Guaranteed Investment Contract	20,205			
Stable Value Fund	33,438			
<b>Total, With Trustees</b>	<b>\$ 307,589</b>			

Interest Rate Risk

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

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

**B. Investments (Continued)**

Interest Rate Risk (Continued)

investments to meet expenditures and by maintaining a duration of 1.50 years or less and the duration of OCTP at June 30, 2022 is 0.79 year. 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 by investment type for the OCTP are presented in the next table. The OCTP at June 30, 2022 has 55.4% of investments maturing in six months or less and 44.6% maturing between six months and five years. As of June 30, 2022, the OCTP had no variable-rate notes.

Credit Risk

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations or that negative perceptions of the issuer's ability to make these payments will cause the price to decline. The IPS, which is more restrictive than the government code, sets forth the minimum acceptable credit ratings for investments from at least two of the following NRSROs: S&P, Moody's, or Fitch. All short-term and long-term investments, except those noted below, 1) must have the minimum ratings required below by at least two NRSROs, and 2) the lowest rating of any NRSRO must meet or exceed the minimum rating required below:

S&P	A-1, "AA"
Moody's	P-1, MIG 1/VMIG 1, "Aa"
Fitch	F-1, "AA"

If an issuer of Long-term debt has a Short-term debt rating, then it may not be less than the minimum required Short-term debt ratings above.

- a) Municipal debt issued by the County of Orange, California, U.S. Government obligations and State Pool are exempt from the credit rating requirements listed above.
- b) Money Market Mutual and Investment Pools require the highest ranking or the highest letter and numerical rating provided by at least one NRSRO.

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 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.

The following table presents a summary of the County's investments by interest rate risk and credit risk at June 30, 2022.

<u>With Treasurer:</u>	Fair Value	Principal	Maximum Maturity	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
<u>OCTP</u>						
U.S. Treasuries	\$ 6,272,171	\$ 6,425,000	5 Year	0.495		50.66%
U.S. Government Agencies	3,913,916	3,980,855	5 Year	0.266	AA	31.61%
Municipal Debt	517,649	521,784	3 Year	0.019	NR	4.18%
Local Agency Investment Fund (LAIF)	73,498	74,457	N/A	0.000	NR	0.60%
Money Market Mutual Funds	1,602,924	1,602,923	N/A	0.000	AAA	12.95%
	<b><u>\$ 12,380,158</u></b>	<b><u>\$ 12,605,019</u></b>		<b><u>0.780 (2)</u></b>		<b><u>100.00%</u></b>

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

**B. Investments (Continued)**

Credit Risk (Continued)

<u>With Treasurer:</u>	Fair Value	Principal	Maximum Maturity	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
<u>OCIF-Specific Investments</u>						
U.S. Treasuries	\$ 41,045	\$ 41,500	2/15/2036	0.579		37.45%
U.S. Government Agencies	56,915	56,021	11/2/2035	1.682	AA	51.93%
Money Market Mutual Funds	11,636	11,636	N/A	0.000	AAA	10.62%
	<b><u>\$ 109,596</u></b>	<b><u>\$ 109,157</u></b>		<b><u>2.261 (2)</u></b>		<b><u>100.00%</u></b>

<u>With Trustees:</u>	Fair Value	Principal	Maximum Maturity	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
<u>Restricted Investments with Trustees</u>						
U.S. Treasuries	\$ 5,338	\$ 5,180	5/31/2023	0.009		1.74%
Guaranteed Investment Contracts	20,205	20,205	9/20/2022	0.015	NR	6.57%
Money Market Mutual Funds	40,550	40,550	N/A	0.000	AAA	13.18%
Bond Mutual Funds	6,134	6,134	N/A	0.000	Baa2	1.99%
Non-Bond Funds	201,924	201,923	N/A	0.002	NR	65.65%
Stable Value Funds	33,438	33,438	N/A	0.000	AA	10.87%
	<b><u>\$ 307,589</u></b>	<b><u>\$ 307,430</u></b>		<b><u>0.026 (2)</u></b>		<b><u>100.00%</u></b>

- (1) The County obtains credit rating from S&P, Moody's and Fitch. The rating indicative of the greatest 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.
- (2) Portfolio weighted average maturity

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, 2022, all OCIF investments were in compliance with state law and the IPS single issuer limits.

The following holdings in OCTP exceeded five percent of the portfolio at June 30, 2022.

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>	<u>Portfolio %</u>
U.S. Government Agencies	Federal Home Loan Bank Bonds	\$ 2,108,998	17.04%
	Federal Farm Credit Bank	1,012,781	8.18%

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 which mitigates any custodial credit risk. Securities purchased by the Treasurer are held by third party custodians in their trust department to mitigate custodial credit risk. At year-end, in accordance with the IPS, the OCTP 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).

Foreign Currency Risk

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

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

**B. Investments (Continued)**

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, 2022:

**OCIF**

**Statement of Net Position**

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
Net Position Held for Pool Participants	\$ 5,994,171	\$ 6,733,366	\$ 12,727,537
Equity of Internal Pool Participants	\$ 5,483,215	\$ --	\$ 5,483,215
Equity of External Pool Participants	600,090	6,837,243	7,437,333
Undistributed and Unrealized Loss	(89,134)	(103,877)	(193,011)
Total Net Position	<u>\$ 5,994,171</u>	<u>\$ 6,733,366</u>	<u>\$ 12,727,537</u>

**Statement of Changes in Net Position**

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
Net Position at July 1, 2021	\$ 5,497,796	\$ 5,443,308	\$ 10,941,104
Net Changes in Investments by Pool Participants	496,375	1,290,058	1,786,433
Net Position at June 30, 2022	<u>\$ 5,994,171</u>	<u>\$ 6,733,366</u>	<u>\$ 12,727,537</u>

**External Pool Portion**

**Combining Statement of Fiduciary Net Position**

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
<u>Assets</u>			
Pooled Cash/Investments	\$ 599,402	\$ 6,724,072	\$ 7,323,474
Receivables			
Interest/Dividends	833	9,421	10,254
Total Assets	<u>600,235</u>	<u>6,733,493</u>	<u>7,333,728</u>
<u>Liabilities</u>			
Due to Other Governmental Agencies	145	127	272
Total Liabilities	<u>145</u>	<u>127</u>	<u>272</u>
<u>Net Position</u>			
Restricted for Pool Participants	600,090	6,733,366	7,333,456
Total Net Position	<u>\$ 600,090</u>	<u>\$ 6,733,366</u>	<u>\$ 7,333,456</u>

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

**B. Investments (Continued)**

Condensed Financial Statements (Continued)

Combining Statement of Changes in Fiduciary Net Position

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
<b>Additions:</b>			
Contributions to Pooled Investments	\$ 761,373	\$ 10,822,916	\$ 11,584,289
Other Revenues	--	1,055	1,055
Interest and Investment Income	1,499	20,545	22,044
Net Decrease in the Fair Value of Investments	(8,956)	(107,018)	(115,974)
Less: Investment Expense	(291)	(3,375)	(3,666)
Total Additions	<u>753,625</u>	<u>10,734,123</u>	<u>11,487,748</u>
<b>Deductions:</b>			
Distributions from Pooled Investments	<u>861,287</u>	<u>9,444,065</u>	<u>10,305,352</u>
Total Deductions	<u>861,287</u>	<u>9,444,065</u>	<u>10,305,352</u>
Change in Net Position Held in Trust For External Investment Pool	(107,662)	1,290,058	1,182,396
Net Position-Beginning of Year	<u>707,752</u>	<u>5,443,308</u>	<u>6,151,060</u>
Net Position-End of Year	<u>\$ 600,090</u>	<u>\$ 6,733,366</u>	<u>\$ 7,333,456</u>

**C. Restricted Deposits and Investments with Trustees**

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

**D. OCERS Investments**

Narratives and tables presented for investments managed by OCERS are taken directly from OCERS’ ACFR for the year ended December 31, 2021 (tables were formatted to 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.

#### 4. **CASH AND INVESTMENTS (Continued)**

##### D. OCERS Investments (Continued)

The following table shows the Investment Allocation as of December 31, 2021:

<u>Investment Category</u>	<u>Target Ranges</u>	<u>Actual</u>
Global Public Equity	40-54%	48%
Core Fixed Income	6-16%	11%
Credit	4-10%	7%
Real Assets	8-16%	10%
Private Equity	9-17%	14%
Risk Mitigation	6-14%	9%
Unique Strategies	0-5%	0%
Cash	0-5%	1%
<u>Total</u>		<u>100%</u>

During 2021, the allocation to the private equity category increased while the allocation to the credit, real assets and cash 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, 2021, 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 \$95,600. 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.

##### Credit Risk

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.

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

**D. OCERS Investments (Continued)**

Credit Risk (Continued)

As of December 31, 2021, the S&P Global credit ratings of the OCERS' fixed income portfolio were as follows:

Investment Type	Rating as of December 31, 2021											Total		
	AAA	AA	A	BBB	BB	B	CCC	CC	D	N/R	N/A			
Pooled	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,119,627	\$ --	\$ 1,119,627
U.S. Treasury Notes	--	--	--	--	--	--	--	--	--	--	--	--	382,393	382,393
Corporate Bonds	--	8,825	42,583	234,754	86,693	56,478	24,859	387	--	27,245	--	--	--	481,824
Mortgage-Backed Securities	11,587	247,521	944	747	--	292	178	--	--	42,961	5,621	--	--	309,851
Asset-Backed Securities	12,101	14,327	1,682	6,215	1,831	2,254	3,721	--	1,214	32,722	--	--	--	76,067
Municipal Bonds	--	9,702	14,745	2,211	1,279	1,245	--	--	--	3,074	--	--	--	32,256
Agencies	--	--	--	--	--	--	--	--	--	2,200	--	--	--	2,200
International	7,044	4,627	30,944	124,159	46,773	28,008	2,816	--	--	12,557	--	--	--	256,928
Swaps	--	--	--	--	--	--	--	--	--	1,346	--	--	--	1,346
<b>Total</b>	<b>\$ 30,732</b>	<b>\$ 285,002</b>	<b>\$ 90,898</b>	<b>\$ 368,086</b>	<b>\$ 136,576</b>	<b>\$ 88,277</b>	<b>\$ 31,574</b>	<b>\$ 387</b>	<b>\$ 1,214</b>	<b>\$ 1,241,732</b>	<b>\$ 388,014</b>	<b>\$ 2,662,492</b>	<b>\$ 2,662,492</b>	

Interest Rate Risk

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 (82%), and the Bloomberg US TIPS Total Return (18%). As of December 31, 2021, the durations of these indices are 6.46 years and 2.44 years, respectively for a blended duration of 5.74 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, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Portfolio %</u>	<u>Duration (in Years)</u>
Pooled	\$ 1,119,627	42%	4.58
U.S. Treasury Notes	382,393	14%	7.24
Corporate Bonds	463,273	17%	6.51
Mortgage-Backed Securities	303,167	11%	4.26
Asset-Backed Securities	69,113	4%	2.25
Municipal Bonds	32,256	1%	10.03
Agencies	2,200	0%	3.46
International	256,768	10%	5.78
<b>No Effective Duration:</b>			
Corporate Bonds	18,551	1%	N/A
Mortgage-Backed Securities	6,684	0%	N/A
Asset-Backed Securities	6,954	0%	N/A
International	160	0%	N/A
Swaps	1,346	0%	N/A
<b>Total Fair Value</b>	<b>\$ 2,662,492</b>	<b>100%</b>	
Portfolio Duration			5.33

#### 4. CASH AND INVESTMENTS (Continued)

##### D. OCERS Investments (Continued)

###### 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, 2021:

<u>Currency in U.S. Dollar</u>	<u>Cash</u>	<u>Equity</u>	<u>Fixed Income</u>	<u>Options</u>	<u>Forward Contracts</u>	<u>Swaps</u>	<u>Total</u>
Australian Dollar	\$ 7	\$ 32,839	\$ --	\$ --	\$ (28)	\$ --	\$ 32,818
Brazilian Real	--	4,625	634	--	5	(173)	5,091
Canadian Dollar	1,780	25,134	158	--	384	(31)	27,425
Danish Krone	54	32,050	7,044	--	86	--	39,234
Euro Currency	(94)	339,705	2,809	(6)	(90)	430	342,754
Hong Kong Dollar	(16)	28,906	--	--	--	--	28,890
Iceland Krona	216	--	--	--	--	--	216
Indian Rupee	--	--	656	--	--	--	656
Japanese Yen	368	160,179	--	--	(252)	(11)	160,284
Mexican Peso	4	--	2,390	--	(2)	--	2,392
New Zealand Dollar	--	877	--	--	(121)	--	756
Norwegian Krone	--	7,433	--	--	6	--	7,439
Pound Sterling	59	118,868	5,117	--	(465)	416	123,995
Russian Ruble	--	2,896	--	--	(24)	--	2,872
Singapore Dollar	92	4,779	--	--	34	--	4,905
South African Rand	86	--	--	--	(52)	--	34
South Korean Won	--	9,967	--	--	--	--	9,967
Swedish Krona	52	47,288	--	--	(173)	(8)	47,159
Swiss Franc	44	58,514	--	--	(251)	205	58,512
Amount Exposed to Foreign Currency Risk	<u>\$ 2,652</u>	<u>\$ 874,060</u>	<u>\$ 18,808</u>	<u>\$ (6)</u>	<u>\$ (943)</u>	<u>\$ 828</u>	<u>\$ 895,399</u>

###### 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, 2021, 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, 2021, 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.



#### 4. CASH AND INVESTMENTS (Continued)

##### D. OCERS Investments (Continued)

##### Derivative Instruments (Continued)

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, 2021.

<u>Derivative Instruments</u>	<u>Changes in Fair Value</u>		<u>Fair Value at December 31, 2021</u>		
	<u>Net Appreciation/ (Depreciation) (4)</u>	<u>Amount (1)</u>	<u>Classification</u>	<u>Amount (2)</u>	<u>Notional (3)</u>
Commodity Futures Long	\$	4,920	Cash	\$ --	\$ 822
Commodity Futures Short		(1,207)	Cash	--	--
Credit Default Swaps Written		64	Core Fixed Income	1,601	43,270
Fixed Income Futures Long		(1,453)	Cash / Core Fixed Income	--	54,812
Fixed Income Futures Short		768	Core Fixed Income	--	(41,800)
Fixed Income Options Bought		(146)	Core Fixed Income	201	4,200
Fixed Income Options Written		327	Core Fixed Income	(402)	(127,117)
Foreign Currency Futures Long		89	Cash	--	400
Futures Options Written		2	Core Fixed Income	--	--
FX Forwards		(4,128)	Foreign Currency Forward Contracts		
Index Futures Long		55,152	Receivables and Payables	(943)	284,979
Index Futures Short		(8,805)	Cash/ Global Public Equity	--	1,230
Pay Fixed Interest Rate Swaps		921	Global Public Equity	--	(22)
Receive Fixed Interest Rate Swaps		(1,114)	Core Fixed Income	310	20,154
Rights		48	Core Fixed Income	(565)	23,383
Total Return Swaps Bond		(1,703)	Global Public Equity	--	--
Total Return Swaps Equity		1,362	Global Public Equity	(37)	6,001
Total	\$	<u>45,097</u>	Global Public Equity	<u>242</u>	<u>(15,605)</u>
				<u>\$ 407</u>	

(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 day, including December 31, 2021. 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, 2021.

#### 4. CASH AND INVESTMENTS (Continued)

##### D. OCERS Investments (Continued)

###### Custodial Credit Risk—Derivative Instruments

As of December 31, 2021, 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, 2021 is as follows:

<u>Counterparty Name</u>	<u>S&amp;P Rating</u>	<u>Foreign Currency Forward Contracts</u>	<u>Swaps</u>	<u>Total Fair Value</u>
Bank of America CME	A-	\$ --	\$ 45	\$ 45
Bank of America ICE	A-	--	1,485	1,485
Bank of America Merrill Lynch Secur Inc	A-	--	432	432
Bank of America, N.A.	A+	5	10	15
Barclays Bank PLC Wholesale	A	--	2	2
BNP Paribas SA	A+	14	3	17
Citibank N.A.	A+	581	--	581
Credit Suisse International	A+	13	--	13
Deutsche Bank AG	A-	6	--	6
HSBC Bank USA	A+	36	--	36
JPMorgan Chase Bank, N.A.	A-	521	108	629
Morgan Stanley Co Incorporated	BBB+	--	254	254
Total		<u>\$ 1,176</u>	<u>\$ 2,339</u>	<u>\$ 3,515</u>

###### Interest Rate Risk-Derivatives

At December 31, 2021, OCERS is exposed 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), Latin America largest central depository (CETIP), Sterling Overnight Index Average (SONIA), and European reference rates.

The following table illustrates the maturity periods of these investments:

	<u>Fair Value</u>	<u>Investment Maturities (In years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Credit Default Swaps Written	\$ 1,601	\$ 3	\$ 1,587	\$ --	\$ 11
Fixed Income Options Bought	201	--	201	--	--
Fixed Income Options Written	(402)	(141)	(261)	--	--
Pay Fixed Interest Rate Swaps	310	--	16	416	(122)
Receive Fixed Interest Rate Swaps	(565)	--	(608)	43	--
Total Return Swaps Bond	(37)	(37)	--	--	--
Total Return Swaps Equity	242	242	--	--	--
Total	<u>\$ 1,350</u>	<u>\$ 67</u>	<u>\$ 935</u>	<u>\$ 459</u>	<u>\$ (111)</u>

#### 4. CASH AND INVESTMENTS (Continued)

##### D. OCERS Investments (Continued)

##### Interest Rate Risk-Derivatives (Continued)

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

	<u>Receive Rate</u>	<u>Payable Rate</u>	<u>Fair Value</u>	<u>Notional</u>
Pay Fixed Interest Swaps	Variable 3-month LIBOR	Fixed 0.25%-1.15%	\$ (106)	\$ 5,120
Pay Fixed Interest Swaps	Variable 12-month SONIA	Fixed 0.08%-2.00%	416	15,034
Total Pay Fixed Interest Swaps			<u>310</u>	
Received Fixed Interest Rate Swaps	Fixed 1.22%-1.29%	Variable 3-month CDOR	(31)	1,979
Received Fixed Interest Rate Swaps	Fixed 0.05%-1.80%	Variable 3-month LIBOR	(360)	16,000
Received Fixed Interest Rate Swaps	Fixed 7.52%-10.96%	Variable 0-month BRCDI	(173)	5,242
Received Fixed Interest Rate Swaps	Fixed 10.21%-10.83%	Variable 0-month CETIP	(1)	161
Total Received Fixed Interest Rate Swaps			<u>(565)</u>	
Total Interest Rate Swaps			<u>\$ (255)</u>	

##### Foreign Currency Risk-Derivatives

At December 31, 2021, 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.

<u>Currency Name</u>	<u>Options</u>	<u>Currency Forward Contracts</u>		<u>Swaps</u>	<u>Total Exposure</u>
		<u>Net Receivables</u>	<u>Net Payables</u>		
Australian Dollar	\$ --	\$ 290	\$ (318)	\$ --	\$ (28)
Brazilian Real	--	18	(13)	(173)	(168)
Canadian Dollar	--	390	(6)	(31)	353
Danish Krone	--	102	(16)	--	86
Euro Currency	(6)	58	(148)	430	334
Japanese Yen	--	9	(261)	(11)	(263)
Mexican Peso	--	2	(4)	--	(2)
New Israeli Sheqel	--	22	(22)	--	--
New Zealand Dollar	--	--	(121)	--	(121)
Norwegian Krone	--	52	(46)	--	6
Pound Sterling	--	117	(582)	416	(49)
Russian Ruble	--	12	(36)	--	(24)
Singapore Dollar	--	39	(5)	--	34
South African Rand	--	--	(52)	--	(52)
Swedish Krona	--	34	(207)	(8)	(181)
Swiss Franc	--	31	(282)	205	(46)
Total Foreign Currency	\$ (6)	\$ 1,176	\$ (2,119)	\$ 828	\$ (121)
U.S. Dollar	(195)	--	--	723	528
Total	<u>\$ (201)</u>	<u>\$ 1,176</u>	<u>\$ (2,119)</u>	<u>\$ 1,551</u>	<u>\$ 407</u>

##### Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on the assets of the plan, net of investment expense, was 16.67%. 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.

##### 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

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

D. OCERS Investments (Continued)

Securities Lending (Continued)

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, 2021, the liquidity pool had an average duration of 108 days and a WAM of 11 days. The duration pool had an average duration of 956 days and a WAM of 22 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 2021, 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, 2021 was \$190,430 and \$195,239, 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	\$ 70,516	\$ 72,751	\$ --	\$ 72,751
Core Fixed Income	92,800	94,679	--	94,679
Credit	27,114	27,809	--	27,809
Total	<u>\$ 190,430</u>	<u>\$ 195,239</u>	<u>\$ --</u>	<u>\$ 195,239</u>

Investments—Fair Value Measurements

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

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

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

The following table represents the fair value measurements as of December 31, 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)
<b>Investments by Fair Value Level</b>				
Fixed Income:				
U.S. Fixed Income:				
Pooled	\$ 1,119,627	\$ --	\$ 1,119,627	\$ --
U.S. Treasury Notes	382,393	--	382,393	--
Corporate Bonds	481,824	--	481,814	10
Mortgage-Backed Securities	309,851	--	309,851	--
Asset-backed Securities	76,067	--	76,067	--
Municipal Bonds	32,256	--	32,256	--
Agencies	2,200	--	2,200	--
International	256,928	--	256,928	--
Total Fixed Income	2,661,146	--	2,661,136	10
Global Public Equity investments:				
Domestic Equity	6,493,625	612,546	5,881,079	--
International Equity	2,482,907	852,577	1,630,330	--
Emerging Markets Equity	477,661	--	477,661	--
Total Global Public Equity	9,454,193	1,465,123	7,989,070	--
Real Assets:				
Agriculture	69,698	--	--	69,698
Real Return	--	--	--	--
Energy	--	--	--	--
Infrastructure	--	--	--	--
Real Estate	11,260	--	--	11,260
Timber	8,494	--	--	8,494
Total Real Assets	89,452	--	--	89,452
Other Investments:				
Credit	--	--	--	--
Risk Mitigation	536,811	--	536,811	--
Total Other Investments	536,811	--	536,811	--
Total Investments at Fair Value Level	\$ 12,741,602	\$ 1,465,123	\$ 11,187,017	\$ 89,462

**4. CASH 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)
<b>Investments Measured at the NAV:</b>				
Global Public Equity investments:				
International Equity	\$ 502,177			
Emerging Markets Equity	800,353			
Total Global Public Equity	<u>1,302,530</u>			
Real Assets:				
Energy	582,856			
Infrastructure	407,369			
Real Estate	1,236,569			
Total Real Assets	<u>2,226,794</u>			
Other Investments:				
Credit (includes private credit)	1,377,414			
Private Equity	3,365,917			
Risk Mitigation	1,445,575			
Unique Strategies	76,904			
Total Other Investments	<u>6,265,810</u>			
Total investments measured at the NAV	<u>\$ 9,795,134</u>			
<b>Investments Derivative Instruments:</b>				
Swaps:				
Interest Rate Swaps	\$ (255)	\$ --	\$ (255)	\$ --
Credit Default Swaps	1,601	--	1,601	--
Total Return Swaps	205	--	205	--
Options	(201)	--	(201)	--
Total Investment Derivative Instruments	<u>\$ 1,350</u>	<u>\$ --</u>	<u>\$ 1,350</u>	<u>\$ --</u>
Total Investments Measured at Fair Value	<u>\$ 22,538,086</u>			

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.

#### 4. **CASH AND INVESTMENTS (Continued)**

##### D. **OCERS Investments (Continued)**

###### Investment–Fair Value Measurements (Continued)

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.

The System uses the NAV to determine the fair value of the underlying investments, when an investment does not have a readily determinable fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements.

The follow table represents the investments measured at NAV as of December 31, 2021.

	<b>Fair Value Measured at NAV</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)*</b>	<b>Redemption Notice Period</b>
<b><u>Investments measured at the NAV:</u></b>				
Global Public Equity Investments:				
International Equity	\$ 502,177	\$ --	W	7 days
Emerging Markets Equity	800,353	--	M	30 days
Total equity investments measured at the NAV	1,302,530	--		
Real Assets:				
Agriculture	--	22,451	Q	60 days
Energy	582,856	454,819	N/A	N/A
Infrastructure	407,369	318,633	N/A	N/A
Real Estate	1,236,569	446,146	Q, N/A	7-90 days, N/A
Total real assets measured at the NAV	2,226,794	1,242,049		
Other Investments:				
Credit (includes private credit)	1,377,414	539,546	M, Q, N/A	5-90 days, N/A
Private Equity	3,365,917	1,440,142	N/A	N/A
Risk Mitigation	1,445,575	--	D, W, M, Q	1-75 days
Unique Strategies	76,904	99,400	Q, N/A	60 days, N/A
Total other investments at the NAV	6,265,810	2,079,088		
Total investments measured at the NAV	\$ 9,795,134	\$ 3,321,137		

\* 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 five institutional funds. 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.

#### 4. CASH AND INVESTMENTS (Continued)

##### D. OCERS Investments (Continued)

###### Investment–Fair Value Measurements (Continued)

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 schedule on the previous page.

Real assets: Energy consists of 18 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 nine 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.

Real assets: Real estate investments include 19 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.

Credit includes investments in 22 limited partnership funds. 16 of these funds are considered private credit investments, which are closed-end funds and are considered illiquid investments. These investments represent approximately 40% 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 three 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.



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

**E. CalOptima's Cash and Investments**

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

	<u>2022</u>
Current Assets:	
Cash and Cash Equivalents	\$ 823,489
Investments	1,014,461
Board-Designated Assets and Restricted Cash:	
Cash and Cash Equivalents	44,969
Investments	566,159
Restricted Deposit	300
Total	<u>\$ 2,449,378</u>

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

	<u>2022</u>
Board-Designated Assets and Restricted Cash:	
Contingency Reserve Fund	\$ 570,492
Homeless Health Initiative Fund	40,637
Restricted Deposits with DMHC	300
Total	<u>\$ 611,429</u>

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, 2022, 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 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.

#### 4. CASH AND INVESTMENTS (Continued)

##### E. CalOptima's Cash and Investments (Continued)

###### Interest Rate Risk (Continued)

As of June 30, 2022, CalOptima's investments, including cash equivalents, had the following modified duration:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
U.S. Treasury Notes	\$ 327,895	\$ 36,711	\$ 291,184
U.S. Agency Notes	27,969	--	27,969
Corporate Bonds	502,565	33,238	469,327
Asset-Backed Securities	280,622	--	280,622
Mortgage-Backed Securities	92,452	36,472	55,980
Municipal Bonds	129,008	45,231	83,777
Tax Exempt Municipal Bonds	1,209	--	1,209
Supranational	29,858	--	29,858
Commercial Paper	35,970	5,977	29,993
Certificates of Deposit	148,728	136,032	12,696
Cash Equivalents	767,205	767,205	--
Cash	3,463	3,463	--
Total	<u>2,346,944</u>	<u>\$ 1,064,329</u>	<u>\$ 1,282,615</u>
Accrued Interest Receivable	4,343		
	<u>\$ 2,351,287</u>		

###### 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, 2022
Asset-Back Securities	\$ 280,622
Mortgage-Backed Securities	92,452
	<u>\$ 373,074</u>

###### Credit Risk

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

As of June 30, 2022, 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	\$ 613,661	N/A	\$ 613,661	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	
U.S. Agency Notes	112,993	N/A	112,993	--	--	--	--	--	--	
Corporate Bonds	504,698	A-	--	13,169	18,224	82,365	97,504	179,834	113,602	
Asset-Backed Securities	280,779	AAA	--	268,944	11,835	--	--	--	--	
Mortgage-Backed Securities	92,634	AAA	--	92,634	--	--	--	--	--	
Municipal Bonds	141,722	A	--	46,435	60,559	29,755	2,175	2,798	--	
Supranational	29,898	AAA	--	29,898	--	--	--	--	--	
Repurchase Agreement	175,007	N/A	175,007	--	--	--	--	--	--	
Certificates of Deposit	153,405	A1/P1	--	153,405	--	--	--	--	--	
Commercial Paper	243,027	A1/P1	--	211,532	31,495	--	--	--	--	
Money Market Mutual Funds	3,463	AAA	--	3,463	--	--	--	--	--	
Total	<u>\$ 2,351,287</u>			<u>\$ 901,661</u>	<u>\$ 819,480</u>	<u>\$ 122,113</u>	<u>\$ 112,120</u>	<u>\$ 99,679</u>	<u>\$ 182,632</u>	<u>\$ 113,602</u>

**4. CASH 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, 2022, all holdings complied with the foregoing limitations. As of June 30, 2022, there was one U.S. Treasury note issued by the United States Treasury that represented 26.14% of the portfolio.

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.

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:

	<b>Investment Assets at Fair Value as of June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
U.S. Treasury Notes	\$ 327,895	\$ --	\$ --	\$ 327,895
U.S. Agency Notes	--	27,969	--	27,969
Corporate Bonds	--	502,565	--	502,565
Asset-Backed Securities	--	280,622	--	280,622
Mortgage-Backed Securities	--	92,452	--	92,452
Municipal Bonds	--	129,008	--	129,008
Tax Exempt Municipal Bonds	--	1,209	--	1,209
Supranational	--	29,858	--	29,858
Commercial Paper	--	35,970	--	35,970
Certificates of Deposits	--	148,728	--	148,728
	<u>\$ 327,895</u>	<u>\$ 1,248,381</u>	<u>\$ --</u>	<u>\$ 1,576,276</u>

**5. 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:

## 5. RECEIVABLES (Continued)

### Accounts Receivable

Accounts Receivable had a balance of \$42,557 as of June 30, 2022. Of this amount, \$4,083 is not expected to be collected within the next fiscal year. This primarily consists of \$3,114 for animal care delinquent invoices. Also, \$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 \$669 as of June 30, 2022. Of this amount, \$624 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 Health Care Agency (HCA) and \$122 in deposits with the U.S. Army Corps of Engineers for regulatory permitting process on various maintenance.

### Leases Receivable

Leases Receivable had a balance of \$311,921 as of June 30, 2022. Of this amount, \$291,040 is not expected to be received within the next fiscal year. This represents multiple lease agreements, as described in Note 7, Service Concession Arrangements and Note 13, Leases.

### Due from Other Governmental Agencies

Due from Other Governmental Agencies had a balance of \$647,661 as of June 30, 2022. Of this amount, \$150,643 is not expected to be received within the next fiscal year, which primarily consists of \$71,182 for COVID-19 program reimbursements from the Federal Emergency Management Agency (FEMA) and \$17,980, net of an allowance of \$8,413, owed by the State to the County for various mandated cost reimbursements for programs and services the State requires the County to provide. Also, \$60,545 is for expected reimbursement of the Santa Ana River Subvention claims that will be submitted to the State Department of Water Resources, and \$682 is for the expected reimbursement of Medi-Cal administrative activities.

### Notes Receivable

Notes Receivable had a balance of \$62,739 as of June 30, 2022. Of this amount, \$33,788 is not expected to be received within the next fiscal year. This primarily consists of \$30,266 for loans made to developers to build affordable, low to moderate income, and senior housing. In addition, \$2,612 is for housing loans for Mental Health Services Act (MHSA) programs and \$859 is for loans provided to first time home buyers.

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**6. 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 June 30, 2022
	Balance July 1, 2021, as restated	Increases	Decreases	Adjustments	
Governmental Activities:					
Capital Assets Not Depreciable/Amortizable:					
Land	\$ 871,293	\$ 13,796	\$ (46,983)	\$ --	\$ 838,106
Land Use Rights (Permanent)	6,439	9,996	--	--	16,435
Construction in Progress	327,261	369,286	(41,598)	--	654,949
Intangible in Progress	27,370	5,256	(10,901)	--	21,725
Total Capital Assets Not Depreciable/Amortizable	1,232,363	398,334	(99,482)	--	1,531,215
Capital Assets, Depreciable/Amortizable:					
Structures and Improvements	1,638,738	25,354	(6,299)	--	1,657,793
Land Improvements	7,018	3,190	--	--	10,208
Equipment	520,831	32,457	(43,624)	(83)	509,581
Software	145,136	14,588	--	25	159,749
Infrastructure:					
Flood Channels	1,374,794	73	--	--	1,374,867
Roads	457,280	3,258	--	--	460,538
Bridges	156,959	10	--	--	156,969
Trails	46,938	2,449	--	--	49,387
Traffic Signals	19,872	787	(57)	--	20,602
Harbors and Beaches	41,238	--	--	--	41,238
Total Capital Assets, Depreciable/Amortizable	4,408,804	82,166	(49,980)	(58)	4,440,932
Less Accumulated Depreciation/Amortization For:					
Structures and Improvements	(817,671)	(45,125)	6,299	--	(856,497)
Land Improvements	(1,468)	(558)	--	--	(2,026)
Equipment	(312,402)	(34,788)	36,336	25	(310,829)
Software	(115,366)	(9,170)	--	(25)	(124,561)
Infrastructure:					
Flood Channels	(404,523)	(19,067)	--	--	(423,590)
Roads	(210,704)	(18,449)	--	--	(229,153)
Bridges	(52,745)	(2,837)	--	--	(55,582)
Trails	(38,851)	(821)	--	--	(39,672)
Traffic Signals	(12,958)	(513)	57	--	(13,414)
Harbors and Beaches	(34,093)	(621)	--	--	(34,714)
Total Accumulated Depreciation/Amortization	(2,000,781)	(131,949)	42,692	--	(2,090,038)
Right-to-Use Assets					
Leased Equipment	1,428	115	--	--	1,543
Leased IT Equipment	190	39	--	--	229
Leased Structures and Improvements	442,967	5,499	(790)	--	447,676
Leased Land	2,996	--	--	--	2,996
Total Right-to-Use Assets	447,581	5,653	(790)	--	452,444
Less Accumulated Amortization For:					
Leased Equipment	--	(771)	--	--	(771)
Leased IT Equipment	--	(105)	--	--	(105)
Leased Structures and Improvements	--	(36,917)	--	--	(36,917)
Leased Land	--	(232)	--	--	(232)
Total Accumulated Amortization	--	(38,025)	--	--	(38,025)
Total Capital Assets, Depreciable/Amortizable (Net)	2,855,604	(82,155)	(8,078)	(58)	2,765,313
Governmental Activities Total Capital Assets, Net	\$ 4,087,967	\$ 316,179	\$ (107,560)	\$ (58)	\$ 4,296,528

**6. CHANGES IN CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended June 30, 2022 includes a positive adjustment of \$25 in Equipment and a negative adjustment in Software due to the reclassification of a fully depreciated asset from equipment to software, and a negative adjustment of \$58 in Equipment due to the removal of non-capitalizable costs on a previously capitalized asset.

	Primary Government				Balance June 30, 2022
	Balance July 1, 2021	Increases	Decreases	Adjustments	
Business-Type Activities:					
Capital Assets Not Depreciable/Amortizable:					
Land	\$ 38,379	\$ --	\$ --	--	\$ 38,379
Construction in Progress	52,793	23,419	(41,529)	--	34,683
Intangible in Progress	307	28	--	--	335
Total Capital Assets Not Depreciable/Amortizable	91,479	23,447	(41,529)	--	73,397
Capital Assets, Depreciable/Amortizable:					
Structures and Improvements	938,123	28,833	--	--	966,956
Land Improvements	611	--	--	--	611
Equipment	111,219	13,818	(5,962)	--	119,075
Software	6,456	501	--	--	6,957
Infrastructure	716,726	12,950	--	--	729,676
Total Capital Assets, Depreciable/Amortizable	1,773,135	56,102	(5,962)	--	1,823,275
Less Accumulated Depreciation/Amortization For:					
Structures and Improvements	(413,255)	(29,196)	--	--	(442,451)
Land Improvements	(27)	(20)	--	--	(47)
Equipment	(60,608)	(8,664)	5,699	--	(63,573)
Software	(3,687)	(583)	--	--	(4,270)
Infrastructure	(444,246)	(17,452)	--	--	(461,698)
Total Accumulated Depreciation/Amortization	(921,823)	(55,915)	5,699	--	(972,039)
Total Capital Assets, Depreciable/Amortizable (Net)	851,312	187	(263)	--	851,236
Business-Type Activities Total Capital Assets, Net	\$ 942,791	\$ 23,634	\$ (41,792)	\$ --	\$ 924,633

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

Government Activities:	
General Government	\$ 19,613
Public Protection	56,693
Public Ways and Facilities	28,576
Health and Sanitation	17,766
Public Assistance	22,425
Education	2,321
Recreation and Cultural Services	8,426
Internal Service Funds' Depreciation Expense Allocated to Various Functions	14,154
Total Governmental Activities Depreciation/Amortization Expense	<u>169,974</u>
Business-Type Activities:	
Airport	34,244
OC Waste & Recycling	21,671
Total Business-Type Activities Depreciation/Amortization Expense	<u>55,915</u>
Total Depreciation/Amortization Expense	<u>\$ 225,889</u>

## **7. SERVICE CONCESSION ARRANGEMENTS (SCA)**

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 or have the ability to modify 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, later amended, 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 the agreements is \$200 and it is reported in the County’s 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. Except for the lease terms and due dates for the monthly minimum and percentage rents, dates and deadlines under the Ground Leases were tolled. On March 9, 2022, the County approved the second amendment to the Master Ground Lease Agreement mainly to terminate the tolling amendment and to modify the schedule of the construction and redevelopment work. The original leases term, minimal rent payments and revenue share remained the same. Under the terms of the agreement with DPHPD, the County is obligated 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.

As of June 30, 2022, the present value of the minimum rent payments under the contracts is estimated to be \$86,141 using a 2.5% discount rate. This amount is reported as a receivable in the government-wide financial statements. The total minimal rent payments received in FY 2021-22 was \$1,665. In addition, \$67,569 is

**7. SERVICE CONCESSION ARRANGEMENTS (SCA) (Continued)**

reported as deferred inflow of resources. As of June 30, 2022, the lease terms for Dana Point Harbor cover the remaining period of 63 years.

**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, 2022 is as follows:

Due from/to other funds:

Payable Funds	Receivable Funds							Total
	General Fund	Flood Control District	Other Public Protection	Other Governmental Funds	Airport	OC Waste & Recycling	Internal Service Funds	
General Fund	\$ -	\$ 698	\$ 17,624	\$ 53,429	\$ 36	\$ 31	\$ 2,217	\$ 74,035
Flood Control District	10,929	-	-	798	-	95	26	11,848
Other Public Protection	10,175	-	-	15	-	-	6	10,196
Mental Health Services Act	32,158	-	-	-	-	-	-	32,158
Other Governmental Funds	57,848	1,245	1	15,273	-	42	165	74,574
Airport	2,062	-	1	66	-	-	488	2,617
OC Waste & Recycling	8,488	-	-	12	-	-	42	8,542
Internal Service Funds	4,335	8	-	6	-	-	7	4,356
<b>Total</b>	<b>\$ 125,995</b>	<b>\$ 1,951</b>	<b>\$ 17,626</b>	<b>\$ 69,599</b>	<b>\$ 36</b>	<b>\$ 168</b>	<b>\$ 2,951</b>	<b>\$ 218,326</b>

Interfund transactions between the Primary Government and Component Unit:

Receivable Entity	Payable Entity	Amount
Primary Government-General Fund	Component Unit-CFCOC	\$ 435
Component Unit-CFCOC	Primary Government-General Fund	443

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	\$ 40,000

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.

**9. INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2022 were as follows:

Transfer Out Funds	Transfer In Funds							Total
	General Fund	Flood Control District	Other Public Protection	Other Governmental Funds	Airport	OC Waste & Recycling	Internal Service Funds	
General Fund	\$ --	\$ --	\$ 19,074	\$ 108,113	\$ --	\$ --	\$ 5,212	\$ 132,399
Flood Control District	5,200	--	--	355	--	--	1,962	7,517
Other Public Protection	22,747	--	--	19,387	--	--	32	42,166
Mental Health Services Act	191,220	--	--	--	--	--	--	191,220
Other Governmental Funds	87,130	--	--	51,306	--	96	1,985	140,517
OC Waste & Recycling	8,097	--	--	--	--	--	--	8,097
Internal Service Funds	899	215	--	--	5	--	--	1,119
<b>Total</b>	<b>\$ 315,293</b>	<b>\$ 215</b>	<b>\$ 19,074</b>	<b>\$ 179,161</b>	<b>\$ 5</b>	<b>\$ 96</b>	<b>\$ 9,191</b>	<b>\$ 523,035</b>



## 9. **INTERFUND TRANSFERS (Continued)**

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 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

- \$72,626 was transferred to Other Governmental Funds for the James A. Musick Facility expansion, Central Utility Facility (CUF) bond repayment, and future capital projects
- \$14,165 was transferred to Other Public Protection for PSST excess revenue
- \$8,257 was transferred to Other Governmental Funds to finance the County's 60% share of the Wraparound Program
- \$4,489 was transferred to Other Governmental Funds in connection with debt service payments for the CUF debt
- \$4,154 was transferred to Internal Service Funds primarily for the purchase of Sheriff-Coroner vehicles
- \$4,096 was transferred to Other Governmental Funds for the maintenance and repair of various Probation Criminal Justice Facilities
- \$4,010 was transferred to Other Governmental Funds for Countywide IT projects
- \$3,393 was transferred to Other Public Protection for Clerk-Recorder restricted fee revenue
- \$1,800 was transferred to Other Governmental Funds to cover expenditures for Sheriff-Coroner construction and facility development projects
- \$1,455 was transferred to Other Public Protection for the purchase, replacement, and maintenance of Sheriff-Coroner equipment

#### From Flood Control District

- \$4,149 was transferred to the General Fund for the Watershed Management Program
- \$1,962 was transferred to the Internal Service Funds for the purchase of OC Flood Vehicles

#### From Other Public Protection

- \$7,733 was transferred to the General Fund to support the Sheriff-Coroner Department's operations
- \$7,146 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
- \$4,666 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
- \$2,165 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

- \$191,220 was transferred to the General Fund to cover the qualifying Prop 63 MHSA expenditures

#### From Other Governmental Funds

- \$50,508 was transferred to Other Governmental Funds for Sheriff-Coroner capital projects
- \$43,653 was transferred to the General Fund to fund various County programs as follows:
  - \$30,065 for the County's Wraparound Program

## **9. INTERFUND TRANSFERS (Continued)**

### Recurring Transfers (Continued)

- \$6,350 for Emergency Medical Services
- \$5,096 for the Homeless Emergency Aid Program and Crisis Stabilization Program
- \$2,142 for health disaster preparedness and the Center for Disease Control pandemic flu costs
- \$30,457 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

### From Enterprise Funds

- \$7,110 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

- \$8,345 was transferred to Other Governmental Funds for the reimbursement of CAS, Building 16 debt service payments
- \$2,699 was transferred to Other Governmental Funds for Social Services Agency Leased Facilities to cover shortfall at the end of the lease term
- \$1,069 was transferred to Other Governmental Funds for development of supportive housing

#### From Other Public Protection

- \$19,278 was transferred to Other Governmental Funds for the Sheriff-Coroner James A. Musick Facility construction

#### From Flood Control District

- \$1,050 was transferred to the General Fund for the reimbursement of CAS, Building 16 debt service payments

#### From Other Governmental Funds

- \$5,065 was transferred to the General Fund for Environmental Health programs
- \$2,555 was transferred to the General Fund for the loan repayment for the construction of the new Animal Shelter
- \$1,957 was transferred to the General Fund for the Property Tax System Centralized support

## **10. SHORT-TERM OBLIGATIONS**

### 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. 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. The County repaid in full the outstanding balance of the bonds on April 29, 2022.

### Taxable Pension Obligation Bonds, 2022 Series A

On January 13, 2022, the County issued the 2022 POBs in the principal amount of \$521,784. The 2022 POBs were issued in order to take advantage of the discount offered by the OCERS Board of Retirement to prepay the County's FY 2022-23 pension contribution. The 2022 POBs were issued as standard bonds, with four fixed-rate

**10. SHORT-TERM OBLIGATIONS (Continued)**

Taxable Pension Obligation Bonds, 2022 Series A (Continued)

tranches, and a final maturity date of April 28, 2023. The obligation of the County to pay principal and interest on the 2022 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, 2022, the outstanding principal amount of the 2022 POBs reported in the General Fund was \$521,784. Refer to Note 4, Cash and Investments and Note 18, Retirement Plans for additional information.

Description	Balance July 1, 2021	Issuances & Discount/ Premium Amortization	Retirements	Balance June 30, 2022	Amounts Due within One Year
<b>County of Orange</b>					
<b><u>Taxable Pension Obligation</u></b>					
<b><u>Bonds, 2021 Series A</u></b>					
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)	\$ --	\$ --
<b>County of Orange</b>					
<b><u>Taxable Pension Obligation</u></b>					
<b><u>Bonds, 2022 Series A</u></b>					
Date Issued: January 13, 2022					
Interest Rate: 0.550% to 0.678%					
Original Amount: \$521,784					
Maturing in installments through April 28, 2023	--	521,784	--	521,784	521,784
<b>Total</b>	<b>\$ 484,800</b>	<b>\$ 521,784</b>	<b>\$ (484,800)</b>	<b>\$ 521,784</b>	<b>\$ 521,784</b>

**11. 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, 2022, the County had no net general obligation bonded debt. The County's legal debt limit for the year was \$8,613,612. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIII A, Section 1 requires the approval of 2/3 of the voters voting on the proposition.

**Revenue Bonds Payable**

Central Utility Facility Lease Revenue Bonds, Series 2016

On June 2, 2016, the South Orange County Public Financing Authority (SOCPFA) issued its \$56,565 Lease Revenue Bonds, Series 2016 at a premium of \$11,724 with an interest rate range of 3.00% to 5.00%. The Lease Revenue Bonds, payable through April 2036, were issued to finance the acquisition, construction and installation of certain capital improvements to be owned by the County and to pay costs relating to the issuance of the bonds. As of June 30, 2022, the outstanding principal amount, including the premium of the Series 2016 Bonds, and interest were \$54,820 and \$18,406 respectively.

## 11. 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 California Municipal Finance Authority (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, 2022, the outstanding principal amount, including the premium of the Series 2017 Bonds, and interest were \$168,670 and \$102,839, 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 400 W. Civic Center Drive. As of June 30, 2022, the outstanding principal amount, including the premium of the Series 2018 Bonds, and interest were \$212,304 and \$150,175, respectively.

The County's payment obligation will commence on August 5, 2022 when the building's Certificate of Substantial Completion will be 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,

## **11. LONG-TERM OBLIGATIONS (Continued)**

### **Revenue Bonds Payable (Continued)**

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

along with \$9,151 in debt service funds already being held by the trustee. In accordance with irrevocable 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 was reported in the County's financial statements until it was fully redeemed on September 1, 2021.

#### 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, 2022, the outstanding principal amount, including premium, of the 2019A and 2019B Bonds were \$30,849 and \$35,341, 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 2021-22 Debt Obligation Activity**

During FY 2021-22, the following events concerning County debt obligations occurred.

#### **Direct Placement Obligations**

##### Teeter Plan Notes

On April 21, 2020, the Board approved an increase in the authorized amount from \$100,000 to \$150,000 due to the anticipated economic impact of the COVID-19 pandemic. 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.

On July 14, 2021, the County issued taxable Teeter Plan Obligation Notes, Series B to refund the \$37,406 outstanding Teeter Plan Obligation Notes and to finance the purchase of \$42,572 of delinquent property tax receivables associated with the Teeter plan for a new outstanding balance of \$79,978.

**11. LONG-TERM OBLIGATIONS (Continued)**

**Schedule of Long-Term Debt Obligations, Fiscal Year 2021-22**

The table below summarizes the revenue bonds and direct placement obligations outstanding and related activity for the year ended June 30, 2022.

Description	Balance July 1, 2021	Loans/Debt Issuances and Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2022	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>						
<b><u>Revenue Bonds and POBs:</u></b>						
<b><u>South Orange County Public Financing Authority</u></b>						
<b><u>Central Utility Facility Lease Revenue Bonds,</u></b>						
<b><u>Series 2016</u></b>						
Date Issued: June 2, 2016						
Interest Rate: 3.00% to 5.00%						
Original Amount: \$56,565						
FY 2021-22 Principal and Interest: \$4,489						
FY 2021-22 Total Pledged Revenues: \$4,489						
Maturing in installments through April 1, 2036						
	\$ 57,420	\$ (440)	\$ --	\$ (2,160)	\$ 54,820	\$ 2,778
<b><u>California Municipal Finance Authority</u></b>						
<b><u>Lease Revenue Bonds, Series 2017A</u></b>						
<b><u>(Orange County Civic Center Infrastructure</u></b>						
<b><u>Improvement Program-Phase I)</u></b>						
Date Issued: June 22, 2017						
Interest Rate: 4.00% to 5.00%						
Original Amount: \$152,400						
FY 2021-22 Principal and Interest: \$9,981						
Maturing in installments through June 1, 2047						
	172,129	(514)	--	(2,945)	168,670	3,708
<b><u>California Municipal Finance Authority</u></b>						
<b><u>Lease Revenue Bonds, Series 2018A</u></b>						
<b><u>(Orange County Civic Center Infrastructure</u></b>						
<b><u>Improvement Program-Phase II)</u></b>						
Date Issued: December 13, 2018						
Interest Rate: 5.00%						
Original Amount: \$185,705						
FY 2021-22 Interest: \$9,285						
Maturing in installments through June 1, 2048						
	212,304	--	--	--	212,304	4,127
<b><u>County of Orange</u></b>						
<b><u>Taxable Refunding Pension</u></b>						
<b><u>Obligation Bonds, Series 1997 A</u></b>						
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 2021-22 Principal and Interest: \$3,542						
Maturing in installments through September 1,						
2010 (CIB) and September 1, 2021 (CAB)						
	516	--	--	(516)	--	--
	2,890	--	136	(3,026)	--	--
<b>Subtotal-Revenue Bonds and POBs</b>	<b>445,259</b>	<b>(954)</b>	<b>136</b>	<b>(8,647)</b>	<b>435,794</b>	<b>10,613</b>

**11. LONG-TERM OBLIGATIONS (Continued)**

**Schedule of Long-Term Debt Obligations, Fiscal Year 2021-22 (Continued)**

Description	Balance July 1, 2021	Loans/Debt Issuances and Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2022	Amounts Due within One Year
<b><u>Direct Placement Obligations:</u></b>						
<b><u>County of Orange</u></b>						
<b><u>Teeter Plan Notes</u></b>						
Date of Issuance: April 27, 2020						
Interest Rate: LIBOR Index rate + 50 basis points						
Original Amount: \$43,439						
FY 2021-22 Principal and Interest: \$37,430						
FY 2021-22 Total Pledged Revenues: \$0						
Maturing on July 30, 2021						
	\$ 37,406	\$ --	\$ --	\$ (37,406)	\$ --	\$ --
Date of Issuance: July 14, 2021						
Interest Rate: .43% Taxable Fixed Rate						
Original Amount: \$79,978						
FY 2021-22 Interest: \$336						
FY 2021-22 Total Pledged Revenues: \$11,601						
Maturing on July 18, 2022						
	--	79,978	--	--	79,978	79,978
<b>Subtotal-Direct Placement Obligations</b>	<u>37,406</u>	<u>79,978</u>	<u>--</u>	<u>(37,406)</u>	<u>79,978</u>	<u>79,978</u>
<b>Subtotal-Governmental Activities</b>	<u>482,665</u>	<u>79,024</u>	<u>136</u>	<u>(46,053)</u>	<u>515,772</u>	<u>90,591</u>
<b><u>Business-Type Activities:</u></b>						
<b><u>Airport Revenue Refunding Bonds-</u></b>						
<b><u>Series 2019A and 2019B</u></b>						
Date Issued: May 14, 2019						
Interest Rate: 5.00%						
Original Amount: \$85,030						
FY 2021-22 Principal and Interest: \$15,111						
FY 2021-22 Total Pledged Revenues: \$64,214						
Maturing in installments through July 1, 2030						
	79,910	--	--	(13,720)	66,190	8,443
<b>Subtotal-Business-Type Activities</b>	<u>79,910</u>	<u>--</u>	<u>--</u>	<u>(13,720)</u>	<u>66,190</u>	<u>8,443</u>
<b>Total</b>	<u>\$ 562,575</u>	<u>\$ 79,024</u>	<u>\$ 136</u>	<u>\$ (59,773)</u>	<u>\$ 581,962</u>	<u>\$ 99,034</u>

## 11. LONG-TERM OBLIGATIONS (Continued)

### Schedule of Long-Term Debt Service Requirements to Maturity

The following is a schedule of all long-term debt service requirements to maturity by activity type on an annual basis.

Fiscal Year(s) Ending June 30	Governmental Activities				Business-Type Activities		Total
	Revenue Bonds and POBs		Direct Placement Obligations		Revenue Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 8,990	\$ 18,394	\$ 79,978	\$ 16	\$ 6,750	\$ 2,832	\$ 116,960
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	10,930	16,457	--	--	9,255	1,078	37,720
2028-2032	63,415	73,520	--	--	16,930	1,408	155,273
2033-2037	76,440	56,000	--	--	--	--	132,440
2038-2042	77,245	37,241	--	--	--	--	114,486
2043-2047	97,691	16,796	--	--	--	--	114,487
2048	12,305	615	--	--	--	--	12,920
Total	376,781	271,420	79,978	16	60,010	11,479	799,684
Add: Premium/(Discount)	59,013	--	--	--	6,180	--	65,193
<b>Total</b>	<b>\$ 435,794</b>	<b>\$ 271,420</b>	<b>\$ 79,978</b>	<b>\$ 16</b>	<b>\$ 66,190</b>	<b>\$ 11,479</b>	<b>\$ 864,877</b>

### Changes in Long-Term Liabilities

Long-term liability activities, for the year ended June 30, 2022, were as follows:

	Balance July 1, 2021, as restated	Additions	Reductions	Balance June 30, 2022	Due within One Year
<b>Governmental Activities:</b>					
Revenue Bonds	\$ 381,886	\$ --	\$ (5,105)	\$ 376,781	\$ 8,990
Pension Obligation Bonds	516	--	(516)	--	--
Teeter Plan Notes (Direct Placement)	37,406	79,978	(37,406)	79,978	79,978
Add: Premium/(Discount) on Bonds Payable	59,967	--	(954)	59,013	1,623
Total, Net	479,775	79,978	(43,981)	515,772	90,591
Interest Accretion on CAB	2,890	136	(3,026)	--	--
<b>Other Long-Term Liabilities:</b>					
Compensated Employee Absences Payable	185,538	168,704	(176,845)	177,397	112,756
Financed Purchase Liability*	32,993	6,935	(9,295)	30,633	9,749
Insurance Claims Payable	237,482	145,160	(132,619)	250,023	65,665
Estimated Liability-Litigation and Claims	2,124	21,392	(2,124)	21,392	--
Intangible Assets Obligations Payable	714	5,015	(2,145)	3,584	1,094
Lease Liability***	447,581	5,653	(26,277)	426,957	25,162
Total Other Long-Term Liabilities	906,432	352,859	(349,305)	909,986	214,426
<b>Total Long-Term Liabilities **</b>					
<b>For Governmental Activities</b>	<b>\$ 1,389,097</b>	<b>\$ 432,973</b>	<b>\$ (396,312)</b>	<b>\$ 1,425,758</b>	<b>\$ 305,017</b>

\* Includes amount of \$12,510 from an Internal Service Fund.

\*\* The total long-term liabilities do not include Net Pension Liability or Net OPEB Liability. Refer to Note 18 for additional information on the Net Pension Liability and Note 19 for the Net OPEB Liability.

\*\*\* Refer to Note 2, Change in Accounting Principle for additional information on the restatement.



**11. LONG-TERM OBLIGATIONS (Continued)**

**Changes in Long-Term Liabilities (Continued)**

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue Bonds	\$ 71,825	\$ --	\$ (11,815)	\$ 60,010	\$ 6,750
Add: Premium (Discount) on Bonds Payable	8,085	--	(1,905)	6,180	1,693
Total Bonds Payable, Net	<u>79,910</u>	<u>--</u>	<u>(13,720)</u>	<u>66,190</u>	<u>8,443</u>
Other Long-Term Liabilities:					
Compensated Employee Absences Payable	4,028	4,736	(4,797)	3,967	2,658
Financed Purchase Liability	994	--	(331)	663	332
Landfill Site Closure/Postclosure Liabilities *	186,834	5,390	(2,848)	189,376	2,848
Pollution Remediation Obligation **	14,662	--	(1,042)	13,620	579
Intangible Assets Obligations Payable	--	403	(79)	324	104
Total Other Long-Term Liabilities	<u>206,518</u>	<u>10,529</u>	<u>(9,097)</u>	<u>207,950</u>	<u>6,521</u>
<b>Total Long-Term Liabilities ***</b>					
<b>For Business-Type Activities</b>	<u>\$ 286,428</u>	<u>\$ 10,529</u>	<u>\$ (22,817)</u>	<u>\$ 274,140</u>	<u>\$ 14,964</u>

\* Refer to Note 14 for additional information regarding the increase in Landfill Site Closure/Post Closure Liabilities.

\*\* Refer to Note 17 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 18 for additional information on the Net Pension Liability and Note 19 for Net OPEB Liability.

For Governmental activities, typically the General Fund has been primarily used to liquidate the pension and OPEB liability.

**Compensated Employee Absences**

The estimated compensated employee absences payable recorded at June 30, 2022 is \$181,364. Employees are entitled to be paid annual leave, compensated time, and in some cases vacation and sick/healthcare leave 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.

## **11. 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, 2022, amounted to \$475,883.

## **12. 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, 2022, there were 13 series of bonds outstanding with an aggregate principal amount payable of \$69,567.

### **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 2021-22 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, 2022, the outstanding principal amount, including the premium of the OCDA Successor Agency bonds and remaining interests were \$4,932 and \$206, 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.

**13. LEASES**

Lessee

The County entered into noncancelable leases with various vendors as a lessee for the intangible right-to-use leased equipment, IT equipment, structures and improvements, and land. The lease terms include the noncancelable period per the contract plus/minus any extension options or termination options the County is reasonably certain to exercise. The County recognized in FY 2021-22 an initial right-to-use lease asset balance of \$447,581, increases of \$5,653 due to new leases and lease modifications, decreases of \$790 due to lease terminations, and amortization of \$38,025, for a right-to-use lease asset balance of \$414,419, net of amortization at June 30, 2022.

The County recognized in FY 2021-22 an initial lease liability of \$447,581, increases of \$5,653 due to new leases and lease modifications, principal lease payments of \$25,466, lease adjustments of \$811 due to lease terminations and modifications, and interest payments of \$13,119. The principal payments and lease adjustments reduced the lease liability to \$426,957 at June 30, 2022.

The County is engaged in one sublease transaction, where Orange County Royale Convalescent Hospital leased a building to HCA and HCA subleased a portion of that building to Royale Health Care Center. The County recognized an initial right-to-use lease asset and lease liability of \$6,449, amortization of \$478, principal and interest payments of \$352 and \$148 respectively, for an ending right-to-use lease asset of \$5,971, net of amortization, and lease liability of \$6,097 at June 30, 2022.

<b>Governmental Activities</b>	<b>Balance July 1, 2021, as restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>
<b>Right-to-Use Assets</b>				
Leased Equipment	\$ 1,428	\$ 115	\$ --	\$ 1,543
Leased IT Equipment	190	39	--	229
Leased Structures and Improvements	442,967	5,499	(790)	447,676
Leased Land	2,996	--	--	2,996
Total Right-to-Use Assets	<u>447,581</u>	<u>5,653</u>	<u>(790)</u>	<u>452,444</u>
<b>Less Amortization</b>				
Leased Equipment	--	(771)	--	(771)
Leased IT Equipment	--	(105)	--	(105)
Leased Structures and Improvements	--	(36,917)	--	(36,917)
Leased Land	--	(232)	--	(232)
Total Amortization	<u>--</u>	<u>(38,025)</u>	<u>--</u>	<u>(38,025)</u>
Total Right-to-Use Lease Assets, Net of Amortization	<u>\$ 447,581</u>	<u>\$ (32,372)</u>	<u>\$ (790)</u>	<u>\$ 414,419</u>

The future principal and interest payments as of June 30, 2022 are as follows:

<b>Fiscal Year Ended June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2023	\$ 25,162	\$ 12,415
2024	25,906	11,668
2025	25,139	10,897
2026	24,356	10,181
2027	27,864	9,392
2028-2032	130,569	34,567
2033-2037	79,240	18,356
2038-2042	47,118	9,799
2043-2047	32,592	3,422
2048-2052	9,011	264
Total	<u>\$ 426,957</u>	<u>\$ 120,961</u>

**13. LEASES (Continued)**

Lessor

The County leases its real property, and structures and improvements to others for various commercial, recreational, retail, and restaurant purposes. The terms of these noncancelable leases include the noncancelable period per the contract plus/minus any extension options or termination options the County is reasonably certain to exercise. Governmental activities lease receivables are held primarily by the Other Governmental Funds, and business-type activities lease receivables are held by the Airport and OC Waste & Recycling. The County recognized in FY 2021-22 an initial lease receivable of \$241,304 increases of \$357 due to a new lease, decreases of \$15,852 and \$29 due to principal lease payments received and lease terminations respectively, for a lease receivable balance at June 30, 2022 of \$225,780.

In FY 2021-22, the County recognized an initial deferred inflow of resources of \$241,304, increases of \$357 due to a new lease, decreases of \$19,040 and \$29 due to the recognition of lease revenue and termination of a lease agreement. Deferred inflow of resources balance at June 30, 2022 was \$222,592. Refer to Note 20, Deferred Outflows and Inflows of Resources for additional information.

In addition, \$4,797 was recognized as lease interest revenue, and \$7,371 as lease variable revenue based on lessee performance, which exceeded the minimum lease due.

The County subleased a building to Royale Health Care Center with an initial lease receivable and deferred inflow of resources of \$11,269. During FY 2021-22, the County received \$629 and \$302 for principal and interest lease revenue respectively; and recognized \$835 of lease revenue. The lease receivable and deferred inflow of resources are \$10,640 and \$10,434 respectively at June 30, 2022.

	<b>Balance July 1, 2021, as restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>
<b>Governmental Activities</b>				
Lease Receivable				
Building & Improvements	\$ 11,580	\$ --	\$ (648)	\$ 10,932
Land	103,604	357	(4,887)	99,074
Total Lease Receivable	<u>\$ 115,184</u>	<u>\$ 357</u>	<u>\$ (5,535)</u>	<u>\$ 110,006</u>
<b>Business-Type Activities</b>				
Lease Receivable				
Building & Improvements	\$ 8,446	\$ --	\$ (906)	\$ 7,540
Land	117,674	--	(9,440)	108,234
Total Lease Receivable	<u>\$ 126,120</u>	<u>\$ --</u>	<u>\$ (10,346)</u>	<u>\$ 115,774</u>

**Governmental & Business-Type Activities**

Total Lease Receivable	\$ 241,661
Total FY 21-22 Payments	(15,852)
Total FY 21-22 Adjustments/Terminations	(29)
Lease Receivable Balance	<u>\$ 225,780</u>

The following schedule presents by fiscal year the future minimum principal and interest revenue to be received for Governmental and Business-Type activities:

**13. LEASES (Continued)**

Lessor (Continued)

<u>Fiscal Year Ended June 30</u>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,456	\$ 5,378	\$ 13,901	\$ 3,283
2024	5,541	3,079	14,332	2,860
2025	5,659	2,909	14,776	2,424
2026	5,511	2,741	15,235	1,975
2027	5,536	2,576	15,708	1,511
2028-2032	26,020	10,483	37,428	2,078
2033-2037	23,961	6,634	995	592
2038-2042	11,865	3,742	1,525	405
2043-2047	3,345	2,846	1,874	130
2048-2052	2,584	2,413	--	--
2053-2057	2,389	2,026	--	--
2058-2062	2,369	1,656	--	--
2063-2067	2,333	1,297	--	--
2068-2072	2,710	920	--	--
2073-2077	3,147	483	--	--
2078-2082	1,578	56	--	--
Total	<u>\$ 110,004</u>	<u>\$ 49,239</u>	<u>\$ 115,774</u>	<u>\$ 15,258</u>

Regulated Leases

In accordance with GASB Statement No. 87, regulated leases, between airports and aeronautical users are subject to regulations set forth by the Federal Aviation Administration and Department of Homeland Security. A lease receivable and a deferred inflow of resources are not recognized for these leases. The Airport's outstanding bonds are secured by net revenues including revenue earned from the airlines. Additional information can be found in Note 11, Long-Term Obligations. The Airport identifies the following regulated leases:

*Commercial and Commuter Airlines and Cargo Leases*

The Airport entered into five-year lease agreements with various commercial and commuter airlines and cargo carriers that commenced on January 1, 2021 and expire on December 31, 2025, with no option to extend. Revenues from terminal rates, landing, operations, and remain over-night fees totaled \$65,967 for the year ended June 30, 2022, of which \$37,057, are considered variable rental payments.

Airline minimum rental revenues are based on rates adopted by the Board and are subject to change semi-annually in accordance with the related airlines' operating lease agreements. Due to the nature of the above revenues, expected future minimum payments are indeterminable.

*Fixed-Base Operation Leases*

The Airport entered into multi-year lease agreements with full service and limited service fixed-base operators (FBO) that commenced on January 1, 2021. The full service agreements expire on December 31, 2055, with no option to extend. The limited service agreement expires on December 31, 2050, and with certain conditions, the lessee shall have the option to extend. Revenues from ground rent, building rent, and percentage rent of various gross receipts totaled \$9,724 for the year ended June 30, 2022, of which \$2,220, are considered variable rental payments. The future minimum payments are shown in the following table.

*Limited Use General Aviation Facility Lease*

The Airport entered into a two-year agreement with a limited use general aviation operator on September 1, 2006, which included an option for an 18-year lease extension. On October 21, 2008, the lease was extended to

### 13. LEASES (Continued)

#### Regulated Leases (Continued)

August 31, 2026, and on December 18, 2012, the lease was extended to August 31, 2036. Revenue from ground rent totaled \$469 for the year ended June 30, 2022, paid in twelve monthly installments. The future minimum payments are shown in the following table.

#### *Hydrant Fueling Facilities Lease*

The Airport entered into a 25-year hydrant fueling facilities lease agreement with a consortium of airline carriers on September 14, 1990. On September 14, 2010, the lease was extended to December 31, 2030. Revenue from rent totaled \$25 for the year ended June 30, 2022, paid in twelve monthly installments. The future minimum payments are shown in the following table.

#### *Security Services Lease*

The Airport entered into a five-year agreement with the Transportation Security Administration on October 1, 2018 and expires on September 30, 2023. Revenue from rent totaled \$265 for the year ended June 30, 2022, paid in twelve monthly installments.

Future minimum lease payments to be received as of June 30, 2022 are as follows:

<u>Year Ending June 30</u>	<u>Fixed-Base Operation Lease</u>	<u>Limited Use General Aviation Facility Lease</u>	<u>Hydrant Fueling Facilities Lease</u>	<u>Security Services Lease</u>	<u>Total</u>
2023	\$ 7,656	\$ 471	\$ 25	\$ 268	\$ 8,420
2024	7,621	471	25	67	8,184
2025	7,621	471	25	--	8,117
2026	6,708	471	25	--	7,204
2027	6,708	471	25	--	7,204
2028-2032	20,702	2,357	88	--	23,147
2033-2037	20,702	1,971	--	--	22,673
2038-2042	20,702	--	--	--	20,702
2043-2047	20,702	--	--	--	20,702
2048-2052	20,057	--	--	--	20,057
2053-2056	13,077	--	--	--	13,077
Total	<u>\$ 152,256</u>	<u>\$ 6,683</u>	<u>\$ 213</u>	<u>\$ 335</u>	<u>\$ 159,487</u>

Under the agreements with the airlines, they may have exclusive use of certain space and facilities of the terminals, of which are structures and improvements within the capital assets, in the Airport as summarized below:

<u>Terminal</u>	<u>Airlines Using the Terminal Area Exclusively</u>	<u>Exclusively Used Terminal Area (Sqft)</u>
A	Air Canada	597
A	American	11,201
A	Delta	3,182
A	Westjet	474
B	Alaska	3,083
B	United	11,044
C	Allegiant	603
C	Frontier	605
C	Southwest	10,460
C	Spirit	810
	<u>Total</u>	<u>42,059</u>

#### **14. 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 reports 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, 2022 was \$189,376. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (39.74% for FRB, 90.12% for Olinda Alpha and 23.60% 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 \$182,642 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021 dollars (using the 2021 inflation factor of 1.041). 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 & 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, 2022, a total of \$97,963 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 17, Pollution Remediation, for additional discussion regarding pollution remediation liabilities.

**15. 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, 2022, as follows:

General Fund	\$	63,632
Flood Control District		87,935
Other Public Protection		2,084
Other Governmental Funds		116,966
Total Encumbrances for Governmental Funds	\$	<u>270,617</u>

**Construction Commitments**

At June 30, 2022, 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	
Telecommunications Technology	\$ 6,167
Property Tax System Re-platforming Project	<u>1,323</u>
	<u>7,490</u>
Flood Control District	
Huntington Beach and Talbert Channels	19,123
East Garden Grove-Wintersburg Channel U/S Warner	18,135
Laguna Canyon Channel Replacement Woodland to Canyon Frontage Road	10,469
Fullerton Creek Channel, D/S Western Ave to U/S Beach Blvd Improvement Project	2,754
Santa Ana Delhi Channel-Backbay, University to Mesa Dr	1,760
Land Acquisition for Prado Dam Project	1,727
Santa Ana River Parkway Extension	<u>1,124</u>
	<u>55,092</u>
Other Governmental Funds	
Civic Center Facilities Master Plan, CAN Building	16,396
Mile Square Park Expansion Phase I	6,757
Katella Range Facility Upgrade	6,348
Coyote Creek Channel Segment O	5,680
Loma Ridge Road Widening	3,402
Intake Release Center Facility Modifications Mental Health Upgrade	3,176
Traffic Management Center Fiber Optic Expansion	2,973
County Operations Center-B Building 2nd Floor Remodel & HVAC	2,960
Yorba Regional Park Replace Restroom 2, 3, 4, 6	1,627
Jail Security Electronic Control Systems Upgrade	1,485
James A. Musick Facility Expansion Phase I	1,484
William Mason Park Entry Driveway and Roadway Improvements	1,216
James A. Musick Facility Expansion Phase II	1,201
Gates-Replace VAV Boxes Phase III	<u>1,117</u>
	<u>55,822</u>



**15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)**

**Construction Commitments (Continued)**

<u>Project Title</u>	<u>Significant Commitments</u>
Governmental Activities (Continued):	
Internal Service Funds	
Purchase of Various Vehicles	\$ 12,969
	<u>12,969</u>
Business-Type Activities:	
Airport	
Purchase of Electric Shuttle Buses with Chargers	2,246
Common Use Passenger Processing System Replacement	1,034
	<u>3,280</u>
OC Waste & Recycling	
Prima Fee Booth Replacement	18,500
Valencia Greenery	5,025
Various Heavy Equipment Purchases for Olinda Alpha/North Regional Landfill	2,045
Various Heavy Equipment Purchases for Frank R. Bowerman/Central Regional Landfill	1,867
Various Heavy Equipment Purchases for Prima/South Regional Landfill	1,187
	<u>28,624</u>
Total Commitments	<u>\$ 163,277</u>

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 \$976,040 for the entire Santa Ana River Project. As of June 30, 2022, the OCFCD has expended about \$735,532 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

## **15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)**

### **Construction Commitments (Continued)**

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 September 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 substantially completed in August 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 substantially completed April of 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.

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, 2022, OCFCD has submitted \$445,839 in claims, and received \$433,966 in reimbursements. An additional \$849 in claims is in the process of being prepared for submittal to the DWR. Of the total amount outstanding, \$4,831 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' eligible expenses through the Bipartisan Budget Act (BBA) of 2018, which is administered by the Department of the Army. Non-eligible expenses will continue to be claimed from the State Flood Control Subvention Fund. As of June 30, 2022, OCFCD has submitted \$26,847 in claims, and received \$2,579 in reimbursements. An additional \$248 in claims is in the process of being prepared for submittal to the Department of the Army. Of the total amount outstanding, \$55,739 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 River Road Dike, Alcoa Dike Phase 2, and the Norco Bluffs contract have been awarded and construction has commenced. The Spillway design is ongoing and will be advertised for construction in November 2023.

## **16. 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.

**16. SELF-INSURANCE (Continued)**

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 \$60,000 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, 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. The self-insured AD&D benefit is for Reserve Deputy Sheriffs only and has a maximum benefit of \$5,000 (absolute dollars).

In FY 2021-22 the American Rescue Plan Act (ARPA) was effective through September 4, 2021. Federal-State Extended Duration (FED-ED) benefits provided additional weeks of benefits for eligible people who exhausted regular unemployment or other extension benefits between May 10, 2020, and September 11, 2021. The federal government does not allow benefit payments to be made for weeks of unemployment after this program ended. Unemployment benefits is back to normal length and claim payments. Unemployment benefits covered by State and ARPA were up to 55 weeks per individual or when the employee returns to work or no longer meets the requirements for the benefit. The maximum weekly benefit was \$450 (absolute dollars) per week. The County was not subject to the additional \$300 (absolute dollars) of the ARPA weekly benefit.

**16. SELF-INSURANCE (Continued)**

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 2020-21	\$ 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	<u>(33,003)</u>	<u>(15,649)</u>	<u>(2,072)</u>	<u>(74,613)</u>	<u>(125,337)</u>
Unpaid Claims, End of FY 2020-21	159,536	67,289	669	9,988	237,482
Claims and Changes in Estimates	45,362	21,417	1,004	77,377	145,160
Claim Payments	<u>(38,111)</u>	<u>(16,269)</u>	<u>(969)</u>	<u>(77,270)</u>	<u>(132,619)</u>
Unpaid Claims, End of FY 2021-22	<u>\$ 166,787</u>	<u>\$ 72,437</u>	<u>\$ 704</u>	<u>\$ 10,095</u>	<u>\$ 250,023</u>

**17. 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.

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, 2022, 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.

**17. POLLUTION REMEDIATION (Continued)**

John Wayne Airport (Airport) (Continued)

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, 2022.

The estimated pollution remediation obligation as of June 30, 2022, is:

Old Fuel Farm Site	\$	785
Former Fire Station #33 Site		692
Less: Remediation Activity		<u>(483)</u>
Airport Pollution Remediation Obligation	<u>\$</u>	<u>994</u>

OC Waste & Recycling

Six closed sites were identified and the remediation costs and time periods were calculated for each of these sites based upon the type of remediation needed and historical trend data for closed landfill sites. The combined pollution remediation obligation as of June 30, 2022, after deducting actual pollution remediation expenses incurred during fiscal year 2022 is \$12,626.

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.

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 \$31.

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

## 17. POLLUTION REMEDIATION (Continued)

### OC Waste & Recycling (Continued)

#### Lane Road Former Refuse Disposal Station (Continued)

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 \$272. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$523.

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.

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 \$110. The remaining obligation for landfill gas remediation at the San Joaquin site over the anticipated operational period is \$347.

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.

**17. POLLUTION REMEDIATION (Continued)**

OC Waste & Recycling (Continued)

Forster Former Refuse Disposal Station (Continued)

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, 2022.

The remaining balance for landfill gas remediation at the Forster site is \$7,500 as of June 30, 2022. 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 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 \$191. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$4,225 as of June 30, 2022.

The estimated pollution remediation obligation as of June 30, 2022 is:

Cannery Former Refuse Disposal Station	\$	31
Lane Road Former Refuse Disposal Station		523
San Joaquin Former Refuse Disposal Station		347
Forster Former Refuse Disposal Station		7,500
Yorba Refuse Disposal Station		4,225
OC Waste & Recycling Pollution Remediation Obligation	<u>\$</u>	<u>12,626</u>

**18. 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, 2022 is presented below:

	OCERS	Extra-Help Defined Benefit Plan	Total
Deferred Outflows of Resources Related to Pension	\$ 910,191	\$ 345	\$ 910,536
Net Pension Liability	2,047,343	1,337	2,048,680
Deferred Inflows of Resources Related to Pension	1,852,334	-	1,852,334
Pension Expense/(Credit)	(38,656)	899	(37,757)

For further information on the deferred outflows/inflows of resources related to OPEB refer to Note 20, Deferred Outflows and Inflows of Resources.

**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.

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 Statement No. 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



## 18. RETIREMENT PLANS (Continued)

### Orange County Employees Retirement System (OCERS) (Continued)

#### Benefits Provided (Continued)

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](http://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 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 161 retirees (of which 158 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

**18. RETIREMENT PLANS (Continued)**

**Orange County Employees Retirement System (OCERS) (Continued)**

Contributions (Continued)

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 2021-22, employer’s contributions for funding purpose, as a percentage of covered payrolls, were 39.35% for General members, 67.55% for Safety-Law Enforcement members and 59.69% for Safety-Probation members, as determined by the December 31, 2019, actuarial valuation. The County’s total contribution to OCERS for the year ended June 30, 2022 was \$557,225.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: At June 30, 2022, the County reported a liability of \$2,047,343 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined using actuarial valuation results. At December 31, 2021, the County’s proportion was 99.86%, which was an increase of 15.65% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the County recognized pension expense/(credit) of \$(38,656). At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Governmental Activities</u>	<u>Airport</u>	<u>OC Waste &amp; Recycling</u>	<u>Total</u>
<b>Deferred Outflows of Resources Related to Pension per Actuarial Studies</b>				
Difference Between Expected and Actual Experience	\$ 81,249	\$ 703	\$ 847	\$ 82,799
Changes of Assumptions	211,664	1,806	2,492	215,962
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	14,007	121	162	14,290
<b>Deferred Outflows of Resources Related to Pension - Employer Contributions after Measurement date</b>	<b>303,072</b>	<b>2,737</b>	<b>3,652</b>	<b>309,461</b>
<b>Deferred Outflows of Resources Related to Prepaid Contribution</b>	<b>281,610</b>	<b>2,639</b>	<b>3,430</b>	<b>287,679</b>
<b>Total Deferred Outflows of Resources Related to Pension</b>	<b><u>\$ 891,602</u></b>	<b><u>\$ 8,006</u></b>	<b><u>\$ 10,583</u></b>	<b><u>\$ 910,191</u></b>
<b>Deferred Inflows of Resources Related to Pension per Actuarial Studies</b>				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 1,654,772	\$ 13,693	\$ 16,683	\$ 1,685,148
Difference Between Expected and Actual Experience	75,978	924	1,333	78,235
Changes of Assumptions	79,354	871	1,067	81,292
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,519	63	77	7,659
<b>Total Deferred Inflows of Resources Related to Pension</b>	<b><u>\$ 1,817,623</u></b>	<b><u>\$ 15,551</u></b>	<b><u>\$ 19,160</u></b>	<b><u>\$ 1,852,334</u></b>

\$309,461 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, 2023.

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

**18. 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)

measurement date, half of the prepaid pension contribution of \$287,679 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, 2022, \$135,745 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, 2022, the County utilized \$10,000 of funds available in the County Investment Account to pay a portion of the prepayment described below.

On January 13, 2022, the County issued its short-term Taxable Pension Obligation Bonds, 2022 Series A in the amount of \$521,784. Of the \$521,784 bond proceeds, \$521,701 was combined with \$43,656 in contributions from certain County departments and \$10,000 from funds available in the County Investment Account to prepay the estimated FY 2022-23 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 \$32,823 on the required employer contribution amount. The discount, combined with the interest and issuance costs, resulted in a net savings of \$29,830 to the County. Refer to Note 4, Cash and Investments, and Note 10, Short-term Obligations, for additional information.

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:	
2023	\$ (285,282)
2024	(584,833)
2025	(404,952)
2026	(260,988)
2027	(3,228)
Total	<u>\$ (1,539,283)</u>

Actuarial Assumptions: The actuarial assumptions included a 2.50% inflation rate, 4.00% to 11.00% projected salary increases to general members and 4.60% to 15.00% to safety members, and a 7.00% investment rate of return, net of investment expense. The mortality assumptions used were based on the results of the actuarial experience study for the period of January 1, 2017 through December 31, 2019, using the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019.

Discount Rate: The discount rate used to measure the total pension liability was 7.00%, the long-term expected rate of return on pension plan investments. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the actuarially determined contribution rates.

According to paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expenses. The 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 13 basis points. Using this lower discount rate has

**18. RETIREMENT PLANS (Continued)**

**Orange County Employees Retirement System (OCERS) (Continued)**

Discount Rate (Continued)

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:

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$ 4,557,980	\$ 2,047,343	\$ 941

## **18. RETIREMENT PLANS (Continued)**

### **Orange County Employees Retirement System (OCERS) (Continued)**

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](http://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 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, 2022, the plan consists of 12 active plan participants, 155 terminated plan participants entitled to but not yet receiving benefits, and 35 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, "*Financial Reporting for Pension Plans*," 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, 2021, rolled forward to June 30, 2022 using actual benefit payments for FY 2021-22. In both the 2021 valuation and the 2022 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 \$7,970. For the year ended June 30, 2022, the County and six (6) cost-sharing agencies contributed \$160. The County's proportionate share of the contribution was \$157.

**18. RETIREMENT PLANS (Continued)**

**County Administered Plans (Continued)**

**Extra-Help Defined Benefit Plan (Continued)**

Contributions (Continued)

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 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, 2022, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expense, was 12.89%. 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 4.75%, 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 4.29% U.S. equity, 4.55% U.S. small cap equity, 4.49% non-U.S. equity, 0.78% U.S. fixed income, and 0.46% 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, 2022 were as follows:

Total Pension Liability	\$	5,326
Plan's Fiduciary Net Position		(3,957)
Plan's Net Pension Liability	\$	<u>1,369</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		74.30%

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 and rolled forward to the measurement date of June 30, 2022. The County's proportionate share of the June 30, 2022 net pension liability is \$1,337. 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, 2022, the County recognized pension expense of \$899. At June 30, 2022, the County reported deferred outflows of resources of \$345, which represents the aggregated net difference between projected and actual earnings on plan investments.

**18. RETIREMENT PLANS (Continued)**

**County Administered Plans (Continued)**

**Extra-Help Defined Benefit Plan (Continued)**

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to Pensions (Continued)

	<u>Governmental Activities</u>	<u>Airport</u>	<u>OC Waste &amp; Recycling</u>	<u>Total</u>
<b>Deferred Outflows of Resources Related to Pension per Actuarial Studies</b>				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 338	\$ 1	\$ 6	\$ 345
<b>Total Deferred Outflows of Resources Related to Pension</b>	<b>\$ 338</b>	<b>\$ 1</b>	<b>\$ 6</b>	<b>\$ 345</b>

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:	
2023	\$ 52
2024	73
2025	60
2026	160
<b>Total</b>	<b>\$ 345</b>

Actuarial Assumptions: The total pension liability based on the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement: (a) 2.50% inflation, (b) 4.75% 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 4.50%, and (d) PubG-2010 Healthy Retiree Mortality Table projected generationally with mortality improvement Scale MP-2019. 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 4.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.75%) or 1-percentage-point higher (5.75%) than the current rate:

	<u>1% Decrease (3.75%)</u>	<u>Current Discount Rate (4.75%)</u>	<u>1% Increase (5.75%)</u>
Collective plan	\$ 1,543	\$ 1,369	\$ 1,212
County's proportionate share	\$ 1,514	\$ 1,337	\$ 1,189

**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

## **18. 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, 2022, there were 7,486 participants with a balance in the plan, with 3,011 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 \$1,287. As of June 30, 2022, total plan assets were \$10,613.

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, 2022, the plan had 608 participants with a balance in the plan, with 294 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



## **18. RETIREMENT PLANS (Continued)**

### **County Administered Plans (Continued)**

#### **County of Orange 401(a) Defined Contribution Plan (Continued)**

##### Funding Policy (Continued)

compensation. An additional 1.5% is contributed on behalf of Elected Officials who choose not to participate in OCERS. Total contributions for the fiscal year ended June 30, 2022, were \$1,303 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, 2022, total plan assets were \$20,473.

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. Employees are auto enrolled into the Plan and are given the option to opt out. It 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

**18. RETIREMENT PLANS (Continued)**

**County Administered Plans (Continued)**

**County of Orange - 1.62% at 65 Retirement, 401(a) Defined Contribution Plan (Continued)**

Plan Description (Continued)

will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2022, the plan had 5,129 participants with a balance in the plan, with 4,175 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, 2022, were \$5,141 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, 2022, total plan assets were \$20,339.

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.

**18. 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, 2022:

**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
<b><u>Assets</u></b>					
Pooled Cash/Investments	\$ 388	\$ 386	\$ 1	\$ --	\$ 1
Restricted Cash and Investments					
Restricted Investments with Trustee	54,616	3,571	10,494	20,423	20,128
Due from Other Governmental Agencies	378	--	118	50	210
Total Assets	<u>55,382</u>	<u>3,957</u>	<u>10,613</u>	<u>20,473</u>	<u>20,339</u>
<b><u>Net Position</u></b>					
Restricted for Pension	55,382	3,957	10,613	20,473	20,339
Total Net Position	<u>\$ 55,382</u>	<u>\$ 3,957</u>	<u>\$ 10,613</u>	<u>\$ 20,473</u>	<u>\$ 20,339</u>

**Statement of Changes in Fiduciary Net Position**

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan	1.62% at 65 Retirement, 401(a) Defined Contribution Plan
<b>Additions:</b>					
Contributions to Pension Trust:					
Employer	\$ 6,604	\$ 160	\$ --	\$ 1,303	\$ 5,141
Employee	1,287	--	1,287	--	--
Interest and Investment Income	155	--	141	14	--
Net Decrease in the Fair Value of Investments	(6,391)	(567)	--	(2,469)	(3,355)
Less: Investment Expense	(81)	(5)	(7)	(23)	(46)
Total Additions	<u>1,574</u>	<u>(412)</u>	<u>1,421</u>	<u>(1,175)</u>	<u>1,740</u>
<b>Deductions:</b>					
Benefits Paid to Participants	2,782	749	602	1,154	277
Total Deductions	<u>2,782</u>	<u>749</u>	<u>602</u>	<u>1,154</u>	<u>277</u>
Change in Net Position	(1,208)	(1,161)	819	(2,329)	1,463
Net Position at Beginning of Year	56,590	5,118	9,794	22,802	18,876
Net Position at End of Year	<u>\$ 55,382</u>	<u>\$ 3,957</u>	<u>\$ 10,613</u>	<u>\$ 20,473</u>	<u>\$ 20,339</u>

**19. OTHER POSTEMPLOYMENT 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, 2021.

Plan Membership: As of June 30, 2022, 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	<u>14,333</u>
	<u><u>23,951</u></u>

Benefits Provided: In order to be eligible to receive the Grant upon retirement, the employee must have completed at least 10 years of continuous County and/or participating employers' service (although exceptions for disability retirements exist), be enrolled in a County sponsored health plan and/or Medicare, qualify as a retiree as defined by the Retiree Medical Plan and be able to receive a monthly benefit payment from OCERS. To qualify as a retiree as defined by the Retiree Medical Plan, the employee upon retirement must be at least 50 years of age or have at least 20 years of service for a safety member of OCERS or at least 30 years of service for a general member of OCERS.

The monthly Grant amount is determined by a formula that multiplies a base number by the number of years of qualifying County employment up to a maximum of 25 years. The base number for calendar year 2021 was \$24.62 (absolute dollars) per year of County service, and the maximum base monthly Grant was \$615.50 (absolute dollars). The base number for calendar year 2022 is \$24.63 (absolute dollars) per year of County service, and the maximum monthly Grant is \$615.75 (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

**19. OTHER POSTEMPLOYMENT 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. Service hour accruals for the Grant calculations are frozen. 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:

**19. OTHER POSTEMPLOYMENT 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 was effective January 1, 2022.

Contributions: The County implemented a policy to make annual employer contributions 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 ACFR.

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, 2.0% for public safety general employees 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, 2021, the total Plan contributions were \$45,402. The County's contribution was \$41,279 (90.92%), Superior Court was \$3,647 (8.03%), OCERS was \$321 (0.71%), CFCOC was \$43 (0.09%), Law Library was \$38 (0.08%), Cemetery District was \$57 (0.13%), and LAFCO was \$16 (0.04%). The County's contribution for the fiscal year ended June 30, 2022 was \$42,373.

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.

**19. OTHER POSTEMPLOYMENT 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, 2022 were as follows:

Collective OPEB Liability	\$ 741,369
Collective Plan's Fiduciary Net Position	(485,045)
Collective Net OPEB Liability	<u>\$ 256,324</u>
 Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	 65.43%

The Collective OPEB Liability of \$741,369 includes \$666,092 for the Grant and Lump Sum benefits and \$75,277 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 72.82%.

At June 30, 2022, the County reported a liability of \$233,049 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The County's proportion of the collective net OPEB liability was based on the 2021 share of employer contributions to the OPEB plan relative to the projected contributions of all participating employers. At December 31, 2021, the County's proportion was 90.92%, which was a decrease of 0.51% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the County recognized OPEB expense of \$16,210. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Airport	OC Waste & Recycling	Total
<b>Deferred Outflows of Resources Related to OPEB per Actuarial Studies</b>				
Changes of Assumptions	\$ 6,433	\$ 56	\$ 67	\$ 6,556
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,309	29	34	3,372
Employer Contributions after Measurement Date	20,968	175	225	21,368
<b>Total Deferred Outflows of Resources Related to OPEB</b>	<u>\$ 30,710</u>	<u>\$ 260</u>	<u>\$ 326</u>	<u>\$ 31,296</u>
<b>Deferred Inflows of Resources Related to OPEB per Actuarial Studies</b>				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	\$ 38,407	\$ 330	\$ 403	\$ 39,140
Difference Between Expected and Actual Experience	37,777	326	394	38,497
Changes of Assumptions	9,921	87	102	10,110
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,141	36	42	4,219
<b>Total Deferred Inflows of Resources Related to OPEB</b>	<u>\$ 90,246</u>	<u>\$ 779</u>	<u>\$ 941</u>	<u>\$ 91,966</u>

Deferred outflow of resources of \$21,368 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. For further information on the deferred outflows and inflows of resources related to OPEB refer to Note 20, Deferred Outflows and Inflows of Resources. Other deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the County's OPEB expense as follows:

**19. OTHER POSTEMPLOYMENT 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)

Year ending June 30:		
2023	\$	(15,824)
2024		(20,730)
2025		(16,757)
2026		(13,989)
2027		(7,370)
Thereafter		(7,368)
Total	\$	<u>(82,038)</u>

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial valuations involve estimates of the values of reported amounts and assumptions about the probability of events far into the future and will be subject to continual revision as they reflect a long-term perspective.

Actuarial Methods and Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2021 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
- 3.00% per annum payroll increase assumption
- 2.50% 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 6.50% for 2023, decreasing to 3.75% for 2076 and later. For Medicare eligible members, 4.60% was used for 2023 decreasing to 3.75% for 2076 and later (Kaiser) and 5.65% was used for 2023, decreasing to 3.75% for 2076 and later (Non-Kaiser). Mortality rates were based on the Pub-2010 Benefit-Weighted Mortality Tables with separate tables for males and females. Mortality improvement was projected fully generational with Society of Actuaries mortality improvement Scale MP-2019.

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.



**19. OTHER POSTEMPLOYMENT 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:

<b>Asset class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Arithmetic Real Rate of Return</b>
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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 16.67%. 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, Cash 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	\$ 343,470	\$ 256,324	\$ 183,392
County's proportionate share	\$ 312,283	\$ 233,049	\$ 166,740

**19. OTHER POSTEMPLOYMENT 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 (5.50%/4.65%/3.60% decreasing to 2.75%) or 1-percentage-point higher (7.50%/6.65%/5.60% decreasing to 4.75%) than the current healthcare cost trend rates:

	1% Decrease (5.50%/4.65%/3.60% decreasing to 2.75%)	Current Healthcare Cost Trend Rates (6.50%/5.65%/4.60% decreasing to 3.75%)	1% Increase (7.50%/6.65%/5.60% decreasing to 4.75%)
Collective plan	\$ 241,876	\$ 256,324	\$ 267,426
County's proportionate share	\$ 219,914	\$ 233,049	\$ 243,144

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 an ACFR for each year ending on December 31, which includes the 401(h) assets. This report can be obtained online at [www.ocers.org](http://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.

**19. OTHER POSTEMPLOYMENT 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 July 3, 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 pursuant to OCERS under the Retirement Law 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 was 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 a "dependent" due to healthcare reform legislation.

As of June 30, 2022, the plan had 3,593 active and 1,718 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, 2022, the value of the HRA assets was \$187,515.

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.

**19. OTHER POSTEMPLOYMENT 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, 2022:

<b><u>Statement of Fiduciary Net Position</u></b>	Total	Orange County Employees Retirement System- 401(h)*	Retiree Medical Plan 115 Trust *	Health Reimbursement Arrangement Plan
<b><u>Assets</u></b>				
Pooled Cash/Investments	\$ 499,482	\$ 496,549	\$ 2,882	\$ 51
Restricted Cash and Investments				
Restricted Investments with Trustee	186,880	--	1	186,879
Investment Receivable	1,875	1,875	--	--
Interest/Dividend Receivable	12	--	12	--
Due from Other Governmental Agencies	585	--	--	585
Total Assets	<u>688,834</u>	<u>498,424</u>	<u>2,895</u>	<u>187,515</u>
<b><u>Liabilities</u></b>				
Accounts Payable	2,653	2,653	--	--
Salaries and Employee Benefits Payable	9,396	5,214	4,182	--
Investment Obligations	4,225	4,225	--	--
Total Liabilities	<u>16,274</u>	<u>12,092</u>	<u>4,182</u>	<u>--</u>
<b><u>Net Position</u></b>				
Restricted for OPEB Benefits	672,560	486,332	(1,287)	187,515
Total Net Position	<u>\$ 672,560</u>	<u>\$ 486,332</u>	<u>\$ (1,287)</u>	<u>\$ 187,515</u>
<b><u>Statement of Changes in Fiduciary Net Position</u></b>	Total	Orange County Employees Retirement System- 401(h)*	Retiree Medical Plan 115 Trust *	Health Reimbursement Arrangement Plan
<b>Additions:</b>				
Employer Contributions	\$ 59,946	\$ 40,814	\$ 4,588	\$ 14,544
Employee Contributions	1,012	235	--	777
Interest and Investment Income	69,618	69,543	75	--
Net Decrease in the Fair Value of Investments	(35,334)	--	--	(35,334)
Less: Investment Expense	(3,266)	(2,834)	(6)	(426)
Total Additions	<u>91,976</u>	<u>107,758</u>	<u>4,657</u>	<u>(20,439)</u>
<b>Deductions:</b>				
Benefits Paid to Participants	48,915	37,262	4,740	6,913
Administrative Expense	24	23	1	--
Total Deductions	<u>48,939</u>	<u>37,285</u>	<u>4,741</u>	<u>6,913</u>
Change in Net Position	43,037	70,473	(84)	(27,352)
Net Position-Beginning of Year	629,523	415,859	(1,203)	214,867
Net Position-End of Year	<u>\$ 672,560</u>	<u>\$ 486,332</u>	<u>\$ (1,287)</u>	<u>\$ 187,515</u>

\* The Plan assets are a combination of the assets held by OCERS-401(h) and the County's Retiree Medical Plan 115. These are presented as of 12/31/21 in accordance with the plan year.

**20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

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 and inflows of resources related to pension, deferred outflows and inflows of resources related to OPEB, deferred inflows for leases and deferred inflows related to SCAs. 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 leases and SCAs 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 include employer contributions made after the measurement date and a portion of the County's prepaid retirement contribution. Deferred inflows of resources included in the statement of net position, governmental activities and business-type activities as of June 30, 2022, are described as follows:

**Government-wide  
Statement of Net Position**

	Governmental Activities	Business- Type Activities	Total	Governmental CFCOC	Proprietary CalOptima
<b>Deferred Outflows of Resources:</b>					
Deferred Charge on Refunding	\$ --	\$ 1,306	\$ 1,306	\$ --	\$ --
Pension	891,940	18,596	910,536	791	6,611
OPEB	30,710	586	31,296	96	3,015
<b>Total Government-Wide Deferred Outflows of Resources</b>	<b>\$ 922,650</b>	<b>\$ 20,488</b>	<b>\$ 943,138</b>	<b>\$ 887</b>	<b>\$ 9,626</b>
<b>Deferred Inflows of Resources:</b>					
Pension	\$ 1,817,623	\$ 34,711	\$ 1,852,334	\$ 1,204	\$ 23,579
OPEB	90,246	1,720	91,966	87	8,211
Service Concession Arrangements	67,569	--	67,569	--	--
Leases	108,448	114,144	222,592	--	--
<b>Total Government-Wide Deferred Inflows of Resources</b>	<b>\$ 2,083,886</b>	<b>\$ 150,575</b>	<b>\$ 2,234,461</b>	<b>\$ 1,291</b>	<b>\$ 31,790</b>

**Proprietary Funds  
Statement of Net Position**

	Aiport	OC Waste & Recycling	Total	Governmental Activities-Internal Service Funds
<b>Deferred Outflows of Resources:</b>				
Deferred Charge on Refunding	\$ 1,306	\$ --	\$ 1,306	\$ --
Pension	8,007	10,589	18,596	10,098
OPEB	260	326	586	399
<b>Total Proprietary Funds Deferred Outflows of Resources</b>	<b>\$ 9,573</b>	<b>\$ 10,915</b>	<b>\$ 20,488</b>	<b>\$ 10,497</b>
<b>Deferred Inflows of Resources:</b>				
Pension	\$ 15,551	\$ 19,160	\$ 34,711	\$ 22,208
OPEB	779	941	1,720	1,192
Leases	109,024	5,120	114,144	--
<b>Total Proprietary Funds Deferred Inflows of Resources</b>	<b>\$ 125,354</b>	<b>\$ 25,221</b>	<b>\$ 150,575</b>	<b>\$ 23,400</b>

**20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (Continued)**

On the Balance Sheet for Governmental funds, the General Fund, Flood Control District, Other Public Protection, and several nonmajor Special Revenue funds reported deferred inflows of resources related to future reporting periods. The following provides the unavailable revenue expected to be collected after August 31, 2022, as well as the portion of the lease receivable expected payments related to future periods.

**Governmental Funds  
Balance Sheet**

	General Fund	Flood Control District	Other Public Protection	Other Governmental Funds	Total
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue					
Intergovernmental Revenues	\$ 272,766	\$ 61,634	\$ 1,306	\$ 39,078	\$ 374,784
Senate Bill 90 Mandated Claims, Net	17,980	--	--	--	17,980
Property Taxes	7,154	1,726	--	929	9,809
Other	5,383	75	--	--	5,458
Total Unavailable Revenue	<u>303,283</u>	<u>63,435</u>	<u>1,306</u>	<u>40,007</u>	<u>408,031</u>
Leases	10,434	25,432	--	72,582	108,448
<b>Total Governmental Funds Deferred Inflows of Resources</b>	<b><u>\$ 313,717</u></b>	<b><u>\$ 88,867</u></b>	<b><u>\$ 1,306</u></b>	<b><u>\$ 112,589</u></b>	<b><u>\$ 516,479</u></b>

**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 16, 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 minimum annual guarantees 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, 2022, the Airport reported a receivable balance of \$345 for rent deferrals as some tenants required an extension with structured repayments. The Airport expects the full amount paid in the upcoming year.

Federal Assistance

On June 9, 2022, the County received \$308,420, which is the second tranche of the County's \$616,841 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, 2022, the County has spent \$111,188 of ARPA funds. Of the remaining funds, \$308,824 are reported as unearned revenues and \$196,829 was recognized as revenue as allowed by the Treasury under the revenue loss category. On May 21, 2020, the Airport received an allocation of \$44,910 of CARES Act grant funds. This grant can be used to reimburse the Airport for allowable costs incurred from January 20, 2020 to May 20, 2024. As of June 30, 2022, the Airport had claimed and received reimbursements of \$28,535, including \$13,676 and \$10,077 for the years ended June 30, 2022 and 2021 respectively. The grant balance was \$16,375 as of June 30, 2022.

## **22. SUBSEQUENT EVENTS**

The following events occurred subsequent to June 30, 2022:

Teeter Plan Notes: On July 18, 2022, the County paid off its \$79,978 taxable Teeter Plan Obligation Notes, Series B utilizing \$45,810 in accumulated base taxes. On July 18, 2022, the Teeter Plan Notes were issued for \$82,308 in taxable Teeter Plan Obligations Notes, Series B, to refund the outstanding balance of \$34,168 and finance the purchase of \$48,140 in delinquent property tax receivables. The Teeter Notes issued on July 18, 2022, were issued pursuant to a First Amendment to 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 17, 2023 and bear interest at the rate of 3.46% per annum. As of July 18, 2022, the authorized unused available commitment was \$67,692.

Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility): On July 26, 2022, the SOCPFA issued its \$83,375 Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility) at a premium of \$12,350. The Lease Revenue Bonds, payable through June 2052, were issued to 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 and to pay costs relating to the issuance of the bonds.

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 property itself was 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.

Transfer of County Owned Property: On December 6, 2022, the Board approved the execution of a Cooperative Transfer Agreement between the County, OCFCD, and the city of Laguna Beach (City). This Cooperative Transfer Agreement conveyed various property interests owned by the County and the OCFCD to the City, including: Aliso Beach and associated parking lots, Camel Point Beach, Laguna Royale Beach, West Street Beach, Table Rock Beach, Thousand Steps Beach, and County held easements within the City; as well as the OCFCD-owned parcel at Aliso Beach (collectively, Coastal Properties). As part of this agreement, the County will make a total one-time payment of \$22,000 to the City to offset the maintenance costs.

Over the years, there has been interest by the City to assume the operations of County-owned coastal properties within the City limits to enhance local control, provide consistent services, and allow for enforcement of municipal codes. On November 15, 2022, the Laguna Beach City Council unanimously approved the Cooperative Transfer Agreement for transfer of the Coastal Properties. Following Board approval of the Cooperative Transfer Agreement, the County and the City began working to complete all tasks necessary to effectuate the transfer of the properties.

Labor Agreements: On December 20, 2022, the Board approved the restructuring of the Retiree Medical Plan and establishment of a defined contribution plan HRA for members of the Orange County Employees Association (OCEA) effective June 16, 2023. Service hour accruals for the Retiree Medical Plan grant will be frozen for all OCEA represented employees hired before June 16, 2023. The HRA will replace the Retiree Medical Plan for all new employees and will supplement the frozen grants for existing employees in units represented by OCEA.



Physical Arrests-Juv					
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

Function/Program	2020-21		Fiscal Year		
	2020-21	2019-20	2018-19	2017-18	2016-17
<b>General Government</b>					
<b>Auditor-Controller</b>					
Property Tax Bills Prepared	1,103,642	1,104,521	1,112,743	1,125,902	1,127,725
<b>Assessor</b>					
Number of Real Property Valued	958,477			943,771	937,630
Number of Unsecured Property Assessed				117,128	121,665
New Parcels Created and Mapped				7,868	
New Construction Events				25	
<b>County Executive Office</b>					
Volunteer Program					
<b>Clerk-Recorder</b>					
Marriage Licenses					

*Orange County*

1890

41217  
 8901  
 50.47  
 4720  
 4341  
 4200  
 25800  
 500000  
 251678  
 20000

*aid to State as to one  
 on Double Assessment  
 released from base instead  
 Release of Top Book  
 on Low Appraisal. "R.O."  
 dismissed to "Dirty"  
 shown for 14 years  
 returned by 14 months  
 returned by all 11 months  
 id over to treasurer  
 accept @ 2000 amount  
 to Treasurer  
 be not collected  
 by County*









**Required Supplementary Information  
(Dollar Amounts in Thousands)**

**Orange County Employees Retirement System (OCERS)**

**Schedule of County's Proportionate Share of the Net Pension Liability <sup>(1)</sup>**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	99.86%	84.21%	81.27%	79.39%	80.46%	77.91%	76.83%	76.68%
County's proportionate share of the net pension liability	\$ 2,047,343	\$ 3,547,851	\$ 4,124,932	\$ 4,919,675	\$ 3,984,401	\$ 4,044,638	\$ 4,391,967	\$ 3,897,223
Covered payroll <sup>(2)</sup>	\$ 1,375,892	\$ 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 <sup>(2)</sup>	<u>148.80%</u>	<u>252.60%</u>	<u>313.93%</u>	<u>386.49%</u>	<u>319.36%</u>	<u>336.98%</u>	<u>392.70%</u>	<u>325.19%</u>
Plan fiduciary net position as a percentage of the total pension liability <sup>(4)</sup>	91.45%	81.69%	76.67%	70.03%	74.93%	71.16%	67.10%	69.42%

**Schedule of County Contributions <sup>(3)</sup>**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 511,496	\$ 481,791	\$ 440,042	\$ 419,159	\$ 401,323	\$ 386,138	\$ 358,103	\$ 340,626
Contributions in relation to the actuarially determined contribution	<u>557,225</u>	<u>513,799</u>	<u>475,676</u>	<u>440,634</u>	<u>433,098</u>	<u>405,494</u>	<u>411,426</u>	<u>397,044</u>
Contribution deficiency (excess)	<u>\$ (45,729)</u>	<u>\$ (32,009)</u>	<u>\$ (35,634)</u>	<u>\$ (21,475)</u>	<u>\$ (31,775)</u>	<u>\$ (19,356)</u>	<u>\$ (53,323)</u>	<u>\$ (56,418)</u>
Covered payroll <sup>(2)(5)</sup>	\$ 1,316,167	\$ 1,390,204	\$ 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	42.34%	36.96%	35.00%	34.07%	34.37%	33.13%	35.49%	34.27%

- (1) Information is from OCERS' actuary report for OCERS' fiscal year ended December 31.
- (2) The numbers for 2014-2015 were for covered-employee payroll, prior to GASB Statement No. 82 implementation.
- (3) For the 12-month period ending on June 30, fiscal year end.
- (4) In FY 2019-20, the presentation of the percentages was changed from the Employer percentage to the Plan percentage.
- (5) Current year is estimated based on an average of the preceding years. The actual number will be updated in the subsequent year when data is available.

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

**Orange County Extra-Help Defined Benefit Plan**

**Schedule of County's Proportionate Share of the Net Pension Liability**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%
County's proportionate share of the net pension liability (asset)	\$ 1,337	\$ (149)	\$ 440	\$ 1,382	\$ 1,962	\$ 1,995	\$ 2,845	\$ 3,163
Covered payroll <sup>(1)</sup>	\$ 2,938	\$ 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 <sup>(1)</sup>	45.51%	(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	74.30%	103.06%	92.18%	81.06%	76.76%	76.24%	65.89%	61.35%

**Schedule of Collective Plan Contributions**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 160	\$ 114	\$ 114	\$ 555	\$ 555	\$ 784	\$ 784	\$ 421	\$ 421
Contributions in relation to the actuarially determined contribution	160	114	114	565	545	784	784	421	421
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (10)	\$ 10	\$ --	\$ --	\$ --	\$ --
Covered payroll <sup>(1)</sup>	\$ 2,938	\$ 3,169	\$ 3,613	\$ 3,906	\$ 4,298	\$ 4,725	\$ 1,747	\$ 1,829	\$ 1,876
Contributions as a percentage of covered payroll	5.45%	3.60%	3.16%	14.46%	12.68%	16.59%	44.88%	23.02%	22.44%

**Schedule of County Contributions**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 157	\$ 112	\$ 112	\$ 544	\$ 545	\$ 769	\$ 769	\$ 413	\$ 421
Contributions in relation to the actuarially determined contribution	157	112	112	554	535	769	769	413	421
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (10)	\$ 10	\$ --	\$ --	\$ --	\$ --
Covered payroll <sup>(1)</sup>	\$ 2,938	\$ 3,169	\$ 3,613	\$ 3,906	\$ 4,298	\$ 4,725	\$ 1,747	\$ 1,829	\$ 1,876
Contributions as a percentage of covered payroll	5.34%	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**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total Pension Liability</b>					
Service cost	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	241	274	362	411	448
Changes of benefit terms	--	--	--	--	--
Difference between expected and actual experience	154	--	(879)	--	(127)
Changes of assumptions	714	--	(90)	--	480
Benefit payments, including refunds of member contributions	(749)	(1,040)	(1,101)	(1,572)	(762)
Net change in total pension liability	360	(766)	(1,708)	(1,161)	39
Total Pension Liability-beginning	4,966	5,732	7,440	8,601	8,562
<b>Total Pension Liability-ending (a)</b>	<u>\$ 5,326</u>	<u>\$ 4,966</u>	<u>\$ 5,732</u>	<u>\$ 7,440</u>	<u>\$ 8,601</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 160	\$ 114	\$ 114	\$ 565	\$ 545
Contributions-member	--	--	--	--	--
Net investment income (loss)	(572)	760	239	436	295
Investment Expense	--	--	--	(7)	(7)
Benefit payments, including refunds of member contributions	(749)	(1,040)	(1,101)	(1,572)	(762)
Administrative expense <sup>(1)</sup>	--	--	--	--	--
Other	--	--	1	7	3
Net change in Plan Fiduciary Net Position	(1,161)	(166)	(747)	(571)	74
Plan Fiduciary Net Position-beginning	5,118	5,284	6,031	6,602	6,528
Plan Fiduciary Net Position-ending (b)	<u>\$ 3,957</u>	<u>\$ 5,118</u>	<u>\$ 5,284</u>	<u>\$ 6,031</u>	<u>\$ 6,602</u>
<b>Plan Net Pension Liability-ending (a)-(b)</b>	<u>\$ 1,369</u>	<u>\$ (152)</u>	<u>\$ 448</u>	<u>\$ 1,409</u>	<u>\$ 1,999</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	74.30%	103.06%	92.18%	81.06%	76.76%
<b>Covered payroll <sup>(2)</sup></b>	\$ 2,938	\$ 3,169	\$ 3,613	\$ 3,906	\$ 4,298
<b>Plan Net Pension Liability as a percentage of covered payroll <sup>(2)</sup></b>	46.60%	(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.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
				<b>Total Pension Liability</b>
\$ --	\$ --	\$ --	\$ --	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
<u>\$ 8,562</u>	<u>\$ 8,498</u>	<u>\$ 8,341</u>	<u>\$ 8,592</u>	<b>Total Pension Liability-ending (a)</b>
				<b>Plan Fiduciary Net Position</b>
\$ 784	\$ 784	\$ 421	\$ 421	Contributions-employer
--	--	--	--	Contributions-member
527	123	17	15	Net investment income (loss)
(5)	(4)	--	--	Investment Expense
(372)	(428)	(522)	(695)	Benefit payments, including refunds of member contributions
--	--	--	--	Administrative expense <sup>(1)</sup>
(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
<u>\$ 6,528</u>	<u>\$ 5,599</u>	<u>\$ 5,117</u>	<u>\$ 5,201</u>	Plan Fiduciary Net Position-ending (b)
<u>\$ 2,034</u>	<u>\$ 2,899</u>	<u>\$ 3,224</u>	<u>\$ 3,391</u>	<b>Plan Net Pension Liability-ending (a)-(b)</b>
76.24%	65.89%	61.35%	60.53%	<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>
\$ 4,725	\$ 1,747	\$ 1,829	\$ 1,876	<b>Covered payroll <sup>(2)</sup></b>
43.05%	165.94%	176.27%	180.76%	<b>Plan Net Pension Liability as a percentage of covered <sup>(2)</sup> payroll</b>

**Orange County Extra-Help Defined Benefit Plan (Continued)**

**Schedule of Investment Returns**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actual money-weighted rate of return, net of investment expense	12.89%	16.38%	4.56%	6.90%	4.53%	8.51%	2.22%	0.35%	0.26%

**Notes to Schedule**

**Methods and assumptions used to determine actuarially determined contribution:**

Valuation date	July 1, 2021
Actuarial cost method	Projected Unit Credit Same as Entry Age Cost Method since all benefits are frozen
Amortization method	Level dollar
Amortization period	5 years rolling (open)
Asset valuation method	Market Value of assets
Discount rate	4.75%
General Inflation	2.50%
Mortality	PubG-2010 Healthy Retiree (Amount-Weighted, Above Median) x 105%
Mortality Improvement	Mortality projected fully generationally with Scale MP-2019
All Other	Same as used in determining total pension liability

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

**Orange County Retiree Medical Plan**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 15,397	\$ 14,912	\$ 16,501	\$ 15,982	\$ 15,479
Interest	52,018	50,385	50,298	48,442	46,589
Changes of benefit terms	--	--	5,508	--	--
Difference between expected and actual experience	(41,074)	--	(10,635)	--	--
Changes of assumptions	8,321	--	(17,535)	--	--
Benefit payments, including refunds of member contributions	(42,002)	(42,911)	(39,719)	(37,118)	(35,111)
Net change in Total OPEB Liability	(7,340)	22,386	4,418	27,306	26,957
Total OPEB Liability-beginning	748,709	726,322	721,904	694,598	667,641
<b>Total OPEB Liability-ending (a)</b>	<u>\$ 741,369</u>	<u>\$ 748,708</u>	<u>\$ 726,322</u>	<u>\$ 721,904</u>	<u>\$ 694,598</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 45,402	\$ 45,989	\$ 58,807	\$ 54,229	\$ 60,721
Contributions-employee	235	208	505	2,103	2,193
Net investment income	66,778	40,847	43,720	(5,746)	34,217
Benefit payments, including refunds of member contributions	(42,002)	(42,911)	(39,719)	(37,118)	(35,111)
Administrative expense	(24)	(22)	(20)	(21)	(22)
Net change in Plan Fiduciary Net Position	70,389	44,111	63,293	13,447	61,998
Plan Fiduciary Net Position-beginning	414,656	370,545	307,252	293,805	231,807
<b>Plan Fiduciary Net Position-ending (b)</b>	<u>\$ 485,045</u>	<u>\$ 414,656</u>	<u>\$ 370,545</u>	<u>\$ 307,252</u>	<u>\$ 293,805</u>
<b>Plan Net OPEB Liability-ending (a)-(b)</b>	<u>\$ 256,324</u>	<u>\$ 334,052</u>	<u>\$ 355,777</u>	<u>\$ 414,652</u>	<u>\$ 400,793</u>
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	65.43%	55.38%	51.02%	42.56%	42.30%
<b>Covered payroll <sup>(1)</sup></b>	\$ 1,453,302	\$ 1,426,003	\$ 1,368,521	\$ 1,346,440	\$ 1,313,217
<b>Plan Net OPEB Liability as a percentage of covered payroll</b>	17.64%	23.43%	26.00%	30.80%	30.52%

**Schedule of Investment Returns**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actual money-weighted rate of return, net of investment expense	16.67%	11.22%	14.81%	(1.31%)	14.74%

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

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



**Orange County Retiree Medical Plan (Continued)**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability	90.92%	91.43%	92.31%	91.78%	90.84%
County's proportionate share of the net OPEB liability	\$ 233,049	\$ 305,411	\$ 328,412	\$ 380,581	\$ 364,071
Covered payroll <sup>(1)</sup>	\$ 1,331,656	\$ 1,306,964	\$ 1,254,780	\$ 1,234,558	\$ 1,203,106
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>17.50%</u>	<u>23.37%</u>	<u>26.17%</u>	<u>30.83%</u>	<u>30.26%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	65.43%	55.38%	51.02%	42.56%	42.30%

**Schedule of Collective Plan Contributions**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 50,102	\$ 48,525	\$ 50,037	\$ 52,554	\$ 47,006
Contributions in relation to the actuarially determined contribution	45,402	45,989	58,807	54,229	60,721
Contribution deficiency (excess)	<u>\$ 4,700</u>	<u>\$ 2,536</u>	<u>\$ (8,770)</u>	<u>\$ (1,675)</u>	<u>\$ (13,715)</u>
Covered payroll <sup>(1)</sup>	\$ 1,453,302	\$ 1,426,003	\$ 1,368,521	\$ 1,346,440	\$ 1,313,217
Contributions as a percentage of covered payroll	3.12%	3.23%	4.30%	4.03%	4.62%

**Schedule of County Contributions**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 45,930	\$ 44,577	\$ 45,698	\$ 48,101	\$ 42,716
Contributions in relation to the actuarially determined contribution	42,373	39,393	50,466	52,349	46,005
Contribution deficiency (excess)	<u>\$ 3,557</u>	<u>\$ 5,184</u>	<u>\$ (4,768)</u>	<u>\$ (4,248)</u>	<u>\$ (3,289)</u>
Covered payroll <sup>(2)</sup>	\$ 1,353,522	\$ 1,310,629	\$ 1,293,186	\$ 1,254,706	\$ 1,220,638
Contributions as a percentage of covered payroll	3.13%	3.01%	3.90%	4.17%	3.77%

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

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

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

**Orange County Retiree Medical Plan (Continued)**

**Notes to Schedule**

**Methods and assumptions used to determine actuarially determined contributions:**

Valuation date	June 30, 2019
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Level percent of pay
Amortization period	14-year average fixed period for 2021/22
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



Physical Arrests-Juv					
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

Function/Program	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
<b>General Government</b>					
<b>Auditor-Controller</b>					
Property Tax Bills Prepared	1,103,642	1,104,521	1,112,743	1,125,902	1,127,725
<b>Assessor</b>					
Number of Real Property Valued	958,477			943,771	937,630
Number of Unsecured Property Assessed				117,126	121,665
New Parcels Created and Mapped				7,868	
New Construction Events				29,374	
<b>County Executive Office</b>					
Volunteer Program					
<b>Clerk-Recorder</b>					
Map					

*Orange County*

1890

41,217  
 8,901  
 50.47  
 47.20  
 43.41  
 42.00  
 25,500  
 500,000  
 25,1678  
 2.00  
 200.00

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**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 7, 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. The bonds were fully redeemed in July 2022. See Note 22, Subsequent Events for more information.

Capital Facilities Development Corporation

This non-budgeted Fund was established to account for the Civic Center Facilities Master Plan project and will facilitate financings, acquisitions of property, and other property related transactions for the benefit of Orange County, California.

South Orange County Public Financing Authority

This non-budgeted Fund was established to account for the debt service expenditures for the South Orange County Public Financing Authority (SOCPFA). On June 2, 2016, SOCPFA issued the Central Utility Facility Lease Revenue Bonds, Series 2016 to finance the acquisition, construction and installation of certain capital improvements.

**CAPITAL PROJECTS FUNDS**

These Funds are used to account for the acquisition and construction of major capital facilities (other than those financed by the Proprietary Funds).

Criminal Justice Facilities

This group of Funds is used to account for monies received from surcharges and penalty assessments on offenses used for capital improvements to court and other criminal justice facilities.

Countywide Capital Projects Non-General Fund

This Fund was established to budget and account for the multi-year approved capital projects funded primarily with Net County Cost or general purpose revenue.

Capital Facilities Development Corporation Construction

This non-budgeted Fund was established for the Civic Center Facilities Master Plan project and to account for the related construction.

**PERMANENT FUND**

A Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Regional Park Endowment

This Fund is used to account for costs associated with the repair and maintenance of a mitigation area in Limestone Regional Park.

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

	Total Nonmajor Governmental Funds	Special Revenue		
		Parking Facilities	Service Areas, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
<b><u>ASSETS</u></b>				
Pooled Cash/Investments	\$ 1,167,181	\$ 6,244	\$ 6,171	\$ 14,733
Imprest Cash Funds	45	--	--	--
Restricted Cash and Investments with Trustee	46,937	--	4,214	--
Deposits In-Lieu of Cash	2,362	--	--	1,992
Receivables				
Accounts	5,190	205	--	--
Taxes	28,287	--	27	--
Interest/Dividends	802	6	5	15
Deposits	46	--	--	--
Leases	73,518	--	--	436
Allowance for Uncollectible Receivables	(215)	(5)	--	--
Due from Other Funds	69,599	510	--	3
Due from Other Governmental Agencies	81,658	429	--	46
Prepaid Costs	22,355	94	--	--
Notes Receivable, Net	62,739	--	--	--
Total Assets	<u>\$ 1,560,504</u>	<u>\$ 7,483</u>	<u>\$ 10,417</u>	<u>\$ 17,225</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 46,032	\$ 717	\$ 5	\$ --
Retainage Payable	2,938	--	--	13
Salaries and Employee Benefits Payable	3,756	15	--	--
Interest Payable	29	--	--	--
Deposits from Others	56,582	--	515	7
Due to Other Funds	74,574	253	34	453
Due to Other Governmental Agencies	40,407	514	738	--
Unearned Revenue	25,079	--	--	1,992
Advances from Other Funds	40,000	--	--	--
Total Liabilities	<u>289,397</u>	<u>1,499</u>	<u>1,292</u>	<u>2,465</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable Revenue-Intergovernmental Revenues	39,078	1	10	--
Unavailable Revenue-Property Taxes	929	--	--	--
Leases	72,582	--	--	425
Total Deferred Inflows of Resources	<u>112,589</u>	<u>1</u>	<u>10</u>	<u>425</u>
<b><u>FUND BALANCES</u></b>				
Nonspendable	22,555	94	--	--
Restricted	692,593	3,212	9,115	7,130
Assigned	443,370	2,677	--	7,205
Total Fund Balances	<u>1,158,518</u>	<u>5,983</u>	<u>9,115</u>	<u>14,335</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,560,504</u>	<u>\$ 7,483</u>	<u>\$ 10,417</u>	<u>\$ 17,225</u>

Special Revenue				
Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor	
				<b><u>ASSETS</u></b>
\$ 32,536	\$ 126,165	\$ 129,120	\$ 61,881	Pooled Cash/Investments
--	45	--	--	Imprest Cash Funds
--	--	--	--	Restricted Cash and Investments with Trustee
--	--	352	18	Deposits In-Lieu of Cash
--	1,600	1,175	260	Receivables
--	--	1,627	--	Accounts
--	112	121	59	Taxes
--	--	7	--	Interest/Dividends
--	--	73,082	--	Deposits
--	--	--	--	Leases
--	3,517	691	--	Allowance for Uncollectible Receivables
--	2,180	8	--	Due from Other Funds
--	368	7,682	--	Due from Other Governmental Agencies
--	34,893	--	--	Prepaid Costs
<u>\$ 32,536</u>	<u>\$ 168,880</u>	<u>\$ 213,865</u>	<u>\$ 62,218</u>	Notes Receivable, Net
				Total Assets
				<b><u>LIABILITIES</u></b>
\$ --	\$ 1,302	\$ 6,598	\$ --	Accounts Payable
--	--	1,046	1	Retainage Payable
--	59	1,330	--	Salaries and Employee Benefits Payable
--	--	--	--	Interest Payable
--	4	3,232	385	Deposits from Others
6,183	27,524	3,052	1,107	Due to Other Funds
--	33,721	52	--	Due to Other Governmental Agencies
--	727	797	--	Unearned Revenue
--	--	--	--	Advances from Other Funds
<u>6,183</u>	<u>63,337</u>	<u>16,107</u>	<u>1,493</u>	Total Liabilities
				<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>
--	780	712	--	Unavailable Revenue-Intergovernmental Revenues
--	--	300	--	Unavailable Revenue-Property Taxes
--	--	72,157	--	Unavailable Revenue-Other
<u>--</u>	<u>780</u>	<u>73,169</u>	<u>--</u>	Total Deferred Inflows of Resources
				<b><u>FUND BALANCES</u></b>
--	368	7,682	--	Nonspendable
26,353	69,877	104,178	60,725	Restricted
--	34,518	12,729	--	Assigned
<u>26,353</u>	<u>104,763</u>	<u>124,589</u>	<u>60,725</u>	Total Fund Balances
<u>\$ 32,536</u>	<u>\$ 168,880</u>	<u>\$ 213,865</u>	<u>\$ 62,218</u>	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**

	Special Revenue			
	Housing Asset	OC Public Libraries	Health Care Programs	Roads
<b><u>ASSETS</u></b>				
Pooled Cash/Investments	\$ 2,626	\$ 88,955	\$ 74,298	\$ 249,909
Imprest Cash Funds	--	--	--	--
Restricted Cash and Investments with Trustee	--	--	--	--
Deposits In-Lieu of Cash	--	--	--	--
Receivables				
Accounts	--	302	--	1,329
Taxes	--	1,016	--	--
Interest/Dividends	2	81	19	226
Deposits	--	--	--	39
Leases	--	--	--	--
Allowance for Uncollectible Receivables	--	--	--	(100)
Due from Other Funds	--	70	35	1,106
Due from Other Governmental Agencies	--	2	2,364	16,285
Prepaid Costs	--	7,262	--	4,620
Notes Receivable, Net	27,120	--	--	--
Total Assets	<u>\$ 29,748</u>	<u>\$ 97,688</u>	<u>\$ 76,716</u>	<u>\$ 273,414</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 1	\$ 1,269	\$ --	\$ 4,511
Retainage Payable	--	156	--	20
Salaries and Employee Benefits Payable	--	1,175	--	796
Interest Payable	--	--	--	--
Deposits from Others	13	414	--	52,012
Due to Other Funds	89	602	11,763	3,479
Due to Other Governmental Agencies	8	1	2,426	2,932
Unearned Revenue	--	26	20,502	463
Advances from Other Funds	--	--	--	--
Total Liabilities	<u>111</u>	<u>3,643</u>	<u>34,691</u>	<u>64,213</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable Revenue-Intergovernmental Revenues	--	--	124	2,675
Unavailable Revenue-Property Taxes	--	629	--	--
Unavailable Revenue-Other	--	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>629</u>	<u>124</u>	<u>2,675</u>
<b><u>FUND BALANCES</u></b>				
Nonspendable	--	7,262	--	4,620
Restricted	29,637	86,154	28,313	201,906
Assigned	--	--	13,588	--
Total Fund Balances	<u>29,637</u>	<u>93,416</u>	<u>41,901</u>	<u>206,526</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,748</u>	<u>\$ 97,688</u>	<u>\$ 76,716</u>	<u>\$ 273,414</u>

Supplemental Information  
(Dollar Amounts in Thousands)

Special Revenue		Debt Service		
Orange County Housing Authority	Other Governmental Resources	Teeter Plan Notes	Pension Obligation Bonds	
				<b><u>ASSETS</u></b>
\$ 9,165	\$ 1,725	\$ 121,942	\$ --	Pooled Cash/Investments
--	--	--	--	Imprest Cash Funds
17,141	--	29	--	Restricted Cash and Investments with Trustee
--	--	--	--	Deposits In-Lieu of Cash
319	--	--	--	Receivables
--	--	25,617	--	Accounts
9	1	109	--	Taxes
--	--	--	--	Interest/Dividends
--	--	--	--	Deposits
--	--	--	--	Leases
(110)	--	--	--	Allowance for Uncollectible Receivables
3	--	--	--	Due from Other Funds
1,107	--	12,798	--	Due from Other Governmental Agencies
2,329	--	--	--	Prepaid Costs
726	--	--	--	Notes Receivable, Net
<u>\$ 30,689</u>	<u>\$ 1,726</u>	<u>\$ 160,495</u>	<u>\$ --</u>	Total Assets
				<b><u>LIABILITIES</u></b>
\$ 814	\$ --	\$ 45	\$ --	Accounts Payable
--	--	--	--	Retainage Payable
381	--	--	--	Salaries and Employee Benefits Payable
--	--	29	--	Interest Payable
--	--	--	--	Deposits from Others
2,711	--	2	--	Due to Other Funds
1	--	--	--	Due to Other Governmental Agencies
572	--	--	--	Unearned Revenue
--	--	--	--	Advances from Other Funds
<u>4,479</u>	<u>--</u>	<u>76</u>	<u>--</u>	Total Liabilities
				<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>
--	--	--	--	Unavailable Revenue-Intergovernmental Revenues
--	--	--	--	Unavailable Revenue-Property Taxes
--	--	--	--	Unavailable Revenue-Other
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	Total Deferred Inflows of Resources
				<b><u>FUND BALANCES</u></b>
2,329	--	--	--	Nonspendable
23,881	1,726	25,617	--	Restricted
--	--	134,802	--	Assigned
<u>26,210</u>	<u>1,726</u>	<u>160,419</u>	<u>--</u>	Total Fund Balances
<u>\$ 30,689</u>	<u>\$ 1,726</u>	<u>\$ 160,495</u>	<u>\$ --</u>	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**

	Debt Service		Capital Projects
	Capital Facilities Development Corporation	South OC Public Financing Authority	Criminal Justice Facilities
<b><u>ASSETS</u></b>			
Pooled Cash/Investments	\$ --	\$ --	\$ 31,839
Imprest Cash Funds	--	--	--
Restricted Cash and Investments with Trustee	5,348	--	--
Deposits In-Lieu of Cash	--	--	--
Receivables			
Accounts	--	--	--
Taxes	--	--	--
Interest/Dividends	--	--	37
Deposits	--	--	--
Leases	--	--	--
Allowance for Uncollectible Receivables	--	--	--
Due from Other Funds	--	--	14,198
Due from Other Governmental Agencies	--	--	46,439
Prepaid Costs	--	--	--
Notes Receivable, Net	--	--	--
Total Assets	\$ 5,348	\$ --	\$ 92,513
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ --	\$ --	\$ 18,423
Retainage Payable	--	--	1,677
Salaries and Employee Benefits Payable	--	--	--
Interest Payable	--	--	--
Deposits from Others	--	--	--
Due to Other Funds	--	--	4
Due to Other Governmental Agencies	--	--	14
Unearned Revenue	--	--	--
Advances from Other Funds	--	--	40,000
Total Liabilities	--	--	60,118
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable Revenue-Intergovernmental Revenues	--	--	34,776
Unavailable Revenue-Property Taxes	--	--	--
Unavailable Revenue-Other	--	--	--
Total Deferred Inflows of Resources	--	--	34,776
<b><u>FUND BALANCES</u></b>			
Nonspendable	--	--	--
Restricted	5,348	--	--
Assigned	--	--	(2,381)
Total Fund Balances	5,348	--	(2,381)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,348	\$ --	\$ 92,513

Capital Projects		Permanent		
Countywide Capital Projects Non-General Fund	Capital Facilities Development Corporation Construction		Regional Park Endowment	
				<b><u>ASSETS</u></b>
\$ 209,509	\$ --	\$ 363		Pooled Cash/Investments
--	--	--		Imprest Cash Funds
--	20,205	--		Restricted Cash and Investments with Trustee
--	--	--		Deposits In-Lieu of Cash
--	--	--		Receivables
--	--	--		Accounts
--	--	--		Taxes
--	--	--		Interest/Dividends
--	--	--		Deposits
--	--	--		Leases
--	--	--		Allowance for Uncollectible Receivables
49,466	--	--		Due from Other Funds
--	--	--		Due from Other Governmental Agencies
--	--	--		Prepaid Costs
--	--	--		Notes Receivable, Net
<u>\$ 258,975</u>	<u>\$ 20,205</u>	<u>\$ 363</u>		Total Assets
				<b><u>LIABILITIES</u></b>
\$ 1,400	\$ 10,947	\$ --		Accounts Payable
25	--	--		Retainage Payable
--	--	--		Salaries and Employee Benefits Payable
--	--	--		Interest Payable
--	--	--		Deposits from Others
17,318	--	--		Due to Other Funds
--	--	--		Due to Other Governmental Agencies
--	--	--		Unearned Revenue
--	--	--		Advances from Other Funds
<u>18,743</u>	<u>10,947</u>	<u>--</u>		Total Liabilities
				<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>
--	--	--		Unavailable Revenue-Intergovernmental Revenues
--	--	--		Unavailable Revenue-Property Taxes
--	--	--		Unavailable Revenue-Other
<u>--</u>	<u>--</u>	<u>--</u>		Total Deferred Inflows of Resources
				<b><u>FUND BALANCES</u></b>
--	--	200		Nonspendable
--	9,258	163		Restricted
240,232	--	--		Assigned
<u>240,232</u>	<u>9,258</u>	<u>363</u>		Total Fund Balances
<u>\$ 258,975</u>	<u>\$ 20,205</u>	<u>\$ 363</u>		Total Liabilities, Deferred Inflows of Resources, and Fund Balances



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**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

	Total Nonmajor Governmental Funds	Special Revenue		
		Parking Facilities	Service Area, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
<b>Revenues</b>				
Taxes	\$ 176,725	\$ --	\$ 770	\$ --
Licenses, Permits, and Franchises	1,147	--	--	--
Fines, Forfeitures, and Penalties	20,541	--	--	--
Use of Money and Property	35,320	10,785	24	1,137
Intergovernmental	452,854	606	3	6,487
Charges for Services	61,973	88	11	517
Other	39,481	133	312	8
<b>Total Revenues</b>	<b>788,041</b>	<b>11,612</b>	<b>1,120</b>	<b>8,149</b>
<b>Expenditures</b>				
Current				
General Government	10,664	--	5,860	2,581
Public Protection	19	--	--	--
Public Ways and Facilities	100,863	9,767	733	1,251
Health and Sanitation	1,305	--	--	38
Public Assistance	252,400	--	--	--
Education	57,457	--	--	--
Recreation and Cultural Services	130,180	--	--	--
Capital Outlay	279,456	20	21	161
Debt Service				
Principal Retirement	43,076	--	--	--
Interest	22,040	--	--	--
<b>Total Expenditures</b>	<b>897,460</b>	<b>9,787</b>	<b>6,614</b>	<b>4,031</b>
Excess (Deficit) of Revenues Over Expenditures	(109,419)	1,825	(5,494)	4,118
<b>Other Financing Sources (Uses)</b>				
Transfers In	179,161	--	49	355
Transfers Out	(140,517)	(47)	(21)	(216)
Debt Issued	79,978	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>118,622</b>	<b>(47)</b>	<b>28</b>	<b>139</b>
<b>Net Change in Fund Balances</b>	<b>9,203</b>	<b>1,778</b>	<b>(5,466)</b>	<b>4,257</b>
Fund Balances-Beginning of Year, as Restated	1,149,315	4,205	14,581	10,078
<b>Fund Balances-End of Year</b>	<b>\$ 1,158,518</b>	<b>\$ 5,983</b>	<b>\$ 9,115</b>	<b>\$ 14,335</b>

Special Revenue				
Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor	
\$ --	\$ --	\$ 108,667	\$ --	Revenues
--	863	284	--	Taxes
--	--	57	--	Licenses, Permits, and Franchises
137	748	14,039	3,307	Fines, Forfeitures, and Penalties
--	27,561	1,052	--	Use of Money and Property
--	2,740	13,326	93	Intergovernmental
34,269	2,457	1,162	16	Charges for Services
<u>34,406</u>	<u>34,369</u>	<u>138,587</u>	<u>3,416</u>	Other
				Total Revenues
				Expenditures
				Current
11	--	--	--	General Government
--	19	--	--	Public Protection
--	--	--	--	Public Ways and Facilities
--	--	--	--	Health and Sanitation
--	28,544	--	--	Public Assistance
--	--	--	--	Education
--	--	121,553	8,617	Recreation and Cultural Services
--	--	19,417	--	Capital Outlay
--	1	22	--	Debt Service
--	--	1	--	Principal Retirement
<u>11</u>	<u>28,564</u>	<u>140,993</u>	<u>8,617</u>	Interest
				Total Expenditures
34,395	5,805	(2,406)	(5,201)	Excess (Deficit) of Revenues Over Expenditures
				Other Financing Sources (Uses)
11	12,680	95	--	Transfers In
(30,595)	(33,098)	(749)	--	Transfers Out
--	--	--	--	Debt Issued
<u>(30,584)</u>	<u>(20,418)</u>	<u>(654)</u>	<u>--</u>	Total Other Financing Sources (Uses)
				Net Change in Fund Balances
3,811	(14,613)	(3,060)	(5,201)	
22,542	119,376	127,649	65,926	Fund Balances-Beginning of Year, as Restated
<u>\$ 26,353</u>	<u>\$ 104,763</u>	<u>\$ 124,589</u>	<u>\$ 60,725</u>	Fund Balances-End of Year

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**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
<b>Revenues</b>				
Taxes	\$ --	\$ 67,288	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--	--
Fines, Forfeitures, and Penalties	--	10	6,530	2
Use of Money and Property	242	303	163	792
Intergovernmental	--	645	6,552	108,214
Charges for Services	--	433	1,178	43,458
Other	23	476	6	254
Total Revenues	<u>265</u>	<u>69,155</u>	<u>14,429</u>	<u>152,720</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government	--	--	--	--
Public Protection	--	--	--	--
Public Ways and Facilities	--	--	--	89,112
Health and Sanitation	--	--	1,267	--
Public Assistance	741	--	--	--
Education	--	57,457	--	--
Recreation and Cultural Services	--	--	--	--
Capital Outlay	--	4,287	--	7,460
<b>Debt Service</b>				
Principal Retirement	--	4	--	--
Interest	--	1	--	--
Total Expenditures	<u>741</u>	<u>61,749</u>	<u>1,267</u>	<u>96,572</u>
Excess (Deficit) of Revenues Over Expenditures	(476)	7,406	13,162	56,148
<b>Other Financing Sources (Uses)</b>				
Transfers In	--	--	150	21
Transfers Out	--	(28)	(18,960)	(1,246)
Debt Issued	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>(28)</u>	<u>(18,810)</u>	<u>(1,225)</u>
Net Change in Fund Balances	(476)	7,378	(5,648)	54,923
Fund Balances-Beginning of Year, as Restated	<u>30,113</u>	<u>86,038</u>	<u>47,549</u>	<u>151,603</u>
Fund Balances-End of Year	<u>\$ 29,637</u>	<u>\$ 93,416</u>	<u>\$ 41,901</u>	<u>\$ 206,526</u>

Supplemental Information  
(Dollar Amounts in Thousands)

Special Revenue		Debt Service		
Orange County Housing Authority	Other Governmental Resources	Teeter Plan Notes	Pension Obligation Bonds	
\$ --	\$ --	\$ --	\$ --	Revenues
--	--	--	--	Taxes
--	--	13,192	--	Licenses, Permits, and Franchises
63	8	561	219	Fines, Forfeitures, and Penalties
229,301	--	--	--	Use of Money and Property
--	129	--	--	Intergovernmental
140	--	15	--	Charges for Services
<u>229,504</u>	<u>137</u>	<u>13,768</u>	<u>219</u>	Other
				Total Revenues
				Expenditures
				Current
--	9	2,167	6	General Government
--	--	--	--	Public Protection
--	--	--	--	Public Ways and Facilities
--	--	--	--	Health and Sanitation
223,115	--	--	--	Public Assistance
--	--	--	--	Education
--	--	--	--	Recreation and Cultural Services
--	468	--	--	Capital Outlay
22	--	37,406	516	Debt Service
2	--	360	3,026	Principal Retirement
<u>223,139</u>	<u>477</u>	<u>39,933</u>	<u>3,548</u>	Interest
				Total Expenditures
6,365	(340)	(26,165)	(3,329)	Excess (Deficit) of Revenues
				Over Expenditures
--	1	--	--	Other Financing Sources (Uses)
--	(6)	--	--	Transfers In
--	--	79,978	--	Transfers Out
<u>--</u>	<u>--</u>	<u>79,978</u>	<u>--</u>	Debt Issued
<u>--</u>	<u>(5)</u>	<u>79,978</u>	<u>--</u>	Total Other Financing Sources (Uses)
6,365	(345)	53,813	(3,329)	Net Change in Fund Balances
19,845	2,071	106,606	3,329	Fund Balances-Beginning of Year, as Restated
<u>\$ 26,210</u>	<u>\$ 1,726</u>	<u>\$ 160,419</u>	<u>\$ --</u>	Fund Balances-End of Year

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (Continued)  
NONMAJOR GOVERNMENTAL FUNDS**

	Debt Service		Capital Projects
	Capital Facilities Development Corporation	South OC Public Financing Authority	Criminal Justice Facilities
Revenues			
Taxes	\$ --	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--
Fines, Forfeitures, and Penalties	--	--	750
Use of Money and Property	--	--	118
Intergovernmental	--	--	71,838
Charges for Services	--	--	--
Other	--	--	5
Total Revenues	--	--	72,711
Expenditures			
Current			
General Government	30	--	--
Public Protection	--	--	--
Public Ways and Facilities	--	--	--
Health and Sanitation	--	--	--
Public Assistance	--	--	--
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	--	--	154,449
Debt Service			
Principal Retirement	2,945	2,160	--
Interest	16,321	2,329	--
Total Expenditures	19,296	4,489	154,449
Excess (Deficit) of Revenues Over Expenditures	(19,296)	(4,489)	(81,738)
Other Financing Sources (Uses)			
Transfers In	8,345	4,489	75,683
Transfers Out	--	--	(96)
Debt Issued	--	--	--
Total Other Financing Sources (Uses)	8,345	4,489	75,587
Net Change in Fund Balances	(10,951)	--	(6,151)
Fund Balances-Beginning of Year, as Restated	16,299	--	3,770
Fund Balances-End of Year	\$ 5,348	\$ --	\$ (2,381)

Capital Projects		Permanent		
Countywide Capital Projects Non- General Fund	Capital Facilities Development Corporation Construction	Regional Park Endowment		
\$ --	\$ --	\$ --		Revenues
--	--	--		Taxes
--	--	--		Licenses, Permits, and Franchises
996	1,673	5		Fines, Forfeitures, and Penalties
595	--	--		Use of Money and Property
--	--	--		Intergovernmental
205	--	--		Charges for Services
<u>1,796</u>	<u>1,673</u>	<u>5</u>		Other
				Total Revenues
				Expenditures
				Current
--	--	--		General Government
--	--	--		Public Protection
--	--	--		Public Ways and Facilities
--	--	--		Health and Sanitation
--	--	--		Public Assistance
--	--	--		Education
--	--	10		Recreation and Cultural Services
12,252	80,921	--		Capital Outlay
--	--	--		Debt Service
--	--	--		Principal Retirement
<u>12,252</u>	<u>80,921</u>	<u>10</u>		Interest
(10,456)	(79,248)	(5)		Total Expenditures
				Excess (Deficit) of Revenues Over Expenditures
77,282	--	--		Other Financing Sources (Uses)
(55,455)	--	--		Transfers In
--	--	--		Transfers Out
<u>21,827</u>	<u>--</u>	<u>--</u>		Debt Issued
				Total Other Financing Sources (Uses)
11,371	(79,248)	(5)		Net Change in Fund Balances
228,861	88,506	368		Fund Balances-Beginning of Year, as Restated
<u>\$ 240,232</u>	<u>\$ 9,258</u>	<u>\$ 363</u>		Fund Balances-End of Year

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BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b><u>Parking Facilities</u></b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 5,344	\$ 5,344	\$ 5,853	\$ 509
Intergovernmental	--	--	6	6
Charges for Services	141	141	88	(53)
Other	--	--	133	133
Total Revenues and Other Financing Sources	<u>5,485</u>	<u>5,485</u>	<u>6,080</u>	<u>595</u>
<b>Expenditures and Other Financing Uses</b>				
Public Ways and Facilities:				
Parking Facilities	5,816	5,816	4,630	1,186
Total Expenditures and Other Financing Uses	<u>5,816</u>	<u>5,816</u>	<u>4,630</u>	<u>1,186</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(331)	(331)	1,450	<u>\$ 1,781</u>
Fund Balances-Beginning of Year	1,267	1,267	1,267	
Fund Balances-End of Year	<u>\$ 936</u>	<u>\$ 936</u>	<u>\$ 2,717</u>	
<b><u>Service Area, Lighting, Maintenance, and Assessment Districts</u></b>				
<b>Revenues and Other Financing Sources</b>				
Taxes	\$ 740	\$ 740	\$ 770	\$ 30
Use of Money and Property	14	14	37	23
Intergovernmental	3	3	3	--
Charges for Services	11	11	11	--
Other	311	311	312	1
Transfers In	49	49	49	--
Total Revenues and Other Financing Sources	<u>1,128</u>	<u>1,128</u>	<u>1,182</u>	<u>54</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Special Assessment-Top of the World Improvement	20	20	2	18
CFD 2017-1 RMV (Village of Esencia) Construction	7,772	7,772	5,856	1,916
Public Ways and Facilities:				
North Tustin Landscaping and Lighting Assessment District	4,514	4,514	567	3,947
County Service Area No. 13-La Mirada	33	33	28	5
County Service Area No. 22-East Yorba Linda	129	129	87	42
Total Expenditures and Other Financing Uses	<u>12,468</u>	<u>12,468</u>	<u>6,540</u>	<u>5,928</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(11,340)	(11,340)	(5,358)	<u>\$ 5,982</u>
Fund Balances-Beginning of Year	14,568	14,568	14,568	
Fund Balances-End of Year	<u>\$ 3,228</u>	<u>\$ 3,228</u>	<u>\$ 9,210</u>	
<b><u>Other Environmental Management</u></b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 587	\$ 587	\$ 1,153	\$ 566
Intergovernmental	3,551	3,551	4,523	972
Charges for Services	175	175	517	342
Other	--	--	8	8
Transfers In	360	3,413	355	(3,058)
Total Revenues and Other Financing Sources	<u>4,673</u>	<u>7,726</u>	<u>6,556</u>	<u>(1,170)</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Real Estate Development Program	2,248	3,801	2,559	1,242
Air Quality Improvement	406	406	133	273
Public Protection:				
Survey Monument Preservation	94	94	11	83
Public Ways and Facilities:				
El Toro Improvement Fund	4,922	4,922	1,317	3,605
Total Expenditures and Other Financing Uses	<u>7,670</u>	<u>9,223</u>	<u>4,020</u>	<u>5,203</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(2,997)	(1,497)	2,536	<u>\$ 4,033</u>
Fund Balances-Beginning of Year	12,015	12,015	12,015	
Fund Balances-End of Year	<u>\$ 9,018</u>	<u>\$ 10,518</u>	<u>\$ 14,551</u>	

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

Supplemental Information  
(Dollar Amounts in Thousands)

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

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b><u>Tobacco Settlement</u></b>				
<b>Revenues and Other Financing Sources</b>				
Other	\$ 27,466	\$ 28,827	\$ 34,269	\$ 5,442
Total Revenues and Other Financing Sources	<u>27,466</u>	<u>28,827</u>	<u>34,269</u>	<u>5,442</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Orange County Tobacco Settlement Fund	45,155	51,352	30,457	20,895
Total Expenditures and Other Financing Uses	<u>45,155</u>	<u>51,352</u>	<u>30,457</u>	<u>20,895</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(17,689)	(22,525)	3,812	<u>\$ 26,337</u>
Fund Balances-Beginning of Year	22,525	22,525	22,525	
Fund Balances-End of Year	<u>\$ 4,836</u>	<u>\$ --</u>	<u>\$ 26,337</u>	
<b><u>Community and Welfare Services</u></b>				
<b>Revenues and Other Financing Sources</b>				
Licenses, Permits, and Franchises	\$ 745	\$ 745	\$ 863	\$ 118
Use of Money and Property	736	736	969	233
Intergovernmental	42,150	82,513	28,176	(54,337)
Charges for Services	2,943	2,943	2,741	(202)
Other	163	2,163	2,457	294
Transfers In	11,120	29,361	12,678	(16,683)
Total Revenues and Other Financing Sources	<u>57,857</u>	<u>118,461</u>	<u>47,884</u>	<u>(70,577)</u>
<b>Expenditures and Other Financing Uses</b>				
Public Protection:				
OC Animal Care Center Donations	120	120	57	63
OC Animal Shelter Construction Fund	2,764	2,764	2,556	208
Public Assistance:				
MHSA Housing Fund	6,204	19,242	4,051	15,191
Dispute Resolution Program	736	736	564	172
Domestic Violence Program	899	899	754	145
Facilities Development and Maintenance	5,230	5,230	1,015	4,215
Workforce Innovation and Opportunity Act	16,051	16,051	9,517	6,534
County Executive Office-Single Family Housing	1,515	3,515	1,002	2,513
OC Housing	18,017	60,315	9,322	50,993
Strategic Priority Affordable Housing	353	353	69	284
In-Home Support Services Public Authority	2,763	2,763	1,882	881
SSA Donations and Fees	818	818	741	77
SSA Wraparound	25,869	25,869	25,865	4
CallHome Program Reuse Fund	1,157	1,157	26	1,131
SSA Leased Facilities	2,582	2,582	2,504	78
Total Expenditures and Other Financing Uses	<u>85,078</u>	<u>142,414</u>	<u>59,925</u>	<u>82,489</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(27,221)	(23,953)	(12,041)	<u>\$ 11,912</u>
Fund Balances-Beginning of Year	119,319	119,319	119,319	
Fund Balances-End of Year	<u>\$ 92,098</u>	<u>\$ 95,366</u>	<u>\$ 107,278</u>	
<b><u>OC Parks</u></b>				
<b>Revenues and Other Financing Sources</b>				
Taxes	\$ 105,787	\$ 105,787	\$ 108,928	\$ 3,141
Licenses, Permits, and Franchises	252	252	285	33
Fines, Forfeitures, and Penalties	43	43	57	14
Use of Money and Property	10,719	10,719	13,387	2,668
Intergovernmental	2,401	2,401	853	(1,548)
Charges for Services	13,422	13,422	13,315	(107)
Other	885	885	1,162	277
Transfers In	35,200	35,295	24,302	(10,993)
Total Revenues and Other Financing Sources	<u>168,709</u>	<u>168,804</u>	<u>162,289</u>	<u>(6,515)</u>
<b>Expenditures and Other Financing Uses</b>				
Recreation and Cultural Services:				
County Tideland-Newport Bay	7,182	7,182	6,274	908
OC Parks	179,805	179,805	138,443	41,362
OC Parks Capital	53,884	53,979	21,876	32,103
Total Expenditures and Other Financing Uses	<u>240,871</u>	<u>240,966</u>	<u>166,593</u>	<u>74,373</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(72,162)	(72,162)	(4,304)	<u>\$ 67,858</u>
Fund Balances-Beginning of Year	129,427	129,427	129,427	
Fund Balances-End of Year	<u>\$ 57,265</u>	<u>\$ 57,265</u>	<u>\$ 125,123</u>	



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

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>OC Dana Point Harbor</b>				
<b>Revenues and Other Financing Sources</b>				
Fines, Forfeitures and Penalties	\$ 3	\$ 3	\$ --	\$ (3)
Use of Money and Property	2,547	2,547	3,451	904
Charges for Services	50	50	94	44
Other	55	55	16	(39)
Total Revenues and Other Financing Sources	2,655	2,655	3,561	906
<b>Expenditures and Other Financing Uses</b>				
Recreation and Cultural Services:				
OC Dana Point Harbor	20,312	20,312	7,664	12,648
Total Expenditures and Other Financing Uses	20,312	20,312	7,664	12,648
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(17,657)	(17,657)	(4,103)	\$ 13,554
Fund Balances-Beginning of Year	65,782	65,782	65,782	
Fund Balances-End of Year	\$ 48,125	\$ 48,125	\$ 61,679	
<b>Housing Asset</b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 288	\$ 288	\$ 252	\$ (36)
Other	--	--	(113)	(113)
Total Revenues and Other Financing Sources	288	288	139	(149)
<b>Expenditures and Other Financing Uses</b>				
Public Assistance:				
Orange County Development Agency Housing Asset	8,817	8,817	565	8,252
Total Expenditures and Other Financing Uses	8,817	8,817	565	8,252
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(8,529)	(8,529)	(426)	\$ 8,103
Fund Balances-Beginning of Year	30,103	30,103	30,103	
Fund Balances-End of Year	\$ 21,574	\$ 21,574	\$ 29,677	
<b>OC Public Libraries</b>				
<b>Revenues and Other Financing Sources</b>				
Taxes	\$ 65,381	\$ 65,931	\$ 67,685	\$ 1,754
Fines, Forfeitures, and Penalties	12	12	10	(2)
Use of Money and Property	295	295	477	182
Intergovernmental	542	542	649	107
Charges for Services	295	295	433	138
Other	864	864	476	(388)
Transfers In	12,600	12,600	6,876	(5,724)
Total Revenues and Other Financing Sources	79,989	80,539	76,606	(3,933)
<b>Expenditures and Other Financing Uses</b>				
Education:				
OC Public Libraries-Capital	16,288	16,288	6,087	10,201
OC Public Libraries	81,110	81,660	61,283	20,377
Total Expenditures and Other Financing Uses	97,398	97,948	67,370	30,578
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(17,409)	(17,409)	9,236	\$ 26,645
Fund Balances-Beginning of Year	85,442	85,442	85,442	
Fund Balances-End of Year	\$ 68,033	\$ 68,033	\$ 94,678	

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

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

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Health Care Programs</b>				
<b>Revenues and Other Financing Sources</b>				
Fines, Forfeitures, and Penalties	\$ 8,122	\$ 8,173	\$ 6,530	\$ (1,643)
Use of Money and Property	527	492	98	(394)
Intergovernmental	4,828	13,708	7,089	(6,619)
Charges for Services	875	875	1,178	303
Other	250	250	6	(244)
Transfers In	700	3,141	131	(3,010)
Total Revenues and Other Financing Sources	<u>15,302</u>	<u>26,639</u>	<u>15,032</u>	<u>(11,607)</u>
<b>Expenditures and Other Financing Uses</b>				
Health and Sanitation:				
Medi-Cal Administrative Activities Targeted Case Management	1,100	1,100	804	296
Emergency Medical Services	7,725	7,725	6,352	1,373
HCA Purpose Restricted Revenues	8,007	8,007	4,968	3,039
HCA Interest Bearing Purpose Restricted Revenues	3,398	14,684	5,114	9,570
Bioterrorism Center for Disease Control	3,992	3,992	2,142	1,850
Total Expenditures and Other Financing Uses	<u>24,222</u>	<u>35,508</u>	<u>19,380</u>	<u>16,128</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(8,920)	(8,869)	(4,348)	<u>\$ 4,521</u>
Fund Balances-Beginning of Year	47,214	47,214	47,214	
Fund Balances-End of Year	<u>\$ 38,294</u>	<u>\$ 38,345</u>	<u>\$ 42,866</u>	
<b>Roads</b>				
<b>Revenues and Other Financing Sources</b>				
Fines, Forfeitures, and Penalties	\$ 4	\$ 4	\$ 2	\$ (2)
Use of Money and Property	1,376	1,567	1,129	(438)
Intergovernmental	114,489	108,489	105,164	(3,325)
Charges for Services	15,741	21,658	43,387	21,729
Other	50,819	47,946	232	(47,714)
Transfers In	10,368	17,593	16,861	(732)
Total Revenues and Other Financing Sources	<u>192,797</u>	<u>197,257</u>	<u>166,775</u>	<u>(30,482)</u>
<b>Expenditures and Other Financing Uses</b>				
Public Ways and Facilities:				
OC Road	86,603	91,201	67,356	23,845
Foothill Circulation Phasing Plan	522	522	55	467
South County Roadway Improve Prog (SCRIP)	8,000	8,000	5,555	2,445
Major Thoroughfare & Bridge Fee Program	--	7,236	6,492	744
OC Road-Capital Improvement Projects	91,542	94,772	31,353	63,419
Total Expenditures and Other Financing Uses	<u>186,667</u>	<u>201,731</u>	<u>110,811</u>	<u>90,920</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	6,130	(4,474)	55,964	<u>\$ 60,438</u>
Fund Balances-Beginning of Year	156,631	156,631	156,631	
Fund Balances-End of Year	<u>\$ 162,761</u>	<u>\$ 152,157</u>	<u>\$ 212,595</u>	

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

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Orange County Housing Authority</b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 172	\$ 172	\$ 81	\$ (91)
Intergovernmental	242,390	242,390	229,285	(13,105)
Charges for Services	3	3	--	(3)
Other	122	122	29	(93)
Total Revenues and Other Financing Sources	<u>242,687</u>	<u>242,687</u>	<u>229,395</u>	<u>(13,292)</u>
<b>Expenditures and Other Financing Uses</b>				
Public Assistance:				
Orange County Housing Authority-Operating Reserve	3,506	3,506	250	3,256
Orange County Housing Authority	255,480	255,480	222,747	32,733
Total Expenditures and Other Financing Uses	<u>258,986</u>	<u>258,986</u>	<u>222,997</u>	<u>35,989</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(16,299)	(16,299)	6,398	\$ <u>22,697</u>
Fund Balances-Beginning of Year	19,937	19,937	19,937	
Fund Balances-End of Year	<u>\$ 3,638</u>	<u>\$ 3,638</u>	<u>\$ 26,335</u>	
<b>Other Governmental Resources</b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 20	\$ 20	\$ 5	\$ (15)
Charges for Services	200	200	129	(71)
Total Revenues and Other Financing Sources	<u>220</u>	<u>220</u>	<u>134</u>	<u>(86)</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Remittance Processing Equipment Replacement	451	521	469	52
Assessor Property Characteristic	200	200	--	200
Total Expenditures and Other Financing Uses	<u>651</u>	<u>721</u>	<u>469</u>	<u>252</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(431)	(501)	(335)	\$ <u>166</u>
Fund Balances-Beginning of Year	2,069	2,069	2,069	
Fund Balances-End of Year	<u>\$ 1,638</u>	<u>\$ 1,568</u>	<u>\$ 1,734</u>	

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

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS-DEBT SERVICE**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Teeter Plan Notes</b>				
<b>Revenues and Other Financing Sources</b>				
Fines, Forfeitures, and Penalties	\$ 4,000	\$ 4,000	\$ 12,699	\$ 8,699
Use of Money and Property	500	500	658	158
Other	--	--	64	64
Bond Issuance Proceeds	85,000	85,000	79,978	(5,022)
Total Revenues and Other Financing Sources	<u>89,500</u>	<u>89,500</u>	<u>93,399</u>	<u>3,899</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Teeter Series A Debt Service	122,507	122,507	38,081	84,426
Total Expenditures and Other Financing Uses	<u>122,507</u>	<u>122,507</u>	<u>38,081</u>	<u>84,426</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(33,007)	(33,007)	55,318	<u>\$ 88,325</u>
Fund Balances-Beginning of Year	101,832	101,832	101,832	
Fund Balances-End of Year	<u>\$ 68,825</u>	<u>\$ 68,825</u>	<u>\$ 157,150</u>	
<b>Pension Obligation Bonds</b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 1,975	\$ 1,976	\$ 1,975	\$ (1)
Total Revenues and Other Financing Sources	<u>1,975</u>	<u>1,976</u>	<u>1,975</u>	<u>(1)</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Pension Obligation Bonds Debt Service	3,546	3,550	3,550	--
Total Expenditures and Other Financing Uses	<u>3,546</u>	<u>3,550</u>	<u>3,550</u>	<u>--</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,571)	(1,574)	(1,575)	<u>\$ (1)</u>
Fund Balances-Beginning of Year	1,575	1,575	1,575	
Fund Balances-End of Year	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ --</u>	

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**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS**

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b><u>Criminal Justice Facilities</u></b>				
<b>Revenues and Other Financing Sources</b>				
Fines, Forfeitures, and Penalties	\$ 750	\$ 750	\$ 750	\$ --
Use of Money and Property	200	200	204	4
Intergovernmental	135,415	137,613	63,960	(73,653)
Other	--	--	5	5
Transfers In	87,768	89,109	75,683	(13,426)
Total Revenues and Other Financing Sources	<u>224,133</u>	<u>227,672</u>	<u>140,602</u>	<u>(87,070)</u>
<b>Expenditures and Other Financing Uses</b>				
Public Protection:				
Criminal Justice Facilities Accumulated Capital Outlay	24,116	26,160	20,532	5,628
Sheriff-Coroner Construction and Facility Development	235,826	266,463	145,289	121,174
Total Expenditures and Other Financing Uses	<u>259,942</u>	<u>292,623</u>	<u>165,821</u>	<u>126,802</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(35,809)	(64,951)	(25,219)	\$ 39,732
Fund Balances-Beginning of Year	62,442	62,442	62,442	
Fund Balances-End of Year	<u>\$ 26,633</u>	<u>\$ (2,509)</u>	<u>\$ 37,223</u>	
<b><u>Countywide Capital Projects Non-General Fund</u></b>				
<b>Revenues and Other Financing Sources</b>				
Intergovernmental	\$ --	\$ --	\$ 595	\$ 595
Other	--	200	205	5
Transfers In	34,483	158,684	77,188	(81,496)
Total Revenues and Other Financing Sources	<u>34,483</u>	<u>158,884</u>	<u>77,988</u>	<u>(80,896)</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Countywide Capital Projects Non-General	140,963	274,802	62,459	212,343
Countywide IT Projects Non-General	10,038	13,158	3,925	9,233
Total Expenditures and Other Financing Uses	<u>151,001</u>	<u>287,960</u>	<u>66,384</u>	<u>221,576</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(116,518)	(129,076)	11,604	\$ 140,680
Fund Balances-Beginning of Year	229,095	229,095	229,095	
Fund Balances-End of Year	<u>\$ 112,577</u>	<u>\$ 100,019</u>	<u>\$ 240,699</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS-PERMANENT FUND**

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Regional Park Endowment</b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 7	\$ 7	\$ 2	\$ (5)
Total Revenues and Other Financing Sources	<u>7</u>	<u>7</u>	<u>2</u>	<u>(5)</u>
<b>Expenditures and Other Financing Uses</b>				
Recreation and Cultural Services:				
Limestone Regional Park Mitigation Maintenance Endowment	7	7	--	7
Total Expenditures and Other Financing Uses	<u>7</u>	<u>7</u>	<u>--</u>	<u>7</u>
Excess (Deficit) of Revenues and Other Financing Sources				
Over Expenditures and Other Financing Uses	--	--	2	<u>\$ 2</u>
Fund Balances-Beginning of Year	210	210	210	
Fund Balances-End of Year	<u>\$ 210</u>	<u>\$ 210</u>	<u>\$ 212</u>	

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



### **INTERNAL SERVICE FUNDS**

These funds are used to account for the financing of goods or services provided by one County department or agency to other County departments or agencies, on a cost-reimbursement basis.

#### Health and Other Self-Insured Employee Benefits

These funds are used to account for the County's self-funded health insurance programs, group salary continuance plan, group dental insurance programs, wellness program, and flexible spending accounts.

#### Insured Health Plans

This fund is used to account for the fully insured health plans for the County employees and retirees.

#### Life Insurance

This fund is used to account for the County's life insurance and accidental death and dismemberment insurance for employees.

#### Workers' Compensation

This fund is used to account for the County's self-insured workers' compensation program.

#### Unemployment Insurance

This fund is used to account for the County's self-insured unemployment insurance program.

#### Property and Casualty Risk

This fund is used to account for the County's self-insured property and casualty risk program.

#### Transportation

This fund is used to account for motor pool repair and maintenance, and for other transportation services, which are provided to departments and agencies on a cost-reimbursement basis.

#### Reprographics

This fund is used to account for printing and graphic services, which are provided to departments and agencies on a cost-reimbursement basis.

#### Information and Technology

This fund is used to account for applications development and support, voice and data services, and desktop support to departments and agencies on a cost-reimbursement basis.



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COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	Insured Health Plans	Life Insurance	Workers' Compensation
<b>ASSETS</b>					
Current Assets					
Pooled Cash/Investments	\$ 341,646	\$ 19,865	\$ 6,440	\$ 85	\$ 153,415
Cash/Cash Equivalents	5,612	404	--	--	5,208
Imprest Cash Funds	8	--	--	--	--
Receivables					
Accounts	824	488	255	--	--
Interest/Dividends	292	21	--	--	136
Allowance for Uncollectible Receivables	(105)	--	--	--	--
Due from Other Funds	2,951	--	--	--	96
Due from Other Governmental Agencies	341	122	--	--	--
Inventory of Materials and Supplies	199	--	--	--	--
Prepaid Costs	3,154	--	--	--	344
Total Current Assets	<u>354,922</u>	<u>20,900</u>	<u>6,695</u>	<u>85</u>	<u>159,199</u>
Noncurrent Assets					
Capital Assets					
Not Depreciable/Amortizable	1,343	--	--	--	--
Depreciable/Amortizable, Net	74,689	31	--	--	8
Total Capital Assets	<u>76,032</u>	<u>31</u>	<u>--</u>	<u>--</u>	<u>8</u>
Total Noncurrent Assets	<u>76,032</u>	<u>31</u>	<u>--</u>	<u>--</u>	<u>8</u>
Total Assets	<u>430,954</u>	<u>20,931</u>	<u>6,695</u>	<u>85</u>	<u>159,207</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>10,497</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,487</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	14,237	321	--	--	647
Retainage Payable	2	--	--	--	--
Salaries and Employee Benefits Payable	1,050	--	--	--	155
Due to Other Funds	4,356	7	--	--	20
Due to Other Governmental Agencies	3	--	--	--	--
Insurance Claims Payable	65,665	10,095	--	--	33,924
Compensated Employee Absences Payable	1,439	--	--	--	169
Intangible Assets Obligations Payable	33	--	--	--	--
Financed Purchase Liability	3,306	--	--	--	--
Lease Liability	103	--	--	--	--
Total Current Liabilities	<u>90,194</u>	<u>10,423</u>	<u>--</u>	<u>--</u>	<u>34,915</u>
Noncurrent Liabilities					
Insurance Claims Payable	184,358	--	--	--	132,863
Compensated Employee Absences Payable	1,077	--	--	--	93
Intangible Assets Obligations Payable	33	--	--	--	--
Financed Purchase Liability	9,204	--	--	--	--
Lease Liability	18	--	--	--	--
Net Pension Liability	12,701	--	--	--	1
Net OPEB Liability	2,816	--	--	--	1,008
Total Noncurrent Liabilities	<u>210,207</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>133,965</u>
Total Liabilities	<u>300,401</u>	<u>10,423</u>	<u>--</u>	<u>--</u>	<u>168,880</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<u>23,400</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,655</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	63,335	31	--	--	8
Unrestricted	54,315	10,477	6,695	85	(13,849)
Total Net Position	<u>\$ 117,650</u>	<u>\$ 10,508</u>	<u>\$ 6,695</u>	<u>\$ 85</u>	<u>\$ (13,841)</u>

Supplemental Information  
(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology	
					<b>ASSETS</b>
					Current Assets
\$ 5,331	\$ 75,697	\$ 43,732	\$ 3,103	\$ 33,978	Pooled Cash/Investments
--	5	--	--	--	Cash/Cash Equivalents
--	4	55	--	22	Imprest Cash Funds
5	68	34	2	26	Receivables
--	--	(53)	--	(52)	Accounts
--	413	2,034	1	407	Interest/Dividends
--	30	4	51	134	Allowance for Uncollectible Receivables
--	--	199	--	--	Due from Other Funds
--	199	940	219	1,452	Due from Other Governmental Agencies
<u>5,336</u>	<u>76,416</u>	<u>46,945</u>	<u>3,376</u>	<u>35,970</u>	Inventory of Materials and Supplies
					Prepaid Costs
					Total Current Assets
					Noncurrent Assets
--	--	--	103	1,240	Capital Assets
--	--	39,281	3,327	32,042	Not Depreciable/Amortizable
--	--	39,281	3,430	33,282	Depreciable/Amortizable, Net
--	--	39,281	3,430	33,282	Total Capital Assets
					Total Noncurrent Assets
<u>5,336</u>	<u>76,416</u>	<u>86,226</u>	<u>6,806</u>	<u>69,252</u>	Total Assets
<u>--</u>	<u>692</u>	<u>3,030</u>	<u>665</u>	<u>3,623</u>	<b>DEFERRED OUTFLOWS OF RESOURCES</b>
					<b>LIABILITIES</b>
					Current Liabilities
--	4,624	101	180	8,364	Accounts Payable
--	--	--	1	1	Retainage Payable
--	73	318	70	434	Salaries and Employee Benefits Payable
--	13	511	454	3,351	Due to Other Funds
--	--	--	3	--	Due to Other Governmental Agencies
704	20,942	--	--	--	Insurance Claims Payable
--	119	382	79	690	Compensated Employee Absences Payable
--	--	--	--	33	Intangible Assets Obligations Payable
--	--	--	--	3,306	Financed Purchase Liability
--	--	4	99	--	Lease Liability
<u>704</u>	<u>25,771</u>	<u>1,316</u>	<u>886</u>	<u>16,179</u>	Total Current Liabilities
					Noncurrent Liabilities
--	51,495	--	--	--	Insurance Claims Payable
--	66	304	34	580	Compensated Employee Absences Payable
--	--	--	--	33	Intangible Assets Obligations Payable
--	--	--	--	9,204	Financed Purchase Liability
--	--	10	8	--	Lease Liability
--	1,618	6,342	1,414	3,326	Net Pension Liability
--	156	726	113	813	Net OPEB Liability
--	<u>53,335</u>	<u>7,382</u>	<u>1,569</u>	<u>13,956</u>	Total Noncurrent Liabilities
<u>704</u>	<u>79,106</u>	<u>8,698</u>	<u>2,455</u>	<u>30,135</u>	Total Liabilities
<u>--</u>	<u>1,271</u>	<u>6,055</u>	<u>1,045</u>	<u>8,374</u>	<b>DEFERRED INFLOWS OF RESOURCES</b>
					<b>NET POSITION</b>
--	--	39,267	3,323	20,706	Net Investment in Capital Assets
4,632	(3,269)	35,236	648	13,660	Unrestricted
<u>\$ 4,632</u>	<u>\$ (3,269)</u>	<u>\$ 74,503</u>	<u>\$ 3,971</u>	<u>\$ 34,366</u>	Total Net Position

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022  
(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	\$ 1,342	\$ --	\$ --	\$ --	\$ --
Charges for Services	115,426	--	--	--	--
Insurance Premiums	349,325	69,243	182,289	851	60,572
Total Operating Revenues	<u>466,093</u>	<u>69,243</u>	<u>182,289</u>	<u>851</u>	<u>60,572</u>
Operating Expenses					
Salaries and Employee Benefits	19,324	--	--	--	581
Services and Supplies	44,710	1,831	--	--	647
Professional Services	67,328	4,287	3	--	6,432
Insurance Claims and Premiums	329,140	77,841	182,665	851	45,362
Other Charges	171	171	--	--	--
Taxes and Other Fees	7	--	--	--	--
Depreciation/Amortization	14,154	12	--	--	24
Total Operating Expenses	<u>474,834</u>	<u>84,142</u>	<u>182,668</u>	<u>851</u>	<u>53,046</u>
Operating Income (Loss)	<u>(8,741)</u>	<u>(14,899)</u>	<u>(379)</u>	<u>--</u>	<u>7,526</u>
Nonoperating Revenues (Expenses)					
Intergovernmental Revenues	2,799	792	--	--	1,735
Interest and Investment Income	999	79	41	1	443
Net Decrease in the Fair Value of Investments	(5,157)	(307)	--	--	(2,363)
Interest Expense	(5)	--	--	--	--
Gain (Loss) on Disposition of Capital Assets	429	--	--	--	--
Other Taxes	8	--	--	--	--
Other Revenue	9,465	6,890	389	--	940
Total Nonoperating Revenue (Expense)	<u>8,538</u>	<u>7,454</u>	<u>430</u>	<u>1</u>	<u>755</u>
Income (Loss) Before Contributions and Transfers	(203)	(7,445)	51	1	8,281
Capital Contributions	95	--	--	--	--
Transfers In	9,191	955	4	--	85
Transfers Out	(1,119)	(251)	(41)	(1)	(181)
Change in Net Position	7,964	(6,741)	14	--	8,185
Net Position-Beginning of Year, as Restated	109,686	17,249	6,681	85	(22,026)
Net Position-End of Year	<u>\$ 117,650</u>	<u>\$ 10,508</u>	<u>\$ 6,695</u>	<u>\$ 85</u>	<u>\$ (13,841)</u>

Supplemental Information  
(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology	
\$ --	\$ --	\$ --	\$ --	\$ 1,342	Operating Revenues
--	--	29,467	4,678	81,281	Use of Money and Property
1,687	34,683	--	--	--	Charges for Services
<u>1,687</u>	<u>34,683</u>	<u>29,467</u>	<u>4,678</u>	<u>82,623</u>	Insurance Premiums
					Total Operating Revenues
					Operating Expenses
--	1,386	6,980	1,581	8,796	Salaries and Employee Benefits
--	22,065	10,639	2,136	7,392	Services and Supplies
60	559	2,718	249	53,020	Professional Services
1,004	21,417	--	--	--	Insurance Claims and Premiums
--	--	--	--	--	Other Charges
--	--	2	4	1	Taxes and Other Fees
--	--	8,230	412	5,476	Depreciation/Amortization
1,064	45,427	28,569	4,382	74,685	Total Operating Expenses
<u>623</u>	<u>(10,744)</u>	<u>898</u>	<u>296</u>	<u>7,938</u>	Operating Income (Loss)
					Nonoperating Revenues (Expenses)
--	3	3	9	257	Intergovernmental Revenues
18	211	121	6	79	Interest and Investment Income
(82)	(1,168)	(669)	(47)	(521)	Net Decrease in the Fair Value of Investments
--	--	--	(5)	--	Interest Expense
--	--	529	--	(100)	Gain (Loss) on Disposition of Capital Assets
--	--	8	--	--	Other Taxes
2	1,120	49	38	37	Other Revenue
<u>(62)</u>	<u>166</u>	<u>41</u>	<u>1</u>	<u>(248)</u>	Total Nonoperating Revenue (Expense)
561	(10,578)	939	297	7,690	Income (Loss) Before Contributions and Transfers
--	--	92	--	3	Capital Contributions
--	--	7,325	--	822	Transfers In
--	(121)	(268)	--	(256)	Transfers Out
<u>561</u>	<u>(10,699)</u>	<u>8,088</u>	<u>297</u>	<u>8,259</u>	Change in Net Position
4,071	7,430	66,415	3,674	26,107	Net Position-Beginning of Year, as Restated
<u>\$ 4,632</u>	<u>\$ (3,269)</u>	<u>\$ 74,503</u>	<u>\$ 3,971</u>	<u>\$ 34,366</u>	Net Position-End of Year

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022  
(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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 35,517	\$ --	\$ --	\$ --	\$ --
Cash Received for Premiums Within the County's Entity	349,325	69,243	182,289	851	60,572
Payments to Suppliers for Goods and Services	(419,730)	(83,759)	(182,668)	(851)	(45,722)
Payments to Employees for Services	(27,650)	--	--	--	(2,941)
Payments for Interfund Services	(189)	--	--	--	--
Receipts for Interfund Services	83,201	2	--	--	847
Payment for Taxes and Other Fees	(7)	--	--	--	--
Other Operating Receipts	9,428	6,890	389	--	940
Other Operating Payments	(4,719)	(657)	(235)	--	(117)
Net Cash Provided (Used) by Operating Activities	<u>25,176</u>	<u>(8,281)</u>	<u>(225)</u>	<u>--</u>	<u>13,579</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	9,191	955	4	--	85
Transfers Out	(1,119)	(251)	(41)	(1)	(181)
Intergovernmental Revenues	2,799	792	--	--	1,735
Other Taxes	8	--	--	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>10,879</u>	<u>1,496</u>	<u>(37)</u>	<u>(1)</u>	<u>1,639</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of Capital Assets	(12,451)	--	--	--	--
Principal Paid on Financed Purchase Liability	(3,813)	--	--	--	--
Interest Paid on Financed Purchase Liability	(5)	--	--	--	--
Proceeds from Sale of Capital Assets	667	--	--	--	--
Net Cash Used by Capital and Related Financing Activities	<u>(15,602)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Interest Loss on Investments	(4,098)	(213)	41	1	(1,903)
Net Cash Provided (Used) by Investing Activities	<u>(4,098)</u>	<u>(213)</u>	<u>41</u>	<u>1</u>	<u>(1,903)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,355	(6,998)	(221)	--	13,315
Cash and Cash Equivalents-Beginning of Year	330,911	27,267	6,661	85	145,308
Cash and Cash Equivalents-End of Year	<u>\$ 347,266</u>	<u>\$ 20,269</u>	<u>\$ 6,440</u>	<u>\$ 85</u>	<u>\$ 158,623</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	\$ (8,741)	\$ (14,899)	\$ (379)	\$ --	\$ 7,526
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation/Amortization	14,154	12	--	--	24
Other Revenue	9,465	6,890	389	--	940
(Increases) Decreases In:					
Receivables, Net	(722)	(483)	(235)	--	--
Due from Other Funds	1,019	--	--	--	867
Due from Other Governmental Agencies	26	(3)	--	--	--
Inventory of Materials and Supplies	36	--	--	--	--
Prepaid Costs	(273)	--	--	--	13
Deferred Outflows of Resources Related to Pension	1,166	--	--	--	23
Deferred Outflows of Resources Related to OPEB	(89)	--	--	--	(33)
Increases (Decreases) In:					
Accounts Payable	5,289	99	--	--	(662)
Retainage Payable	(6)	(6)	--	--	--
Salaries and Employee Benefits Payable	175	--	--	--	61
Due to Other Funds	712	2	--	--	(20)
Due to Other Governmental Agencies	2	--	--	--	--
Insurance Claims Payable	12,541	107	--	--	7,251
Compensated Employee Absences Payable	(58)	--	--	--	31
Net Pension Liability	(19,415)	--	--	--	(4,924)
Net OPEB Liability	(939)	--	--	--	(345)
Deferred Inflows of Resources Related to Pension	10,145	--	--	--	2,573
Deferred Inflows of Resources Related to OPEB	689	--	--	--	254
Total Adjustments	<u>33,917</u>	<u>6,618</u>	<u>154</u>	<u>--</u>	<u>6,053</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 25,176</u>	<u>\$ (8,281)</u>	<u>\$ (225)</u>	<u>\$ --</u>	<u>\$ 13,579</u>
<b>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</b>					
Pooled Cash/Investments	\$ 341,646	\$ 19,865	\$ 6,440	\$ 85	\$ 153,415
Cash/Cash Equivalents	5,612	404	--	--	5,208
Imprest Cash Funds	8	--	--	--	--
Total Cash and Cash Equivalents	<u>\$ 347,266</u>	<u>\$ 20,269</u>	<u>\$ 6,440</u>	<u>\$ 85</u>	<u>\$ 158,623</u>

Supplemental Information  
(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology
\$ --	\$ --	\$ 29,463	\$ 4,638	\$ 1,416
1,687	34,683	--	--	--
(1,029)	(37,427)	(13,338)	(2,380)	(52,556)
--	(1,788)	(8,890)	(1,912)	(12,119)
--	(1)	(188)	--	--
--	--	--	80	82,272
--	--	(2)	(4)	(1)
2	1,120	49	38	--
--	(74)	(40)	(68)	(3,528)
<u>660</u>	<u>(3,487)</u>	<u>7,054</u>	<u>392</u>	<u>15,484</u>
--	--	7,325	--	822
--	(121)	(268)	--	(256)
--	3	3	9	257
--	--	8	--	--
<u>--</u>	<u>(118)</u>	<u>7,068</u>	<u>9</u>	<u>823</u>
--	--	(7,297)	(400)	(4,754)
--	--	--	--	(3,813)
--	--	--	(5)	--
--	--	665	--	2
<u>--</u>	<u>--</u>	<u>(6,632)</u>	<u>(405)</u>	<u>(8,565)</u>
(64)	(932)	(546)	(38)	(444)
<u>(64)</u>	<u>(932)</u>	<u>(546)</u>	<u>(38)</u>	<u>(444)</u>
596	(4,537)	6,944	(42)	7,298
4,735	80,239	36,788	3,145	26,683
<u>\$ 5,331</u>	<u>\$ 75,702</u>	<u>\$ 43,732</u>	<u>\$ 3,103</u>	<u>\$ 33,981</u>

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	--
Cash Received for Premiums Within the County's Entity	--
Payments to Suppliers for Goods and Services	--
Payments to Employees for Services	--
Payments for Interfund Services	--
Receipts for Interfund Services	--
Payment for Taxes and Other Fees	--
Other Operating Receipts	--
Other Operating Payments	--
Net Cash Provided (Used) by Operating Activities	--

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfers In	--
Transfers Out	--
Intergovernmental Revenues	--
Other Taxes	--
Net Cash Provided (Used) by Noncapital Financing Activities	--

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of Capital Assets	--
Principal Paid on Financed Purchase Liability	--
Interest Paid on Financed Purchase Liability	--
Proceeds from Sale of Capital Assets	--
Net Cash Used by Capital and Related Financing Activities	--

**CASH FLOW FROM INVESTING ACTIVITIES**

Interest Loss on Investments	--
Net Cash Provided (Used) by Investing Activities	--

Net Increase (Decrease) in Cash and Cash Equivalents	--
Cash and Cash Equivalents-Beginning of Year	--
Cash and Cash Equivalents-End of Year	--

\$ 623	\$ (10,744)	\$ 898	\$ 296	\$ 7,938
--	--	8,230	412	5,476
2	1,120	49	38	37
--	--	(2)	--	(2)
--	(3)	(232)	12	375
--	(5)	(2)	(40)	76
--	--	36	--	--
--	(22)	(27)	(34)	(203)
--	46	416	32	649
--	(4)	(22)	(3)	(27)
--	1,419	(30)	(31)	4,494
--	--	--	--	--
--	22	45	11	36
--	2	44	68	616
--	--	--	2	--
35	5,148	--	--	--
--	(1)	(50)	17	(55)
--	(947)	(4,689)	(791)	(8,064)
--	(46)	(227)	(39)	(282)
--	495	2,450	414	4,213
--	33	167	28	207
<u>37</u>	<u>7,257</u>	<u>6,156</u>	<u>96</u>	<u>7,546</u>
<u>\$ 660</u>	<u>\$ (3,487)</u>	<u>\$ 7,054</u>	<u>\$ 392</u>	<u>\$ 15,484</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities**

Operating Income (Loss)	--
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	--
Depreciation/Amortization	--
Other Revenue	--
(Increases) Decreases In:	--
Receivables, Net	--
Due from Other Funds	--
Due from Other Governmental Agencies	--
Inventory of Materials and Supplies	--
Prepaid Costs	--
Deferred Outflows of Resources Related to Pension	--
Deferred Outflows of Resources Related to OPEB	--
Increases (Decreases) In:	--
Accounts Payable	--
Retainage Payable	--
Salaries and Employee Benefits Payable	--
Due to Other Funds	--
Due to Other Governmental Agencies	--
Insurance Claims Payable	--
Compensated Employee Absences Payable	--
Net Pension Liability	--
Net OPEB Liability	--
Deferred Inflows of Resources Related to Pension	--
Deferred Inflows of Resources Related to OPEB	--
Total Adjustments	--
Net Cash Provided (Used) by Operating Activities	--

**Reconciliation of Cash and Cash Equivalents to Statement of Net Position**

Pooled Cash/Investments	--
Cash/Cash Equivalents	--
Imprest Cash Funds	--
Total Cash and Cash Equivalents	--

\$ 5,331	\$ 75,697	\$ 43,732	\$ 3,103	\$ 33,978
--	--	--	--	--
--	5	--	--	3
<u>\$ 5,331</u>	<u>\$ 75,702</u>	<u>\$ 43,732</u>	<u>\$ 3,103</u>	<u>\$ 33,981</u>

### **FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the County in a trustee or custodial capacity on behalf of outside parties, including individuals, private organizations, or other governments. Under GASB Statement No. 84, a fiduciary fund must meet the following criteria: (1) assets are controlled or directed by the government, (2) assets are not derived from the government's own source revenue or government-mandated nonexchange transactions, and (3) assets have one or more of the following criteria:

- a. Assets are administered through a trust, and the government is not a beneficiary. The trust must be dedicated to providing benefits to the recipients and legally protected from creditors of the government.
- b. Assets are for the benefit of organizations or other governments that are not part of the financial reporting entity.
- c. Assets are for the benefit of individuals and are not administered in any way by the government.

### **PRIVATE-PURPOSE TRUST FUNDS**

#### Public Administration Trust Funds

These funds are used to account for trust arrangements where the principal and income benefits individuals, private organizations, or other governments. Examples of private-purpose trusts include unidentified funds, unclaimed prisoner funds, decedents' property held for escheatment, and various funding services to finance permanent supportive & affordable housing.

#### Orange County Redevelopment Successor Agency (Successor Agency)

The Orange County Development Agency (OCDA) was dissolved effective February 1, 2012 in accordance with ABx1 26. A successor agency was designated as the successor entity to the former redevelopment agency in accordance with Health and Safety Code 34173. The Orange County Redevelopment Successor Agency holds the assets of the dissolved OCDA pending liquidation and distribution.

### **PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) TRUST FUNDS**

#### Extra-Help Defined Benefit Plan

This fund is used to account for the retirement plan for employees working less than half-time or as extra-help. This retirement plan was closed to new participants as of February 28, 2002. The eligible employees of these plans are not covered by OCERS.

#### Extra-Help Defined Contribution Plan

This fund is used to account for the defined contribution retirement plan for extra-help and part-time employees. This plan replaced the Extra-Help Defined Benefit Retirement Plan and was effective for new employees on March 1, 2002. Effective February 10, 2015, the plan also includes new employees who have attained age 60 at date of hire, who waive membership in OCERS, and do not have funds on deposit with OCERS and otherwise meet the requirements under OCERS' regulations and state law to waive membership in OCERS. The eligible employees of these plans are not covered by OCERS.

#### 401(a) Defined Contribution Plan

This fund accounts for the 401(a) defined contribution plan, which was established in January 1999 for eligible employees, including the members of the Board, certain executive managers, certain administrative managers once classified as confidential and grandfathered in the plan, attorneys represented by the Orange County Attorney's Association and certain other employee classifications as defined in the plan document. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to grandfathered administrative managers and to all new administrative managers, effective December 28, 2012 and June 23, 2016, respectively.

1.62% at 65 Retirement, 401(a) Defined Contribution Plan

This fund is used to account for the matching 401(a) employer contributions for eligible employees in the “1.62% at 65” Retirement (OCERS) formula who voluntarily contribute to the “1.62% at 65” Retirement, 457(b) defined contribution plan. The Plan was established on May 7, 2010.

Health Reimbursement Arrangement (HRA) Plan

This fund is used to account for the employer contributions to the HRA, a defined contribution plan, which became effective on June 24, 2008 for eligible employees, including employees represented by the Association of Orange County Deputy Sheriffs and Law Enforcement Management employees as defined in the plan document. The HRA now also includes employees represented by the OCAA, the AOCDS Public Safety Unit, and the Voluntary Retirement Incentive Program.

Retiree Medical Plan 115 Trust

This fund is used to account for the annual required contributions, benefit payments, and investment losses and gains in the Retiree Medical Trust (Trust) which was established effective July 2, 2007. The Trust was established exclusively for the Retiree Medical Plan (Plan) which is a cost-sharing multiple-employer defined benefit other OPEB 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, 2021.

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, 2021 can be obtained on their website at <https://www.ocers.org/financial-reports>.

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, 2021 can be obtained on their website at <https://www.ocers.org/financial-reports>.

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, 2021 can be obtained on their website at <https://www.ocers.org/financial-reports>.

**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, 2021 can be obtained on their website.



**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS**

	Total	Public Administration Trust Funds	Orange County Redevelopment Successor Agency
<b><u>ASSETS</u></b>			
Pooled Cash/Investments	\$ 76,503	\$ 74,643	\$ 1,860
Restricted Cash and Investments			
Restricted Investments with Trustee	4,438	--	4,438
Receivables			
Interest/Dividends	103	100	3
Notes Receivable	1,203	1,203	--
Total Assets	82,247	75,946	6,301
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Charge on Refunding	30	--	30
Total Deferred Outflows of Resources	30	--	30
 <b><u>LIABILITIES</u></b>			
Bonds Payable	4,932	--	4,932
Interest Payable	72	--	72
Due to Other Governmental Agencies	83	79	4
Unearned Revenue	76	--	76
Total Liabilities	5,163	79	5,084
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Charge on Refunding	26	--	26
Total Deferred Inflows of Resources	26	--	26
 <b><u>NET POSITION</u></b>			
Restricted for:			
Individuals, Organizations, and Other Governments	77,088	75,867	1,221
Net Position	\$ 77,088	\$ 75,867	\$ 1,221

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Total	Public Administration Trust Funds	Orange County Redevelopment Successor Agency
<b>Additions:</b>			
Contributions to Private-Purpose Trust	\$ 38,204	\$ 38,204	\$ --
Intergovernmental Revenues	3,790	429	3,361
Other Revenues	5,201	5,200	1
Interest and Investment Income	1,449	1,436	13
Net Decrease in the Fair Value of Investments	(467)	(438)	(29)
Less: Investment Expense	(30)	(28)	(2)
Total Additions	<u>48,147</u>	<u>44,803</u>	<u>3,344</u>
<b>Deductions:</b>			
Distributions from Private-Purpose Trust	35,605	35,605	--
Professional Services	613	523	90
Tax Pass-Throughs	384	--	384
Interest Expense	119	--	119
Total Deductions	<u>36,721</u>	<u>36,128</u>	<u>593</u>
Change in Net Position	11,426	8,675	2,751
Net Position (Deficit)-Beginning of Year	65,662	67,192	(1,530)
Net Position-End of Year	<u>\$ 77,088</u>	<u>\$ 75,867</u>	<u>\$ 1,221</u>

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION AND OPEB 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
<b>ASSETS</b>					
Pooled Cash/Investments	\$ 3,321	\$ 386	\$ 1	\$ --	\$ 1
Cash and Cash Equivalents	369,373	--	--	--	--
Securities Lending Collateral	195,239	--	--	--	--
Restricted Cash and Investments					
Restricted Investments with Trustee	241,496	3,571	10,494	20,423	20,128
Global Public Equity	10,694,036	--	--	--	--
Private Equity	3,369,659	--	--	--	--
Core Fixed Income	2,418,283	--	--	--	--
Credit	1,659,609	--	--	--	--
Real Assets	2,316,246	--	--	--	--
Risk Mitigation	1,982,386	--	--	--	--
Unique Strategies	76,904	--	--	--	--
Receivables					
Investments	14,932	--	--	--	--
Securities Sales	65,186	--	--	--	--
Contributions	25,981	--	--	--	--
Interest/Dividends	12	--	--	--	--
Other Receivables	6,906	--	--	--	--
Due from Other Governmental Agencies	963	--	118	50	210
Capital Assets, Net	11,067	--	--	--	--
Total Assets	<u>23,451,599</u>	<u>3,957</u>	<u>10,613</u>	<u>20,473</u>	<u>20,339</u>
<b>LIABILITIES</b>					
Accounts Payable	123,165	--	--	--	--
Salaries and Employee Benefits Payable	118,169	--	--	--	--
Unearned Contributions	304,504	--	--	--	--
Investment Obligations	196,181	--	--	--	--
Total Liabilities	<u>742,019</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET POSITION</b>					
Restricted for OPEB Benefits	732,016	--	--	--	--
Restricted for Pension	21,977,564	3,957	10,613	20,473	20,339
Net Position	<u>\$ 22,709,580</u>	<u>\$ 3,957</u>	<u>\$ 10,613</u>	<u>\$ 20,473</u>	<u>\$ 20,339</u>

Supplemental Information  
(Dollar Amounts in Thousands)

<b>Fiduciary Component Unit</b>					
Health Reimbursement Arrangement Plan	Retiree Medical Plan 115 Trust *	Orange County Employees Retirement System-401(h)*	Orange County Employees Retirement System-Pension Trust Fund*	Orange County Employees Retirement System-Health Care Fund- OCFA*	
					<b>ASSETS</b>
\$ 51	\$ 2,882	\$ --	\$ --	\$ --	Pooled Cash/Investments
--	--	7,956	360,440	977	Cash and Cash Equivalents
--	--	4,205	190,517	517	Securities Lending Collateral
186,879	1	--	--	--	Restricted Cash and Investments
--	--	230,050	10,435,722	28,264	Restricted Investments with Trustee
--	--	72,488	3,288,265	8,906	Global Public Equity
--	--	52,022	2,359,869	6,392	Private Equity
--	--	35,702	1,619,521	4,386	Core Fixed Income
--	--	49,827	2,260,297	6,122	Credit
--	--	42,645	1,934,502	5,239	Real Assets
--	--	1,654	75,047	203	Risk Mitigation
--	--	--	--	--	Unique Strategies
--	--	322	14,570	40	Receivables
--	--	1,404	63,610	172	Investments
--	--	--	25,981	--	Securities Sales
--	12	--	--	--	Contributions
--	--	149	6,739	18	Interest/Dividends
585	--	--	--	--	Other Receivables
--	--	--	11,067	--	Due from Other Governmental Agencies
<u>187,515</u>	<u>2,895</u>	<u>498,424</u>	<u>22,646,147</u>	<u>61,236</u>	Capital Assets, Net
					Total Assets
--	--	2,653	120,186	326	<b>LIABILITIES</b>
--	4,182	5,214	107,838	935	Accounts Payable
--	--	--	304,504	--	Salaries and Employee Benefits Payable
--	--	4,225	191,437	519	Unearned Contributions
<u>--</u>	<u>4,182</u>	<u>12,092</u>	<u>723,965</u>	<u>1,780</u>	Investment Obligations
					Total Liabilities
187,515	(1,287)	486,332	--	59,456	<b>NET POSITION</b>
--	--	--	21,922,182	--	Restricted for OPEB Benefits
<u>\$ 187,515</u>	<u>\$ (1,287)</u>	<u>\$ 486,332</u>	<u>\$ 21,922,182</u>	<u>\$ 59,456</u>	Restricted for Pension
					Net Position

\* This is presented as of 12/31/21.

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022  
(Dollar Amounts in Thousands)

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION AND OPEB 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 OPEB					
Employer	\$ 782,114	\$ 160	\$ --	\$ 1,303	\$ 5,141
Employee	273,633	--	1,287	--	--
Investment Earnings					
Interest and Investment Income	3,427,473	--	141	14	--
Net Decrease in the Fair Value of Investments	(41,725)	(567)	--	(2,469)	(3,355)
Less: Investment Expense	(132,234)	(5)	(7)	(23)	(46)
Total Additions	<u>4,309,261</u>	<u>(412)</u>	<u>1,421</u>	<u>(1,175)</u>	<u>1,740</u>
Deductions:					
Benefits Paid to Participants	1,103,434	749	602	1,154	277
Administrative Expense	21,521	--	--	--	--
Total Deductions	<u>1,124,955</u>	<u>749</u>	<u>602</u>	<u>1,154</u>	<u>277</u>
Change in Net Position	3,184,306	(1,161)	819	(2,329)	1,463
Net Position-Beginning of Year	19,525,274	5,118	9,794	22,802	18,876
Net Position-End of Year	<u>\$ 22,709,580</u>	<u>\$ 3,957</u>	<u>\$ 10,613</u>	<u>\$ 20,473</u>	<u>\$ 20,339</u>

Health Reimbursement Arrangement Plan	Retiree Medical Plan 115 Trust *	Fiduciary Component Unit			Additions:
		Orange County Employees Retirement System-401(h)*	Orange County Employees Retirement System-Pension Trust Fund*	Orange County Employees Retirement System-Health Care Fund-OCFA*	
\$ 14,544	\$ 4,588	\$ 40,814	\$ 698,791	\$ 16,773	Contributions to Pension and OPEB
777	--	235	271,334	--	Employer
--	75	69,543	3,350,604	7,096	Employee
(35,334)	--	--	--	--	Investment Earnings
(426)	(6)	(2,834)	(128,539)	(348)	Interest and Investment Income
<u>(20,439)</u>	<u>4,657</u>	<u>107,758</u>	<u>4,192,190</u>	<u>23,521</u>	Net Decrease in the Fair Value of Investments
6,913	4,740	37,262	1,045,738	5,999	Less: Investment Expense
--	1	23	21,473	24	Total Additions
<u>6,913</u>	<u>4,741</u>	<u>37,285</u>	<u>1,067,211</u>	<u>6,023</u>	Deductions:
(27,352)	(84)	70,473	3,124,979	17,498	Benefits Paid to Participants
214,867	(1,203)	415,859	18,797,203	41,958	Administrative Expense
<u>\$ 187,515</u>	<u>\$ (1,287)</u>	<u>\$ 486,332</u>	<u>\$ 21,922,182</u>	<u>\$ 59,456</u>	Total Deductions
					Change in Net Position
					Net Position-Beginning of Year
					Net Position-End of Year

\* This is presented as of 12/31/21.



**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*
<b>ASSETS</b>				
Pooled Cash/Investments	\$ 290,970	\$ 210,797	\$ 80,173	\$ --
Cash/Cash Equivalents	741	--	247	494
Restricted Cash and Investments				
Restricted Investments with Trustee	31,851	--	31,851	--
Global Public Equity	14,932	--	--	14,932
Core Fixed Income	6,031	--	--	6,031
Receivables				
Accounts	315	--	315	--
Taxes	245,885	245,885	--	--
Interest/Dividends	9,354	9,245	109	--
Allowance for Uncollectible Receivables	(44,396)	(44,395)	(1)	--
Due from Other Governmental Agencies	8,529	277	8,252	--
Total Assets	<u>564,212</u>	<u>421,809</u>	<u>120,946</u>	<u>21,457</u>
<b>LIABILITIES</b>				
Accounts Payable	11,036	3,535	7,501	--
Unapportioned Interest	6,885	6,885	--	--
Due to Other Governmental Agencies	17,545	13,794	3,751	--
Unapportioned Taxes	71,847	71,847	--	--
Total Liabilities	<u>107,313</u>	<u>96,061</u>	<u>11,252</u>	<u>--</u>
<b>NET POSITION</b>				
Restricted for:				
Restricted for OPEB Benefits	21,457	--	--	21,457
Individuals, Organizations, and Other Governments	435,442	325,749	109,693	--
Net Position	<u>\$ 456,899</u>	<u>\$ 325,749</u>	<u>\$ 109,693</u>	<u>\$ 21,457</u>

\* This is presented as of 12/31/21.

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Total	Unapportioned Tax and Interest Funds	Departmental Funds	Fiduciary Component Unit  Orange County Employees Retirement System-OCTA*
<b>Additions:</b>				
Contributions to Pension and Other Postemployment Benefit Trust Funds:				
Employer	\$ 605	\$ --	\$ --	\$ 605
Contributions to Pooled Investments	1,251,411	59	1,251,352	--
Taxes	10,604,060	10,536,209	67,851	--
Interest and Investment Income	72,496	69,489	289	2,718
Net Decrease in the Fair Value of Investments	(1,128)	(489)	(639)	--
Less: Investment Expense	(122)	(96)	(23)	(3)
<b>Total Additions</b>	<b>11,927,322</b>	<b>10,605,172</b>	<b>1,318,830</b>	<b>3,320</b>
<b>Deductions:</b>				
Benefits Paid to Participants	1,419	--	--	1,419
Distributions from Pooled Investments	1,263,096	--	1,263,096	--
Professional Services	6,365	5,116	1,226	23
Other Expenses	44,395	44,395	--	--
Apportioned Taxes	10,673,341	10,602,505	70,836	--
<b>Total Deductions</b>	<b>11,988,616</b>	<b>10,652,016</b>	<b>1,335,158</b>	<b>1,442</b>
 Change in Net Position	 (61,294)	 (46,844)	 (16,328)	 1,878
Net Position-Beginning of Year	518,193	372,593	126,021	19,579
Net Position-End of Year	<u>\$ 456,899</u>	<u>\$ 325,749</u>	<u>\$ 109,693</u>	<u>\$ 21,457</u>

\* This is presented as of 12/31/21.







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**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 Annual Comprehensive 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	212
<u>Revenue Capacity</u> These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	222
<u>Debt Capacity</u> These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	227
<u>Economic and Demographic Information</u> These schedules offer economic and demographic indicators to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	232
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	234

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

**Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 3,423,823	\$ 3,533,978	\$ 3,319,173	\$ 3,127,371	\$ 3,031,574
Restricted for:					
Expendable					
Pension Benefits	135,745	148,764	135,342	143,647	135,485
Capital Projects	43,354	98,252	162,614	212,897	123,245
Debt Service	25,617	38,248	33,179	28,370	25,792
Legally Segregated for Grants and Other Purposes	1,538,419	1,377,939	1,212,985	1,202,317	1,148,735
Regional Park Endowment	163	168	167	159	148
Nonexpendable					
Regional Park Endowment	200	200	200	200	200
Unrestricted	(1,718,846)	(3,046,351)	(3,480,608)	(3,582,580)	(3,312,306)
<b>Total Governmental Activities Net Position</b>	<b>\$ 3,448,475</b>	<b>\$ 2,151,198</b>	<b>\$ 1,383,052</b>	<b>\$ 1,132,381</b>	<b>\$ 1,152,873</b>
<b>Business-Type Activities</b>					
Net Investment in Capital Assets	\$ 863,392	\$ 865,175	\$ 856,250	\$ 858,924	\$ 799,668
Restricted for:					
Expendable					
Debt Service	8,362	12,698	11,591	2,029	8,672
Passenger Facility Charges					
Approved Capital Projects	24,473	8,093	8,158	3,282	12,044
Replacements and Renewals	1,000	1,000	1,000	1,000	1,000
Landfill Closure/Postclosure	18,566	25,053	27,730	28,531	26,655
Landfill Corrective Action	11,827	10,472	8,820	8,619	8,358
Wetland	879	879	879	879	879
Prima Deshecha/La Pata Closure	--	--	104	104	104
Unrestricted	669,953	588,699	546,804	491,359	454,482
<b>Total Business-Type Activities Net Position</b>	<b>\$ 1,598,452</b>	<b>\$ 1,512,069</b>	<b>\$ 1,461,336</b>	<b>\$ 1,394,727</b>	<b>\$ 1,311,862</b>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 4,287,215	\$ 4,399,153	\$ 4,175,423	\$ 3,986,295	\$ 3,831,242
Restricted for:					
Expendable					
Pension Benefits	135,745	148,764	135,342	143,647	135,485
Capital Projects	43,354	98,252	162,614	212,897	123,245
Debt Service	33,979	50,946	44,770	30,399	34,464
Legally Segregated for Grants and Other Purposes	1,538,419	1,377,939	1,212,985	1,202,317	1,148,735
Regional Park Endowment	163	168	167	159	148
Passenger Facility Charges					
Approved Capital Projects	24,473	8,093	8,158	3,282	12,044
Replacements and Renewals	1,000	1,000	1,000	1,000	1,000
Landfill Closure/Postclosure	18,566	25,053	27,730	28,531	26,655
Landfill Corrective Action	11,827	10,472	8,820	8,619	8,358
Wetland	879	879	879	879	879
Prima Deshecha/La Pata Closure	--	--	104	104	104
Nonexpendable					
Regional Park Endowment	200	200	200	200	200
Unrestricted	(1,048,893)	(2,457,652)	(2,933,804)	(3,091,221)	(2,857,824)
<b>Total Primary Government Net Position</b>	<b>\$ 5,046,927</b>	<b>\$ 3,663,267</b>	<b>\$ 2,844,388</b>	<b>\$ 2,527,108</b>	<b>\$ 2,464,735</b>

Notes: (1) The balances shown have not been restated to include the prior period adjustments.

Fiscal Year					
2016-17 <sup>(1)</sup>	2015-16	2014-15	2013-14 <sup>(1)</sup>	2012-13	
\$ 2,813,296	\$ 2,707,493	\$ 2,670,577	\$ 2,646,812	\$ 2,563,976	<b>Governmental Activities</b>
					Net Investment in Capital Assets
					Restricted for:
					Expendable
125,876	111,639	112,544	109,986	105,900	Pension Benefits
164,400	10,836	6,154	8,661	11,904	Capital Projects
33,409	36,380	37,734	37,639	31,965	Debt Service
					Legally Segregated for Grants and Other Purposes
1,192,827	1,103,257	1,045,897	1,190,106	1,174,791	Regional Park Endowment
145	144	141	140	139	Nonexpendable
					Regional Park Endowment
196	193	188	185	183	Unrestricted
(3,074,958)	(2,979,945)	(2,991,814)	331,408	196,850	Total Governmental Activities Net Position
<u>\$ 1,255,191</u>	<u>\$ 989,997</u>	<u>\$ 881,421</u>	<u>\$ 4,324,937</u>	<u>\$ 4,085,708</u>	
					<b>Business-Type Activities</b>
\$ 708,286	\$ 663,280	\$ 642,427	\$ 624,621	\$ 587,934	Net Investment in Capital Assets
					Restricted for:
					Expendable
36,181	8,499	7,324	7,090	58,772	Debt Service
					Passenger Facility Charges
2,775	14,705	70,538	62,522	55,331	Approved Capital Projects
1,000	1,000	1,000	1,000	1,000	Replacements and Renewals
28,962	33,997	33,337	37,412	40,355	Landfill Closure/Postclosure
8,278	8,245	8,174	7,141	6,109	Landfill Corrective Action
879	879	879	879	879	Wetland
104	104	104	104	104	Prima Deshecha/La Pata Closure
463,495	465,003	362,546	384,871	335,122	Unrestricted
<u>\$ 1,249,960</u>	<u>\$ 1,195,712</u>	<u>\$ 1,126,329</u>	<u>\$ 1,125,640</u>	<u>\$ 1,085,606</u>	Total Business-Type Activities Net Position
					<b>Primary Government</b>
\$ 3,521,582	\$ 3,370,773	\$ 3,313,004	\$ 3,271,433	\$ 3,151,910	Net Investment in Capital Assets
					Restricted for:
					Expendable
125,876	111,639	112,544	109,986	105,900	Pension Benefits
164,400	10,836	6,154	8,661	11,904	Capital Projects
69,590	44,879	45,058	44,729	90,737	Debt Service
					Legally Segregated for Grants and Other Purposes
1,192,827	1,103,257	1,045,897	1,190,106	1,174,791	Regional Park Endowment
145	144	141	140	139	Passenger Facility Charges
					Approved Capital Projects
2,775	14,705	70,538	62,522	55,331	Replacements and Renewals
1,000	1,000	1,000	1,000	1,000	Landfill Closure/Postclosure
28,962	33,997	33,337	37,412	40,355	Landfill Corrective Action
8,278	8,245	8,174	7,141	6,109	Wetland
879	879	879	879	879	Prima Deshecha/La Pata Closure
104	104	104	104	104	Nonexpendable
					Regional Park Endowment
196	193	188	185	183	Unrestricted
(2,611,463)	(2,514,942)	(2,629,268)	716,279	531,972	Total Primary Government Net Position
<u>\$ 2,505,151</u>	<u>\$ 2,185,709</u>	<u>\$ 2,007,750</u>	<u>\$ 5,450,577</u>	<u>\$ 5,171,314</u>	



County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022  
(Dollar Amounts in Thousands)

**Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 189,650	\$ 188,668	\$ 313,583	\$ 221,830	\$ 196,233
Public Protection	1,377,502	1,513,781	1,571,137	1,650,165	1,475,626
Public Ways and Facilities	149,290	138,670	158,356	172,970	151,779
Health and Sanitation	830,673	1,106,989	752,996	715,343	656,234
Public Assistance	1,224,045	1,358,723	1,219,816	1,193,705	1,102,747
Education	57,060	52,579	48,845	52,323	48,412
Recreation and Cultural Services	129,380	128,747	122,694	139,183	123,798
Interest on Long-Term Debt	35,148	27,232	33,617	30,910	25,741
Subtotal Governmental Activities	<u>3,992,748</u>	<u>4,515,389</u>	<u>4,221,044</u>	<u>4,176,429</u>	<u>3,780,570</u>
Business-Type Activities:					
Airport	133,555	128,160	132,804	136,075	124,466
OC Waste & Recycling	134,620	134,202	130,853	128,354	125,472
Compressed Natural Gas	13	11	11	160	299
Subtotal Business-Type Activities	<u>268,188</u>	<u>262,373</u>	<u>263,668</u>	<u>264,589</u>	<u>250,237</u>
Total Primary Government Expenses	<u>\$ 4,260,936</u>	<u>\$ 4,777,762</u>	<u>\$ 4,484,712</u>	<u>\$ 4,441,018</u>	<u>\$ 4,030,807</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services					
General Government	\$ 56,627	\$ 57,828	\$ 45,713	\$ 47,508	\$ 43,104
Public Protection	312,588	326,011	299,121	319,248	355,850
Public Ways and Facilities	74,360	49,063	54,762	52,334	55,544
Health and Sanitation	153,074	143,981	140,631	132,172	112,715
Public Assistance	26,097	18,347	38,431	40,158	38,741
Education	505	441	575	1,100	1,237
Recreation and Cultural Services	30,444	29,409	26,143	34,506	49,892
Operating Grants and Contributions	3,166,816	3,199,181	2,500,368	2,289,265	2,175,087
Capital Grants and Contributions	130,593	141,883	141,118	63,429	123,575
Subtotal Governmental Activities Program Revenues	<u>3,951,104</u>	<u>3,966,144</u>	<u>3,246,862</u>	<u>2,979,720</u>	<u>2,955,745</u>
Business-Type Activities:					
Charges for Services					
Airport	162,025	109,168	135,273	157,785	152,551
OC Waste & Recycling	186,790	179,974	179,542	171,741	162,273
Compressed Natural Gas	165	183	95	108	266
Operating Grants and Contributions	20,571	22,371	5,285	193	272
Capital Grants and Contributions	660	5,387	-	1,424	4,829
Subtotal Business-Type Activities Program Revenues	<u>370,211</u>	<u>317,083</u>	<u>320,195</u>	<u>331,251</u>	<u>320,191</u>
Total Primary Government Program Revenues	<u>\$ 4,321,315</u>	<u>\$ 4,283,227</u>	<u>\$ 3,567,057</u>	<u>\$ 3,310,971</u>	<u>\$ 3,275,936</u>

Notes: (1) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2016-17 <sup>(1)</sup>	2015-16	2014-15	2013-14 <sup>(1)</sup>	2012-13
\$ 186,340	\$ 203,394	\$ 191,793	\$ 131,026	\$ 221,110
1,485,137	1,433,421	1,326,028	1,261,984	1,264,354
97,928	142,071	114,398	127,561	137,651
593,617	554,872	537,580	626,063	621,381
1,097,327	1,097,129	1,049,665	988,735	944,230
44,510	46,170	43,314	41,240	38,548
112,749	115,136	102,069	96,820	101,232
17,544	20,112	23,560	28,028	31,269
<u>3,635,152</u>	<u>3,612,305</u>	<u>3,388,407</u>	<u>3,301,457</u>	<u>3,359,775</u>
125,522	120,921	124,778	120,731	122,568
105,149	96,301	69,307	94,161	94,737
367	283	331	379	305
<u>231,038</u>	<u>217,505</u>	<u>194,416</u>	<u>215,271</u>	<u>217,610</u>
<u>\$ 3,866,190</u>	<u>\$ 3,829,810</u>	<u>\$ 3,582,823</u>	<u>\$ 3,516,728</u>	<u>\$ 3,577,385</u>
\$ 41,988	\$ 34,048	\$ 36,924	\$ 32,016	\$ 32,127
307,630	288,185	286,644	273,215	283,031
67,796	63,487	53,834	53,071	39,981
117,170	85,392	102,599	93,470	81,039
40,589	37,975	37,650	42,300	34,780
1,274	1,426	1,480	2,059	1,327
47,763	46,937	43,882	39,251	39,637
2,067,777	2,037,311	1,996,861	2,033,550	1,904,858
113,481	105,776	33,241	54,478	62,893
<u>2,805,468</u>	<u>2,700,537</u>	<u>2,593,115</u>	<u>2,623,410</u>	<u>2,479,673</u>
150,260	149,894	141,563	136,359	132,941
153,842	147,130	139,493	125,106	106,876
248	269	312	392	385
69	171	255	900	200
1,828	2,174	9,215	5,277	3,839
<u>306,247</u>	<u>299,638</u>	<u>290,838</u>	<u>268,034</u>	<u>244,241</u>
<u>\$ 3,111,715</u>	<u>\$ 3,000,175</u>	<u>\$ 2,883,953</u>	<u>\$ 2,891,444</u>	<u>\$ 2,723,914</u>

**Expenses**

Governmental Activities:

- General Government
- Public Protection
- Public Ways and Facilities
- Health and Sanitation
- Public Assistance
- Education
- Recreation and Cultural Services
- Interest on Long-Term Debt
- Subtotal Governmental Activities

Business-Type Activities:

- Airport
- OC Waste & Recycling
- Compressed Natural Gas
- Subtotal Business-Type Activities
- Total Primary Government Expenses

**Program Revenues**

Governmental Activities:

- Charges for Services
  - General Government
  - Public Protection
  - Public Ways and Facilities
  - Health and Sanitation
  - Public Assistance
  - Education
  - Recreation and Cultural Services
  - Operating Grants and Contributions
  - Capital Grants and Contributions
- Subtotal Governmental Activities Program Revenues

Business-Type Activities:

- Charges for Services
  - Airport
  - OC Waste & Recycling
  - Compressed Natural Gas
  - Operating Grants and Contributions
  - Capital Grants and Contributions
- Subtotal Business-Type Activities Program Revenues
- Total Primary Government Program Revenues

**Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting) (Continued)**

	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (41,644)	\$ (549,245)	\$ (974,182)	\$ (1,196,709)	\$ (824,825)
Business-Type Activities	102,023	54,710	56,527	66,662	69,954
Total Primary Government Net (Expense)/Revenue	<u>\$ 60,379</u>	<u>\$ (494,535)</u>	<u>\$ (917,655)</u>	<u>\$ (1,130,047)</u>	<u>\$ (754,871)</u>
<b>General Revenue and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Property Taxes, Levied for General Fund	\$ 367,918	\$ 351,951	\$ 332,635	\$ 320,395	\$ 305,296
Property Taxes, Levied for Flood Control District	126,365	119,476	115,908	110,529	104,798
Property Taxes, Levied for OC Parks	97,889	93,792	89,804	85,640	81,206
Property Taxes, Levied for OC Public Libraries	61,721	59,333	56,767	54,074	51,166
Property Taxes in-Lieu of Motor Vehicle License Fees	455,578	438,321	418,370	395,809	372,728
Other Taxes	149,568	127,777	104,863	99,965	99,889
Grants and Contributions Not Restricted to Specific Programs	4,631	15,547	11,673	2,720	10,757
State Allocation of Motor Vehicle License Fees	3,863	3,528	838	1,180	1,615
Unrestricted Investment Earnings	(4,364)	35,393	30,538	44,170	19,389
Miscellaneous	67,756	64,764	53,631	52,813	71,164
Transfers	7,996	7,509	9,826	8,922	10,767
Subtotal Governmental Activities	<u>1,338,921</u>	<u>1,317,391</u>	<u>1,224,853</u>	<u>1,176,217</u>	<u>1,128,775</u>
Extraordinary Gain/(Loss)					
Dissolution of OCDA <sup>(1)</sup>	--	--	--	--	--
Business-Type Activities:					
Other Taxes	--	14	50	10	82
Unrestricted Investment Earnings	(11,274)	1,269	19,771	24,941	7,695
Miscellaneous Revenues	3,630	2,249	87	174	1,830
Transfers	(7,996)	(7,509)	(9,826)	(8,922)	(10,767)
Subtotal Business-Type Activities	<u>(15,640)</u>	<u>(3,977)</u>	<u>10,082</u>	<u>16,203</u>	<u>(1,160)</u>
Total Primary Government General Revenue and Other Charges	<u>\$ 1,323,281</u>	<u>\$ 1,313,414</u>	<u>\$ 1,234,935</u>	<u>\$ 1,192,420</u>	<u>\$ 1,127,615</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 1,297,277	\$ 768,146	\$ 250,671	\$ (20,492)	\$ 303,950
Business-Type Activities	86,383	50,733	66,609	82,865	68,794
Total Primary Government	<u>\$ 1,383,660</u>	<u>\$ 818,879</u>	<u>\$ 317,280</u>	<u>\$ 62,373</u>	<u>\$ 372,744</u>

Notes: (1) Extraordinary item results from the dissolution of OCDA, which is now reported as a Private-Purpose Trust Fund.  
(2) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2016-17 <sup>(2)</sup>	2015-16	2014-15	2013-14 <sup>(2)</sup>	2012-13
\$ (829,684)	\$ (911,768)	\$ (795,292)	\$ (678,047)	\$ (880,102)
75,209	82,133	96,422	52,763	26,631
<u>\$ (754,475)</u>	<u>\$ (829,635)</u>	<u>\$ (698,870)</u>	<u>\$ (625,284)</u>	<u>\$ (853,471)</u>
\$ 287,212	\$ 311,902	\$ 328,500	\$ 277,591	\$ 313,299
98,563	82,193	77,090	72,737	69,321
76,493	61,048	57,266	54,042	51,550
47,804	45,364	42,333	39,734	37,961
351,011	333,595	314,957	295,798	309,745
98,216	78,184	71,613	73,178	108,430
8,434	4,583	49,476	14,192	6,711
1,234	1,100	764	895	1,659
19,760	17,032	6,796	18,459	11,559
80,229	63,825	69,789	54,412	48,478
25,922	21,518	19,959	17,557	10,276
<u>1,094,878</u>	<u>1,020,344</u>	<u>1,038,543</u>	<u>918,595</u>	<u>968,989</u>
--	--	--	--	1,800
78	72	109	101	93
3,497	6,526	3,042	3,064	2,113
1,386	2,170	1,597	3,177	1,235
(25,922)	(21,518)	(19,959)	(17,557)	(10,276)
<u>(20,961)</u>	<u>(12,750)</u>	<u>(15,211)</u>	<u>(11,215)</u>	<u>(6,835)</u>
<u>\$ 1,073,917</u>	<u>\$ 1,007,594</u>	<u>\$ 1,023,332</u>	<u>\$ 907,380</u>	<u>\$ 963,954</u>
\$ 265,194	\$ 108,576	\$ 243,251	\$ 240,548	\$ 90,687
54,248	69,383	81,211	41,548	19,796
<u>\$ 319,442</u>	<u>\$ 177,959</u>	<u>\$ 324,462</u>	<u>\$ 282,096</u>	<u>\$ 110,483</u>

**Net (Expense)/Revenue**

Governmental Activities  
Business-Type Activities  
Total Primary Government Net  
(Expense)/Revenue

**General Revenue and Other  
Changes in Net Position**

Governmental Activities:  
Taxes  
Property Taxes, Levied for General Fund  
Property Taxes, Levied for  
Flood Control District  
Property Taxes, Levied for OC Parks  
Property Taxes, Levied for  
OC Public Libraries  
Property 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  
Subtotal Governmental Activities  
Extraordinary Gain/(Loss)  
Dissolution of OCDA <sup>(1)</sup>

Business-Type Activities:  
Other Taxes  
Unrestricted Investment Earnings  
Miscellaneous Revenues  
Transfers  
Subtotal Business-Type Activities  
Total Primary Government General  
Revenue and Other Charges

**Change in Net Position**

Governmental Activities  
Business-Type Activities  
Total Primary Government

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

	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<b>General Fund</b>					
Nonspendable	\$ 517,721	\$ 515,879	\$ 460,074	\$ 396,541	\$ 378,418
Restricted	164,954	97,998	78,982	49,989	31,815
Assigned	316,809	108,268	106,929	147,686	179,119
Unassigned	127,721	13,582	217,317	196,517	219,426
<b>Total General Fund</b>	<b>\$ 1,127,205</b>	<b>\$ 735,727</b>	<b>\$ 863,302</b>	<b>\$ 790,733</b>	<b>\$ 808,778</b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ 32,171	\$ 29,779	\$ 25,866	\$ 23,368	\$ 21,505
Restricted	1,572,185	1,611,739	1,588,765	1,657,781	1,492,269
Assigned	443,370	377,228	214,144	180,139	176,953
<b>Total All Other Governmental Funds</b>	<b>\$ 2,047,726</b>	<b>\$ 2,018,746</b>	<b>\$ 1,828,775</b>	<b>\$ 1,861,288</b>	<b>\$ 1,690,727</b>

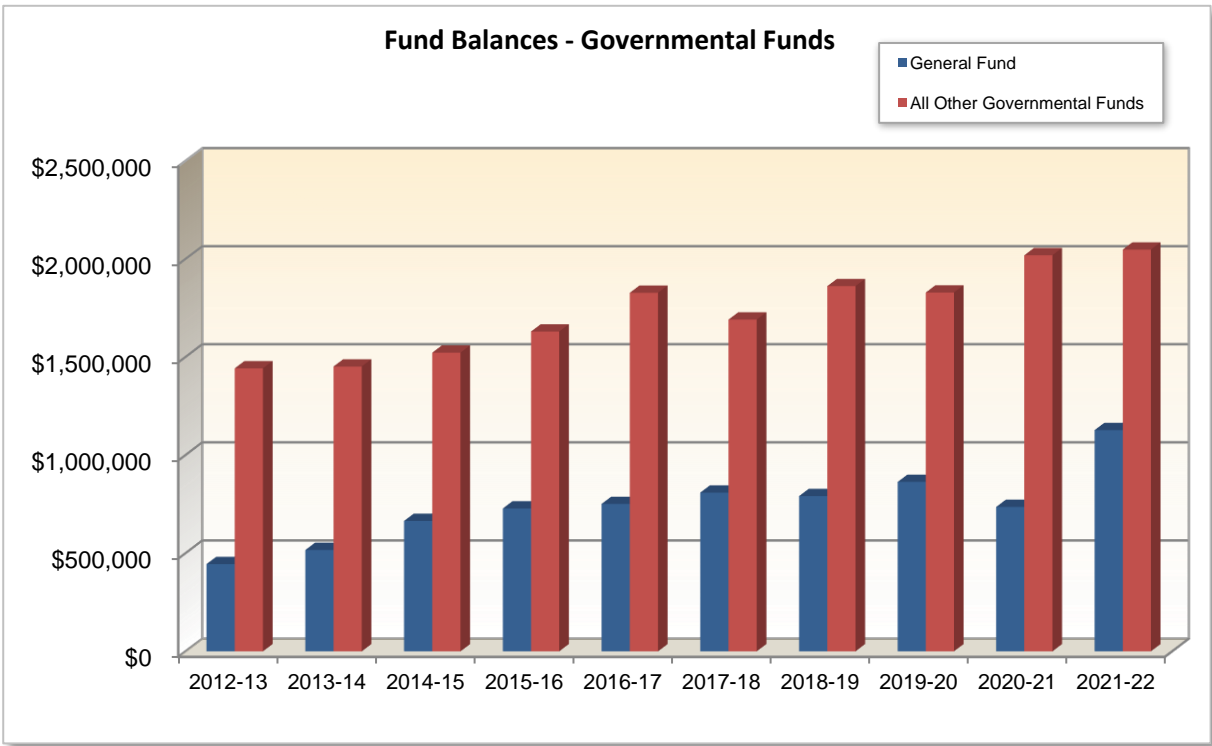
Note: (1) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2016-17 <sup>(1)</sup>	2015-16	2014-15	2013-14 <sup>(1)</sup>	2012-13
\$ 372,572	\$ 331,889	\$ 336,606	\$ 321,022	\$ 263,446
39,581	49,230	31,486	42,028	34,679
265,293	321,064	269,529	153,336	68,157
73,446	25,655	26,887	--	78,264
<b>\$ 750,892</b>	<b>\$ 727,838</b>	<b>\$ 664,508</b>	<b>\$ 516,386</b>	<b>\$ 444,546</b>

**General Fund**  
 Nonspendable  
 Restricted  
 Assigned  
 Unassigned  
**Total General Fund**

\$ 21,697	\$ 20,501	\$ 21,296	\$ 21,207	\$ 18,929
1,635,408	1,479,405	1,417,122	1,362,102	1,357,556
170,472	129,782	83,765	67,929	65,556
<b>\$ 1,827,577</b>	<b>\$ 1,629,688</b>	<b>\$ 1,522,183</b>	<b>\$ 1,451,238</b>	<b>\$ 1,442,041</b>

**All Other Governmental Funds**  
 Nonspendable  
 Restricted  
 Assigned  
**Total All Other Governmental Funds**



**Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Basis of Accounting)**

	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Revenues</b>					
Taxes	\$ 1,209,689	\$ 1,152,471	\$ 1,087,160	\$ 1,033,209	\$ 982,742
Licenses, Permits, and Franchises	26,795	27,819	26,193	25,956	28,142
Fines, Forfeitures, and Penalties	62,384	57,845	54,731	64,582	69,858
Use of Money and Property	46,377	43,339	99,619	124,827	85,694
Intergovernmental	3,140,286	3,142,386	2,506,018	2,243,421	2,232,699
Charges for Services	615,036	571,132	553,644	538,659	567,464
Other	103,284	70,549	60,389	74,508	78,707
<b>Total Revenues</b>	<b>5,203,851</b>	<b>5,065,541</b>	<b>4,387,754</b>	<b>4,105,162</b>	<b>4,045,306</b>
<b>Expenditures</b>					
General Government	237,547	227,528	346,701	271,722	295,157
Public Protection	1,606,763	1,559,227	1,492,539	1,485,357	1,441,435
Public Ways and Facilities	138,921	130,831	138,760	152,657	135,056
Health and Sanitation	877,075	1,131,047	747,178	680,305	649,064
Public Assistance	1,286,464	1,383,768	1,210,986	1,145,340	1,094,675
Education	57,457	53,372	47,702	47,826	46,842
Recreation and Cultural Services	130,180	125,363	119,379	114,127	117,965
Capital Outlay	421,661	341,409	194,454	213,950	259,797
Debt Service					
Principal Retirement	73,855	60,982	90,093	75,410	108,997
Interest	39,014	40,115	43,887	43,062	36,273
Debt Issuance Costs	--	--	--	--	--
<b>Total Expenditures</b>	<b>4,868,937</b>	<b>5,053,642</b>	<b>4,431,679</b>	<b>4,229,756</b>	<b>4,185,261</b>
Excess (Deficit) of Revenues Over Expenditures	334,914	11,899	(43,925)	(124,594)	(139,955)
<b>Other Financing Sources (Uses)</b>					
Transfers In	513,743	601,093	590,322	633,185	505,092
Transfers Out	(513,819)	(601,321)	(590,049)	(629,486)	(502,637)
Debt Issued	79,978	50,725	83,708	61,107	58,489
Premium on Debt Issued	--	--	--	--	--
Capital Leases	--	--	--	--	47
Leases Issued	5,642	--	--	--	--
Loan Issuance	--	--	--	212,304	--
<b>Total Other Financing Sources</b>	<b>85,544</b>	<b>50,497</b>	<b>83,981</b>	<b>277,110</b>	<b>60,991</b>
Extraordinary Gain/(Loss)	--	--	--	--	--
<b>Net Change in Fund Balances</b>	<b>\$ 420,458</b>	<b>\$ 62,396</b>	<b>\$ 40,056</b>	<b>\$ 152,516</b>	<b>\$ (78,964)</b>
Debt Service as a Percentage of Noncapital Expenditures:	2.54%	2.15%	3.16%	2.95%	3.70%

Notes: (1) The balances shown have not been restated to include prior period adjustments.

<b>Fiscal Year</b>				
2016-17 <sup>(1)</sup>	2015-16	2014-15	2013-14 <sup>(1)</sup>	2012-13
\$ 923,561	\$ 876,808	\$ 822,511	\$ 778,936	\$ 854,587
28,209	27,659	24,583	24,920	15,213
96,950	61,669	108,115	62,081	79,267
68,498	88,211	73,700	63,611	58,441
2,172,013	2,125,136	2,064,354	2,070,245	1,940,687
530,883	466,659	480,023	470,899	439,224
63,949	69,436	71,207	54,406	77,464
<b>3,884,063</b>	<b>3,715,578</b>	<b>3,644,493</b>	<b>3,525,098</b>	<b>3,464,883</b>
267,663	261,387	212,805	172,195	186,145
1,401,694	1,289,902	1,230,878	1,194,069	1,157,676
97,169	123,140	102,732	127,506	112,294
578,772	527,482	515,560	621,891	611,369
1,073,964	1,061,647	1,030,404	972,156	932,414
42,564	43,928	41,949	40,008	37,239
106,356	100,381	98,001	98,388	94,051
176,308	116,569	102,863	125,781	122,639
100,119	126,319	104,756	111,486	72,499
47,089	43,039	31,513	35,107	43,777
--	--	--	200	--
<b>3,891,698</b>	<b>3,693,794</b>	<b>3,471,461</b>	<b>3,498,787</b>	<b>3,370,103</b>
(7,635)	21,784	173,032	26,311	94,780
653,593	396,952	338,055	294,374	274,363
(631,891)	(387,373)	(323,604)	(279,287)	(268,110)
31,536	127,494	31,541	39,639	78,419
--	11,724	--	--	--
--	254	43	--	--
--	--	--	--	--
175,340	--	--	--	--
<b>228,578</b>	<b>149,051</b>	<b>46,035</b>	<b>54,726</b>	<b>84,672</b>
--	--	--	--	1,800
<b>\$ 220,943</b>	<b>\$ 170,835</b>	<b>\$ 219,067</b>	<b>\$ 81,037</b>	<b>\$ 181,252</b>
3.97%	4.73%	4.04%	4.34%	3.60%

**Revenues**

- Taxes
- Licenses, Permits, and Franchises
- Fines, Forfeitures, and Penalties
- Use of Money and Property
- Intergovernmental
- Charges for Services
- Other
- Total Revenues

**Expenditures**

- General Government
- Public Protection
- Public Ways and Facilities
- Health and Sanitation
- Public Assistance
- Education
- Recreation and Cultural Services
- Capital Outlay
- Debt Service
  - Principal Retirement
  - Interest
  - Debt Issuance Costs
- Total Expenditures
- Excess (Deficit) of Revenues Over Expenditures

**Other Financing Sources (Uses)**

- Transfers In
- Transfers Out
- Debt Issued
- Premium on Debt Issued
- Capital Leases
- Leases Issued
- Loan Issuance
- Total Other Financing Sources
- Extraordinary Gain/(Loss)
- Net Change in Fund Balances

Debt Service as a Percentage of Noncapital Expenditures:



**Assessed Value of Taxable Property <sup>(1)</sup>**  
**Last Ten Fiscal Years**

Fiscal Year	Residential Property	Industrial/Commercial Property	Other Property <sup>(2)</sup>	Unsecured Roll Gross Total <sup>(3)</sup>
2021-22	\$ 525,246,642	\$ 144,813,561	\$ 2,421,503	\$ 24,015,723
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

- Notes:
- (1) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent, the current market value at time of ownership change and the market value for new construction. Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.
  - (2) Other property includes: timeshares, rural/agricultural land, unique miscellaneous, mineral rights, water rights and personal property and fixtures.
  - (3) Unsecured roll includes properties for which taxes assessed are not a lien on real property and are not sufficient, in the opinion of the Assessor, to secure payment of taxes. It consists of improvements, business personal property, boats and aircrafts, and it can also include land and improvements that are identified as real estate of others, as defined by the Assessor (reference Revenue and Taxation Code Section 134).

Source: Orange County Assessor Department

Total Taxable Assessed Value	Less: Exempt & Non-Reimbursed Exemptions	Net Taxable Assessed Value	Total Direct Tax Rate Percent <sup>(1)</sup>
\$ 696,497,429	\$ (18,432,565)	\$ 678,064,864	1.00
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

**Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (Rate Per \$1,000 of Assessed Value) <sup>(4)</sup>**

Fiscal Year	Direct Rate <sup>(1)</sup>	Overlapping Rates <sup>(2)</sup>				Total Direct & Overlapping Rates
	County General	School Districts	Local Special Districts	Cities	Public Utility	
2021-22	1.00000	0.05285	0.00828	0.00674	0.00359	1.07146
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	-- <sup>(3)</sup>	1.09698

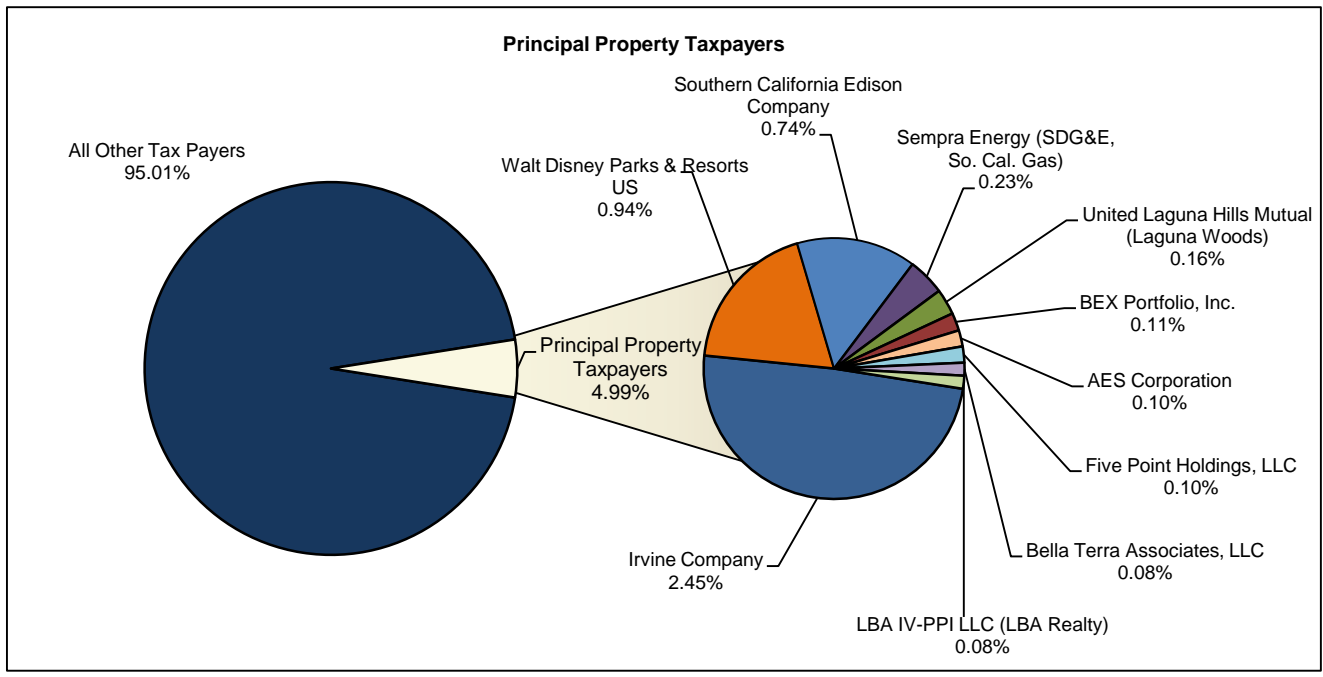
Notes:

- (1) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent, the current market value at time of ownership change and the market value for new construction. Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.
- (2) These overlapping rates are in addition to the County General rate, but only apply to taxpayers within the borders of the school districts, local special districts, cities, and public utilities that lie within the County.
- (3) No rate was available for Public Utility in FY 2014-15.
- (4) The schedule is presented to show information for 10 years. However, a full 10-year trend is not currently available; the County will be adding years in the future.



**Principal Property Taxpayers  
 Current Year and Nine Years Ago**

Taxpayer	2022			2013		
	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied
Irvine Company	\$ 191,000	1	2.45%	\$ 116,988	1	2.36%
Walt Disney Parks & Resorts US	73,265	2	0.94%	50,122	2	1.01%
Southern California Edison Company	58,007	3	0.74%	29,544	3	0.60%
Sempra Energy (SDG&E, So. Cal. Gas)	17,884	4	0.23%			
United Laguna Hills Mutual (Laguna Woods)	12,231	5	0.16%	7,177	6	0.14%
BEX Portfolio, Inc.	8,846	6	0.11%			
AES Corporation	7,930	7	0.10%			
Five Point Holdings, LLC	7,549	8	0.10%			
Bella Terra Associates, LLC	6,480	9	0.08%			
LBA IV-PPI LLC (LBA Realty)	6,312	10	0.08%			
Pacific Bell Telephone Company				8,013	4	0.16%
Kaiser Foundation Hospitals				7,510	5	0.15%
Heritage Fields El Toro LLC				6,624	7	0.13%
Oxy USA Inc.				6,003	8	0.12%
Southern California Gas Company				4,565	9	0.09%
Linn Western Operating Inc.				4,441	10	0.09%
<b>Total</b>	<b>\$ 389,504</b>		<b>4.99%</b>	<b>\$ 240,987</b>		<b>4.85%</b>

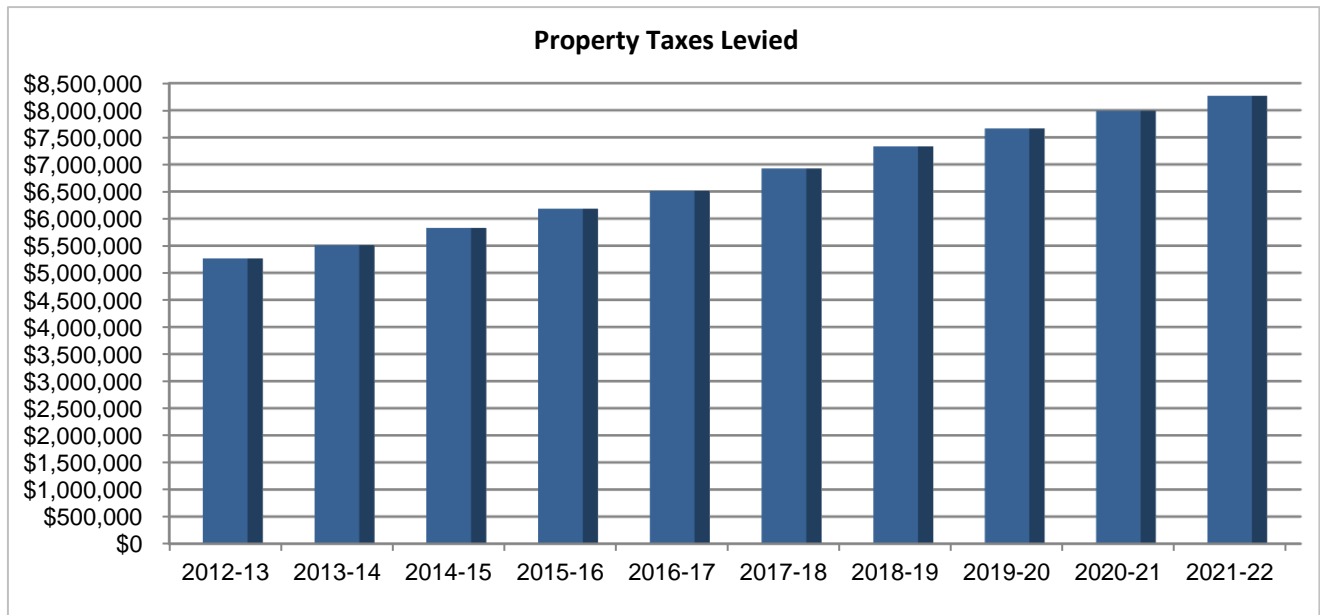


Note: The base used for the Percentage of Total Taxes Levied for 2022 includes total secured taxes of \$7,787,495

Source: Treasurer-Tax Collector, County of Orange

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year <sup>(1)</sup>	Collections Within the Fiscal Year of the Levy <sup>(2)</sup>		Collections of Delinquent Taxes from Prior Years	Total Collections for the Fiscal Year <sup>(3)</sup>	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021-22	\$ 8,265,313	\$ 8,179,665	98.96%	\$ -- <sup>(4)</sup>	\$ 8,179,665	98.96%
2020-21	7,989,930	7,896,700	98.83%	52,790	7,949,490	99.49%
2019-20	7,664,009	7,567,252	98.74%	72,264	7,639,516	99.68%
2018-19	7,333,137	7,252,952	98.91%	61,406	7,314,358	99.74%
2017-18	6,925,546	6,855,493	98.99%	55,229	6,910,722	99.79%
2016-17	6,511,944	6,446,780	99.00%	53,665	6,500,445	99.82%
2015-16	6,183,862	6,119,771	98.96%	55,095	6,174,866	99.85%
2014-15	5,828,106	5,759,699	98.83%	61,272	5,820,971	99.88%
2013-14	5,509,379	5,444,912	98.83%	54,870	5,499,782	99.83%
2012-13	5,265,844	5,194,193	98.64%	59,856	5,254,049	99.78%



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.

**Ratios of Outstanding Debt <sup>(1)</sup> by Type  
Last Ten Fiscal Years (in Thousands Except Per Capita)  
(Accrual Basis of Accounting)**

Fiscal Year	Governmental Activities						
	Refunding Recovery Bonds <sup>(5)</sup>	Certificates of Participation	Pension Obligation Bonds	Teeter Plan Notes	SARI Line Loans	Lease Revenue Bonds <sup>(5),(6),(7)</sup>	Financed Purchase Liability <sup>(2), (3)</sup>
2021-22	\$ --	\$ --	\$ --	\$ 79,978	\$ --	\$ 435,974	\$ 30,633
2020-21	--	--	516	37,406	--	441,853	32,993
2019-20	--	--	2,967	34,661	--	447,481	31,702
2018-19	--	--	5,445	29,507	--	449,669	39,396
2017-18	--	392	8,217	27,247	--	245,288	43,169
2016-17	--	811	11,220	27,868	23,900	263,692	55,831
2015-16	--	1,262	19,140	30,191	28,022	141,145	67,928
2014-15	--	1,744	27,227	33,823	36,277	105,880	79,168
2013-14	19,172	2,262	32,193	39,830	47,410	137,115	62,446
2012-13	35,317	2,822	37,925	43,486	59,892	155,828	67,353

- Notes:
- (1) Details regarding the County's outstanding debt can be found in Note 11, Long-Term Obligations.
  - (2) Changed in FY 2021-22 from Capital Lease Obligations to Financed Purchase Liability due to the implementation of GASB Statement No. 87.
  - (3) Financed Purchase Liability arises from lease agreements without a termination option which transfer ownership of the underlying asset to the lessee at the end of the contract.
  - (4) See demographic and economic statistics schedule for personal income and population data.
  - (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

		Business-Type Activities						
Lease Liability	Interest Accretion on CAB	Airport Revenue Bonds <sup>(6)</sup>	Waste Management System Revenue Bonds	Financed Purchase Liability <sup>(2), (3)</sup>	Total Primary Government	Percentage of Personal Income <sup>(4)</sup>	Per Capita <sup>(4)</sup>	
\$ 426,957	\$ --	\$ 66,190	\$ --	\$ 663	\$ 1,040,395	0.39%	\$ 329	
--	2,890	79,910	--	994	595,568	0.23%	189	
--	15,090	93,462	--	--	625,363	0.28%	196	
--	25,201	98,079	--	--	647,297	0.28%	201	
--	36,586	152,199	--	--	513,098	0.24%	159	
--	46,641	187,318	--	--	617,281	0.31%	193	
--	73,926	195,127	--	--	556,741	0.29%	175	
--	96,303	202,536	--	--	582,958	0.31%	185	
--	103,377	209,804	--	--	653,609	0.34%	210	
--	110,084	240,540	7,018	--	760,265	0.41%	247	



**Ratios of Net General Bonded Debt Outstanding <sup>(1)</sup>  
Last Ten Fiscal Years (in Thousands Except Per Capita)  
(Accrual Basis of Accounting)**

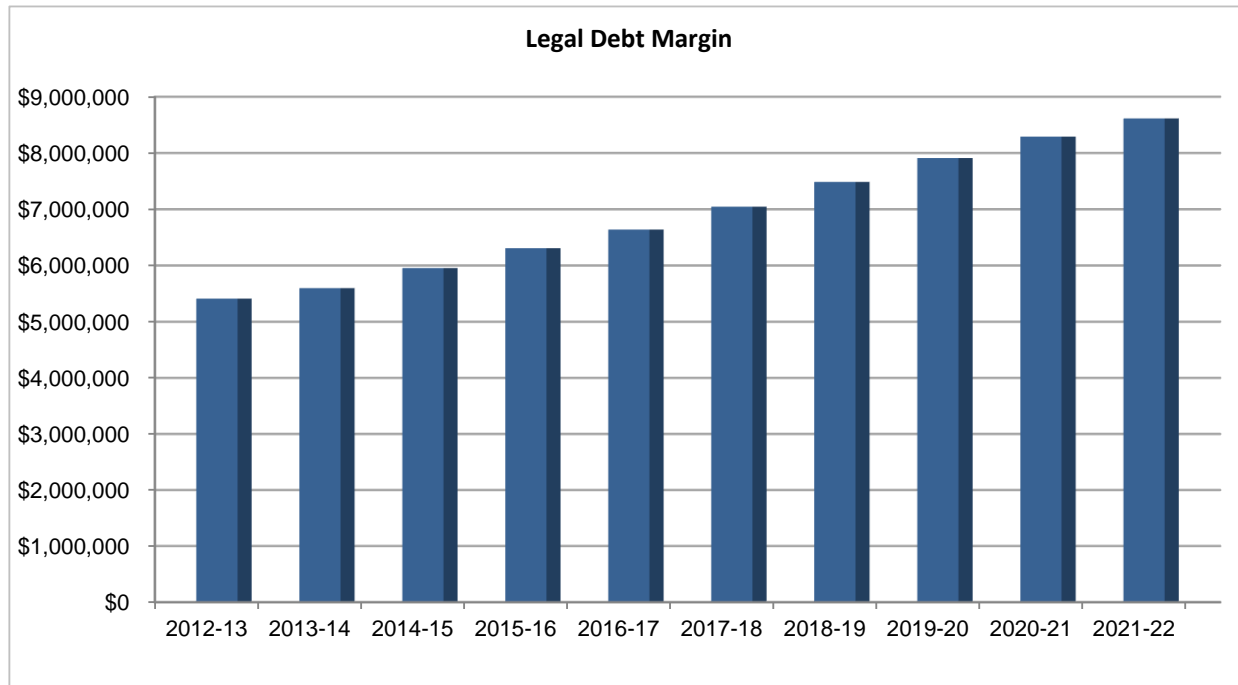
General Debt Outstanding						
Fiscal Year	Refunding Recovery Bonds	Pension Obligation Bonds <sup>(3)</sup>	Restricted for Debt Payments <sup>(3)</sup>	Total (Excess)/ Under	Percentage of Assessed Value	Per Capita <sup>(2)</sup>
2021-22	\$ --	\$ --	\$ --	\$ --	0.00%	\$ --
2020-21	--	3,406	3,406	--	0.00%	--
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

Notes: (1) Details regarding the County's outstanding debt can be found in Note 11, Long-Term Obligations.  
(2) See demographic and economic statistics schedule for population data.  
(3) Beginning in FY 2012-13, outstanding debt includes accreted interest on capital appreciation bonds.

Source: Auditor Controller, County of Orange

**Legal Debt Margin as a Percentage of Debt Limit  
Last Ten Fiscal Years**

Fiscal Year	Assessed Value <sup>(1)</sup>	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 <sup>(2)</sup>
2021-22	\$ 689,088,931	\$ 8,613,612	\$ --	\$ 8,613,612	0%
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%



Note: (1) Assessed Value includes the State assessed properties.  
(2) The amount of the general obligation bonded indebtedness the County can incur is limited by law to 1.25 percent of the equalized assessment property tax roll. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIII A, section 1 requires the approval of 2/3 of the voting on the proposition.

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022  
(Dollar Amounts in Thousands)

**Pledged Revenue Coverage <sup>(1)</sup>**  
**Last Ten Fiscal Years**

**South Orange County Public Financing Authority**

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

Debt Service

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2021-22	\$ 4,489	\$ --	\$ 4,489	\$ 2,160	\$ 2,329	1.00
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

**Orange County Public Facilities Corporation Bonds**

**Funding Source:** Interest Earnings and Transfers

Debt Service

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2021-22	\$ --	\$ --	\$ --	\$ --	\$ --	--
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

**Orange County Public Financing Authority**

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

Debt Service

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2021-22	\$ --	\$ --	\$ --	\$ --	\$ --	--
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

**Teeter Plan Notes**

**Funding Source:** Delinquent Property Taxes Collected

Debt Service

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2021-22	\$ 13,768	\$ 2,167	\$ 11,601	\$ 37,406	\$ 360	0.31
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) <sup>(2)</sup>	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

**Airport Revenue Bonds**

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

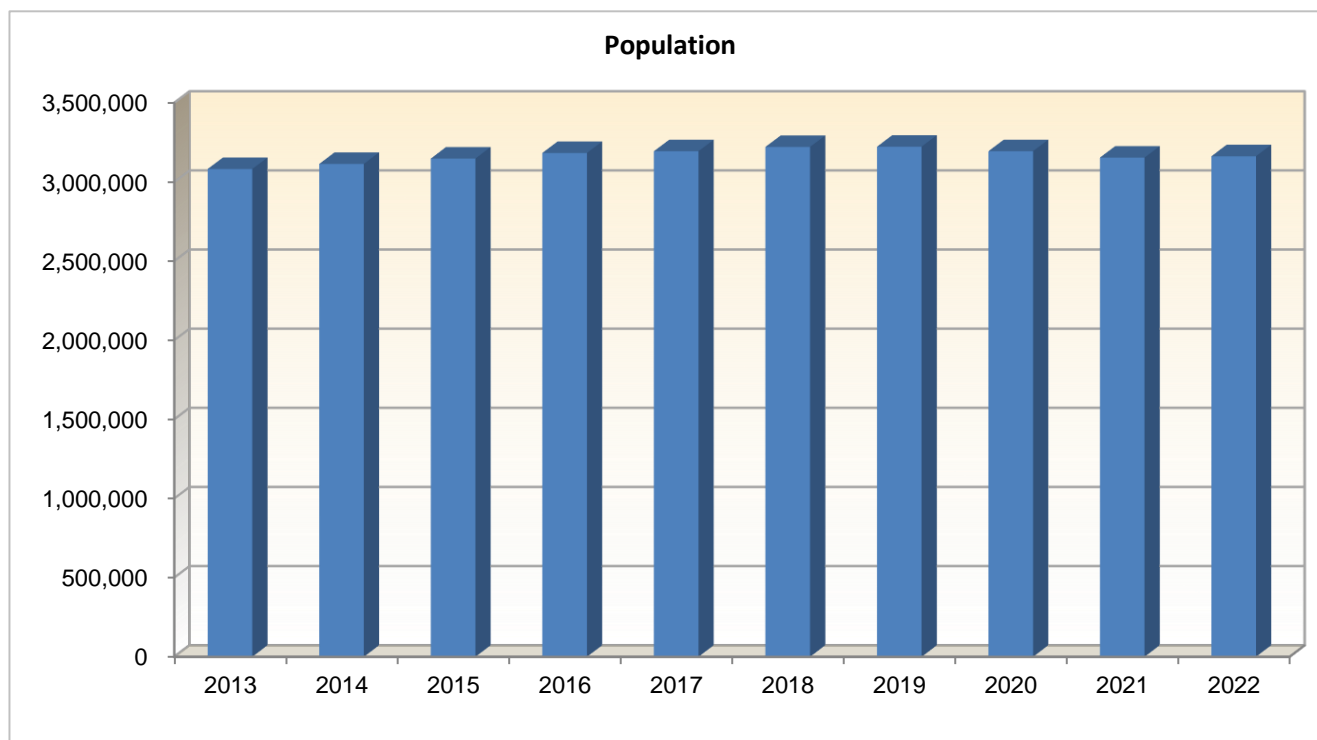
Debt Service

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2021-22	\$ 146,643	\$ 82,429	\$ 64,214	\$ 11,815	\$ 3,296	4.25
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

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) For FY 2014-15, there is a deficit balance for Net Available Revenue due to the change in Teeter Plan Reserve methodology.

**Demographic and Economic Statistics  
Last Ten Calendar Years**

Year	Population <sup>(1)</sup>	Personal Income <sup>(2)</sup> (In Thousands)	Per Capita Personal Income (Absolute Dollars) <sup>(2)</sup>	Median Age <sup>(3)</sup>	Public School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2022	3,162,245	\$ 267,143,000	\$ 84,479	39.2	448,728	2.8%
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%



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, <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**

2022

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Employer	Number of Employees	Rank	Percentage of Total County Employment
University of California, Irvine	26,182	1	1.63%
The Walt Disney Co.	25,000	2	1.56%
County of Orange	18,388	3	1.15%
Providence	13,079	4	0.82%
Kaiser Permanente	8,800	5	0.55%
Albertsons	7,853	6	0.49%
Hoag Memorial Hospital	7,051	7	0.44%
Walmart Inc.	6,300	8	0.39%
Target Corp.	6,000	9	0.37%
MemorialCare	5,490	10	0.34%

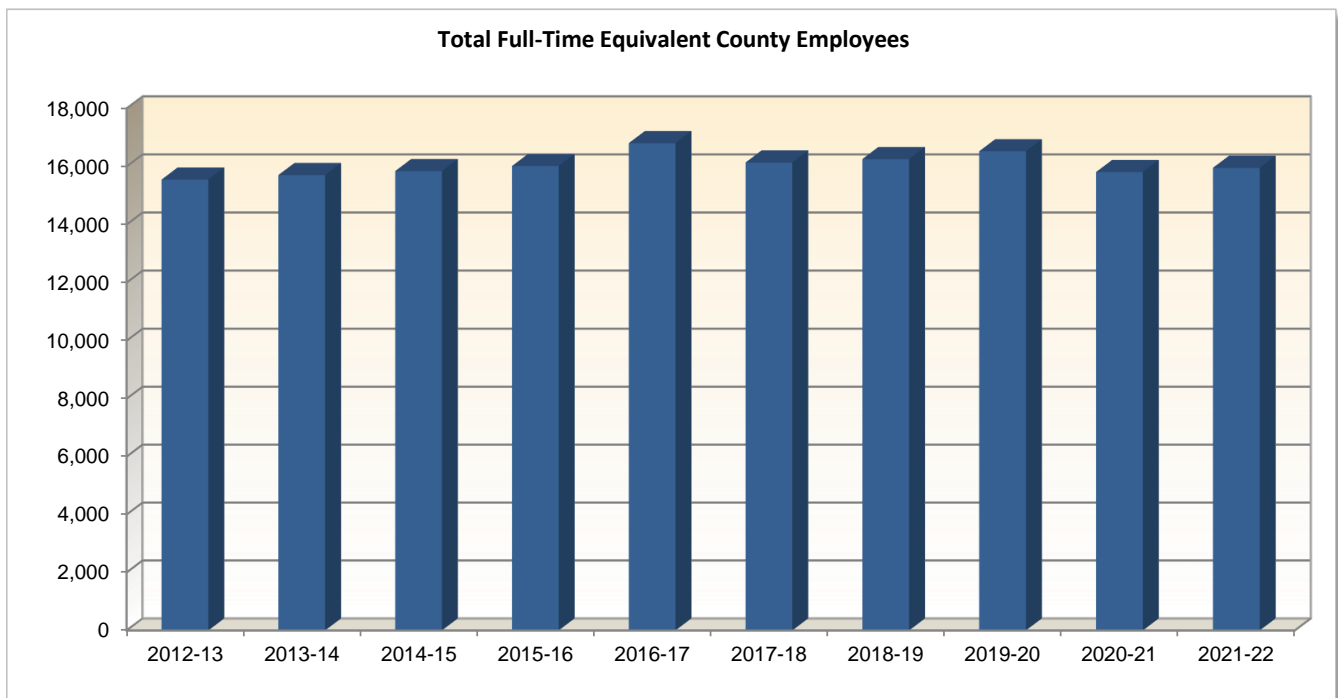
2013

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Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	25,000	1	1.63%
University of California, Irvine	21,800	2	1.42%
County of Orange	17,257	3	1.13%
St. Joseph Health System	11,679	4	0.76%
Boeing Co.	6,873	5	0.45%
Kaiser Permanente	6,300	6	0.41%
Bank of America Corp.	6,000	7	0.39%
Memorial Care Health System	5,545	8	0.36%
Target Corp.	5,400	9	0.35%
Cedar Fair LP	5,200	10	0.34%

**Full-time Equivalent County Employees by Function  
Last Ten Fiscal Years**

Function/Program	2021-22	2020-21 <sup>(3)</sup>	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13 <sup>(2)</sup>
General Government	1,490	1,445	1,657	1,473	1,461	1,511	1,419	1,341	1,322	1,273
Public Protection	6,434	6,450	6,696	6,738	6,722	6,915	6,642	6,674	6,760	6,781
Public Ways and Facilities	379	386	400	407	386	431	435	440	478	508
Health and Sanitation	2,299	2,374	2,334	2,339	2,307	2,409	2,253	2,198	2,128	2,137
Public Assistance	4,340	4,165	4,403	4,290	4,276	4,529	4,306	4,239	4,043	3,876
Education	303	303	320	312	306	309	302	286	290	286
Recreation and Cultural Services	307	310	318	293	288	298	272	265	274	268
Airport	153	145	160	163	157	153	154	159	162	167
OC Waste & Recycling	250	232	238	241	236	249	233	241	249	255
<b>Total Full-time Equivalent Employees (1)</b>	<b>15,955</b>	<b>15,810</b>	<b>16,526</b>	<b>16,256</b>	<b>16,139</b>	<b>16,804</b>	<b>16,016</b>	<b>15,843</b>	<b>15,706</b>	<b>15,551</b>



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 reevaluation of methodology. It was subsequently determined that prior methodology was appropriate.  
 (3) FY 2020-21 removed CFCOC due to these not being County employees.

Source: County Executive Office, County of Orange

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<b>General Government</b>					
Auditor-Controller					
Property Tax Bills Prepared	1,080,726	1,103,642	1,104,521	1,112,743	1,125,902
Assessor					
Number of Real Property Valued	961,387	958,477	954,305	950,469	943,771
Number of Unsecured Property Assessed	81,250	106,980	116,270	116,188	117,126
New Parcels Created and Mapped	3,846	4,985	8,044	8,035	7,868
New Construction Events	16,822	16,204	26,223	21,087	20,758
County Executive Office					
Volunteer Program Service Hours	216,972	181,831	414,774	685,725	562,121
Treasurer-Tax Collector					
Orange County Investment Pool Income <sup>(1)</sup>	\$ 31,775	\$ 43,538	\$ 89,264	\$ 94,197	\$ 57,610
Assets Under Management <sup>(1)</sup>	\$ 13,003,983	\$ 11,045,773	\$ 10,271,573	\$ 9,934,121	\$ 9,387,613
Number of Property Tax Bills	1,080,726	1,047,669	1,256,890	1,375,794	1,471,356
Percentage of Secured Tax Bill Collection	99.27%	99.30%	99.15%	99.26%	99.36%
Number of Incoming Phone Calls	87,997	94,021	93,312	89,079	98,660
Percentage of Electronic Payments	69.0%	67.4%	64.2%	63.2%	60.9%
Secured Tax Bill Subscribers <sup>(3)</sup>	76,701	70,797	61,287	51,559	42,866
Property Tax Payments by eCheck	541,111	507,493	449,107	412,819	398,711
Registrar of Voters					
Registered Voters	1,809,773	1,771,537	1,633,966	1,558,988	1,481,881
Highest Number of Ballots Cast	636,497	1,546,570	818,021	1,106,729	635,224
Elections Conducted	3	3	4	5	1
<b>Public Protection</b>					
Clerk-Recorder <sup>(4)</sup>					
Marriage Licenses Issued	30,136	32,465	22,308	22,565	23,702
Marriage Ceremonies Performed	13,269	15,302	11,679	11,242	11,946
Copies of Birth Certificates Issued	81,359	72,300	71,679	87,961	82,463
Property-Related Document Recordings	583,711	901,565	629,179	477,083	534,185
Passport Applications Filed	9,157	2,082	7,217	10,071	10,144
Sheriff-Coroner					
Patrolled Cities Population	633,342	635,163	638,420	648,371	646,818
Patrolled Unincorporated Areas Population	132,437	127,787	128,421	129,128	129,278
Number of Bookings to Orange County Jail System	39,174	34,984	46,046	58,773	61,157
Average Daily Jail Head Count	3,483	3,393	4,667	6,140	6,249
District Attorney					
Defendants Prosecuted-Adult	52,248	53,038	55,747	60,117	62,682
Defendants Prosecuted-Juvenile	1,748	1,430	2,229	2,783	3,426
Probation					
Physical Arrests-Adult	*	*	*	*	*
Physical Arrests-Juvenile	*	*	*	*	*
Probationers under Supervision as of June 30th-Adult	9,719	9,727	11,761	11,164	11,560
Probationers under Supervision as of June 30th-Juvenile	1,017	1,078	1,364	1,892	2,270
Avg. Daily Juvenile Hall Population	96	99	91	109	129
Avg. Daily Camp Population	70	60	64	100	119
Public Defender					
Cases Appointed Annually	62,347	55,634	52,253	59,513	59,095

Note: (1) Dollar amounts in thousands  
(2) \* means Not Available  
(3) Name changed in FY 18-19, formerly Secured Tax Bill Reminders.  
(4) Moved to Public Protection in FY 2021-22 to match General Fund Budgetary Statement.

Source: County Departments

Fiscal Year					Function/Program
2016-17	2015-16	2014-15	2013-14	2012-13	
					<b>General Government</b>
					Auditor-Controller
1,127,725	1,141,652	1,216,325	1,220,750	1,186,238	Property Tax Bills Prepared
					Assessor
937,630	930,470	924,791	918,672	914,489	Number of Real Property Valued
121,665	141,224	145,151	135,551	139,865	Number of Unsecured Property Assessed
9,053	6,665	6,918	4,519	8,175	New Parcels Created and Mapped
21,254	19,397	18,530	16,904	17,173	New Construction Events
					County Executive Office
645,482	613,277	638,230	700,759	815,407	Volunteer Program Service Hours
					Treasurer-Tax Collector
\$ 36,677	\$ 24,877	\$ 14,581	\$ 11,298	\$ 12,958	Orange County Investment Pool Income <sup>(1)</sup>
\$ 9,092,268	\$ 8,271,502	\$ 7,604,246	\$ 6,566,145	\$ 6,490,056	Assets Under Management <sup>(1)</sup>
1,448,886	1,367,275	1,381,808	1,421,654	1,347,596	Number of Property Tax Bills
99.39%	99.26%	99.21%	99.16%	98.94%	Percentage of Secured Tax Bill Collection
108,061	111,948	121,461	115,123	150,830	Number of Incoming Phone Calls
57.2%	54.9%	54.2%	53.8%	49.4%	Percentage of Electronic Payments
40,898	38,213	35,917	31,988	28,664	Secured Tax Bill Subscribers <sup>(3)</sup>
348,961	309,977	285,932	248,908	213,146	Property Tax Payments by eCheck
					Registrar of Voters
1,535,967	1,395,380	1,424,216	1,411,232	1,683,001	Registered Voters
1,239,405	691,802	640,358	340,187	1,133,204	Highest Number of Ballots Cast
1	4	7	3	2	Elections Conducted
					<b>Public Protection</b>
					Clerk-Recorder <sup>(4)</sup>
25,309	23,725	23,553	25,244	22,502	Marriage Licenses Issued
12,876	11,122	11,213	12,056	*	Marriage Ceremonies Performed
85,051	74,508	79,826	82,268	81,775	Copies of Birth Certificates Issued
640,243	617,914	651,866	580,899	839,353	Property-Related Document Recordings
9,437	7,093	5,016	2,686	*	Passport Applications Filed
					Sheriff-Coroner
644,496	641,753	637,261	631,934	627,447	Patrolled Cities Population
125,792	125,420	124,014	121,473	120,396	Patrolled Unincorporated Areas Population
56,330	56,163	56,135	61,262	63,439	Number of Bookings to Orange County Jail System
6,220	6,028	6,055	7,039	6,805	Average Daily Jail Head Count
					District Attorney
61,219	61,521	56,233	55,906	57,873	Defendants Prosecuted-Adult
3,631	3,564	4,482	5,103	6,651	Defendants Prosecuted-Juvenile
					Probation
*	*	*	*	2,947	Physical Arrests-Adult
*	*	*	*	640	Physical Arrests-Juvenile
11,189	11,714	10,725	14,425	14,186	Probationers under Supervision as of June 30th-Adult
2,290	2,550	3,124	4,156	4,984	Probationers under Supervision as of June 30th-Juvenile
150	130	150	229	320	Avg. Daily Juvenile Hall Population
136	143	203	182	193	Avg. Daily Camp Population
					Public Defender
61,878	65,574	79,119	74,101	77,073	Cases Appointed Annually



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

Function/Program	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<u>Public Ways and Facilities</u>					
OC Public Works					
Building and Home Inspections	34,986	36,540	42,365	60,753	42,590
<u>Health and Sanitation</u>					
OC Community Resources					
Animal Licenses	127,913	135,760	136,985	147,874	149,342
Health Care Agency					
911 Emergency Medical Services Responses	279,301	241,980	242,201	234,589	234,459
Retail Food Facility Inspections Conducted	24,856	24,776	28,146	35,406	30,893
Hazardous Waste Inspections Conducted	7,142	6,465	7,433	7,735	6,003
Number of Home Visits by Public Health Nurses	6,342	6,241	10,777	20,794	20,156
Number of Low Income Children Dental Health Services	34	17	199	200	360
Number of Ocean Water Days of Closure (In Beach-Miles)	10	2	64	10	10
<u>Public Assistance</u>					
OC Community Resources					
Adult Day Care Hours of Service	14,212	4,103	45,252	52,819	65,900
Elderly Nutrition Program Meals Delivered	2,525,895	2,924,858	1,174,703	1,353,713	1,323,802
One-Way Transportation Trips Provided to Seniors	133,765	98,901	139,891	183,429	185,258
Veterans Served-Veterans/Dependents	28,928	23,784	27,419	23,555	24,063
Veterans Served-OC4Vets	712	768	723	910	673
Social Services Agency					
Average Monthly Medi-Cal Recipients	932,517	860,458	774,729	782,990	806,716
Average Monthly Child Abuse Hotline Calls	2,943	2,528	3,005	4,572	4,189
Average Monthly CalFresh (formerly Food Stamp) Recipients	253,859	232,260	214,668	206,789	233,038
Average Monthly In-Home Supportive Services	33,348	30,548	28,988	27,892	26,369
Average Persons Receiving Cash Assistance	32,841	33,430	35,098	35,803	41,622
Average Children in Foster Care/Relative Care	2,201	2,187	2,333	1,977	1,917
Average Elder and Adult Abuse Unduplicated Reports Received	1,290	1,164	1,153	1,175	1,091
<u>Education</u>					
OC Community Resources					
Total Volumes Borrowed at Library Branches	8,040,178	5,941,649	7,016,302	7,746,484	7,041,985
<u>Recreation and Cultural Services</u>					
OC Community Resources					
Exotic Invasive Plant Removal (acres)	2,075	1,000	1,791	3,225	2,285
Native Vegetation Restoration (acres)	838	319	358	411	414
Slip and Dry Storage Tenants	2,635	410	603	3,150	438
Boat Launches	17,127	18,540	21,890	15,521	16,487
Sailing and Event Center Participants	50,107	54,838	78,340	100,952	101,945
Ocean Institute Students/Visitors	29,911	27,793	39,561	44,404	90,948
Hotel Guests	46,003	43,408	49,165	58,998	59,319
Catalina Express Passengers	120,715	67,986	109,030	124,471	129,239
Special Events at the Harbor	2	2	4	5	6
<u>Airport</u>					
Passengers	10,309,156	4,216,396	7,562,040	10,718,001	10,670,156
Air Cargo Tonnage	18,154	18,567	17,193	19,098	19,577
Takeoffs & Landings	312,900	278,258	260,644	314,000	302,483
<u>OC Waste &amp; Recycling</u>					
Solid Waste Tonnage	5,054,651	4,978,920	5,174,096	5,148,761	4,980,101
Gallons of Leachate and Impacted Ground Water Collected	6,032,504	5,776,484	7,573,496	8,062,718	5,576,351

Note: \* means Not Available  
Source: County Departments

Fiscal Year					Function/Program
2016-17	2015-16	2014-15	2013-14	2012-13	
					<u>Public Ways and Facilities</u>
					OC Public Works
39,056	40,662	30,324	31,772	19,368	Building and Home Inspections
					<u>Health and Sanitation</u>
					OC Community Resources
171,237	192,470	198,358	192,320	191,098	Animal Licenses
					Health Care Agency
204,683	193,538	183,794	170,804	171,420	911 Emergency Medical Services Responses
32,305	26,195	31,397	32,689	34,953	Retail Food Facility Inspections Conducted
7,271	8,328	5,950	4,616	6,058	Hazardous Waste Inspections Conducted
32,108	29,219	31,258	35,101	34,953	Number of Home Visits by Public Health Nurses
					Number of Low Income Children Dental Health Services
311	496	755	1,225	1,107	Number of Ocean Water Days of Closure (In Beach-Miles)
17	22	24	20	8	
					<u>Public Assistance</u>
					OC Community Resources
47,567	49,971	43,010	50,944	49,129	Adult Day Care Hours of Service
1,417,361	1,374,275	1,406,526	1,347,251	1,360,601	Elderly Nutrition Program Meals Delivered
190,534	198,851	180,899	187,864	155,003	One-Way Transportation Trips Provided to Seniors
9,091	*	*	*	*	Veterans Served-Veterans/Dependents
555	*	*	*	*	Veterans Served-OC4Vets
					Social Services Agency
817,408	810,388	718,061	521,078	430,559	Average Monthly Medi-Cal Recipients
4,076	4,259	4,049	3,674	3,009	Average Monthly Child Abuse Hotline Calls
					Average Monthly CalFresh (formerly Food Stamp) Recipients
250,772	263,556	258,676	247,517	230,964	Average Monthly In-Home Supportive Services
24,427	22,635	20,787	19,652	19,663	Average Persons Receiving Cash Assistance
46,369	52,081	55,921	55,225	55,008	Average Children in Foster Care/Relative Care
1,886	1,791	1,924	2,119	2,213	Average Elder and Adult Abuse Unduplicated Reports Received
995	942	815	710	636	
					<u>Education</u>
					OC Community Resources
6,864,635	6,634,747	6,411,127	6,642,739	6,564,262	Total Volumes Borrowed at Library Branches
					<u>Recreation and Cultural Services</u>
					OC Community Resources
2,940	2,782	1,466	1,154	4,102	Exotic Invasive Plant Removal (acres)
262	293	312	368	843	Native Vegetation Restoration (acres)
438	2,903	3,204	2,679	2,700	Slip and Dry Storage Tenants
16,303	17,695	15,511	15,606	15,037	Boat Launches
80,752	50,000	75,000	111,838	115,996	Sailing and Event Center Participants
127,361	192,384	41,000	100,000	108,668	Ocean Institute Students/Visitors
39,140	43,515	43,073	42,887	41,141	Hotel Guests
128,000	25,711	123,688	123,257	123,257	Catalina Express Passengers
6	8	12	15	16	Special Events at the Harbor
					<u>Airport</u>
10,373,714	10,361,436	9,608,873	9,304,295	9,124,172	Passengers
17,813	18,568	16,997	17,564	17,821	Air Cargo Tonnage
285,704	276,817	264,726	252,166	252,506	Takeoffs & Landings
					<u>OC Waste &amp; Recycling</u>
4,810,116	4,772,722	4,581,359	4,070,238	3,428,657	Solid Waste Tonnage
					Gallons of Leachate and Impacted Ground Water Collected
5,599,757	3,542,736	5,510,821	3,854,530	3,116,108	

**Capital Asset Statistics by Function  
Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<u>General Government</u>					
Auditor-Controller					
A-C Administration Building <sup>(3)</sup>	1	1	1	1	1
Hall of Finance and Records	--	--	--	1	1
County Executive Office					
Hall of Administration	1	1	1	1	1
Registrar of Voters					
Trailers	2	2	2	2	2
Vehicles/Trucks	3	3	3	3	3
<u>Public Protection</u>					
Clerk-Recorder <sup>(4)</sup>					
OC Archives Building	1	1	1	1	1
Sheriff-Coroner					
Crime/Forensic Lab	1	1	1	1	1
Jail Facilities	5	3	3	3	3
Vehicles	947	943	944	939	938
Buses	13	14	13	13	13
Helicopters	5	5	5	5	5
Boats	12	10	10	10	10
Robot Andros	3	3	3	3	3
Haz-mat Vehicles	4	4	4	4	4
K-9 units	30	31	31	35	34
District Attorney					
Justice Center Offices	5	5	5	5	5
Probation Department					
Juvenile Institutions	3	3	3	4	4
Vehicles/Trucks	147	146	139	171	158
Equipment	20	20	15	16	15
<u>Public Ways and Facilities</u>					
OC Public Works <sup>(1)</sup>					
County Administration South Bldg 16	1	1	1	*	*
Data Center	1	1	1	1	1
Alternate Fuel Vehicles	66	46	49	41	42
Vehicles/Trucks	274	273	135	318	314
Watersheds	22	22	23	22	22
Dams	5	5	5	4	4
Dump Trucks	1	1	2	20	17
Tractors	19	29	27	36	50
Trailers	41	44	44	37	42
Street Miles	339	338	346	320	345

Note: (1) Presentation changed in FY 2019-20 to summarize by function  
(2) \* means Not Available  
(3) Building was moved from OC Community Resources to the Auditor-Controller in FY 2019-20  
(4) Moved to Public Protection in FY 2021-22 to match General Fund Budgetary Statement.

<u>Fiscal Year</u>					<u>Function/Program</u>
<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	
					<u>General Government</u>
					Auditor-Controller
1	1	1	1	1	A-C Administration Building <sup>(3)</sup>
1	1	1	1	1	Hall of Finance and Records
					County Executive Office
1	1	1	1	1	Hall of Administration
					Registrar of Voters
1	1	1	1	1	Trailers
4	4	4	3	3	Vehicles/Trucks
					<u>Public Protection</u>
					Clerk-Recorder <sup>(4)</sup>
1	1	1	1	1	OC Archives Building
					Sheriff-Coroner
1	1	1	1	1	Crime/Forensic Lab
3	3	3	3	3	Jail Facilities
948	917	916	911	918	Vehicles
12	11	11	11	11	Buses
5	4	3	3	2	Helicopters
10	10	10	10	9	Boats
3	3	3	3	3	Robot Andros
4	4	4	4	4	Haz-mat Vehicles
26	28	22	18	13	K-9 units
					District Attorney
5	5	5	5	5	Justice Center Offices
					Probation Department
4	4	4	4	4	Juvenile Institutions
159	155	159	156	*	Vehicles/Trucks
13	12	16	12	*	Equipment
					<u>Public Ways and Facilities</u>
					OC Public Works <sup>(1)</sup>
*	*	*	*	*	County Administration South Bldg 16
1	1	1	1	1	Data Center
46	50	51	60	60	Alternate Fuel Vehicles
316	268	355	375	358	Vehicles/Trucks
21	19	13	13	13	Watersheds
4	3	3	3	3	Dams
16	19	18	21	9	Dump Trucks
50	50	32	28	11	Tractors
40	46	54	35	18	Trailers
330	330	320	320	319	Street Miles

**Capital Asset Statistics by Function  
Last Ten Fiscal Years (Continued)**

Function/Program	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<u>Health and Sanitation</u>					
Health Care Agency					
Clinics <sup>(1)</sup>	31	10	9	4	4
Laboratories <sup>(1)</sup>	2	2	2	2	2
Trailers <sup>(1)</sup>	41	38	25	9	10
Vehicles/Trucks <sup>(1)</sup>	45	45	39	35	33
OC Community Resources					
Animal Care Center	1	1	1	1	1
Trailers	6	6	6	3	2
<u>Public Assistance</u>					
Social Service Agency					
Vehicles	1	3	1	1	2
Office Locations	19	19	19	19	20
<u>Education</u>					
OC Community Resources					
Library Branches	32	32	32	32	33
<u>Recreation and Cultural Services</u>					
OC Community Resources					
Park Land (acres)	62,617	62,617	62,617	62,617	62,900
Recreational Trails (in miles)	408	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	3	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	9	7	9
Tractors	29	25	25	22	26
Trailers	56	55	45	42	35
Vehicles/Trucks	208	213	261	239	207
Harbor	1	1	1	1	1
Marinas	1	1	1	1	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	18	17	17	20	24
Restaurants	14	15	16	14	16
Fuel Dock	1	1	1	1	1
Shipyard	1	1	1	1	1
Boater Service Buildings	15	15	15	15	15
Parcel 11 (Yacht Building Company)	1	1	1	1	1
Parcel 23 (Yacht Club)	1	1	1	1	1

Note: (1) Presentation changed in FY 2014-15 to summarize by asset  
(2) \* means Not Available

Source: County Departments

Fiscal Year					Function/Program
2016-17	2015-16	2014-15	2013-14	2012-13	
					<u>Health and Sanitation</u>
					Health Care Agency
4	4	4	3	3	Clinics <sup>(1)</sup>
2	2	2	2	2	Laboratories <sup>(1)</sup>
9	12	12	8	11	Trailers <sup>(1)</sup>
30	24	24	25	25	Vehicles/Trucks <sup>(1)</sup>
					OC Community Resources
1	1	1	1	1	Animal Care Center
3	3	3	3	3	Trailers
					<u>Public Assistance</u>
					Social Service Agency
4	5	5	5	6	Vehicles
20	20	20	19	20	Office Locations
					<u>Education</u>
					OC Community Resources
33	33	33	33	33	Library Branches
					<u>Recreation and Cultural Services</u>
					OC Community Resources
62,900	62,900	62,900	60,500	59,318	Park Land (acres)
295	295	295	295	295	Recreational Trails (in miles)
1	1	1	1	1	Zoo
15	15	15	15	15	Urban Regional Parks
5	5	5	5	5	Wilderness Parks
4	4	4	4	4	Nature Preserves
3	3	3	3	3	Harbors
11	11	11	11	11	Beaches
7	7	7	7	7	Historical Sites
10	8	7	7	9	Boats
26	25	26	28	24	Tractors
33	31	27	29	33	Trailers
199	204	174	170	211	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	24	23	23	23	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	1	*	*	*	Parcel 11 (Yacht Building Company)
1	1	*	*	*	Parcel 23 (Yacht Club)

**Capital Asset Statistics by Function  
 Last Ten Fiscal Years (Continued)**

Function/Program	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<u>Airport</u>					
Acres	501	501	501	501	501
Runways	2	2	2	2	2
Public Parking Structures/Lots	5	5	5	5	5
Terminals	3	3	3	3	3
Fire Trucks	4	4	4	4	4
Shuttle Buses	3	2	*	*	*
<u>OC Waste &amp; Recycling</u>					
Active Landfills	3	3	3	3	3
Inactive Landfills	2	2	2	2	2
Household Hazardous Waste Collection Centers	4	4	4	4	4
Dozers	16	15	15	6	6
Dump Trucks	10	10	10	5	10
Loaders	20	15	15	12	12
Scrapers	9	10	8	6	6
Excavators	3	3	3	2	2
Tractors	22	21	19	28	35
Graders	3	3	3	3	4
Compactors	10	9	9	9	7
Water/Fuel Trucks	14	12	12	9	14
Sweeper	2	2	2	1	1

Note: \* means Not Available

Source: County Departments

Fiscal Year					Function/Program
2016-17	2015-16	2014-15	2013-14	2012-13	
					<u>Airport</u>
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
					<u>OC Waste &amp; Recycling</u>
3	3	3	3	3	Active Landfills
2	2	2	2	2	Inactive Landfills
					Household Hazardous Waste
4	4	4	4	4	Collection Centers
6	8	7	7	7	Dozers
10	10	10	10	12	Dump Trucks
12	21	20	20	20	Loaders
6	8	8	8	8	Scrapers
2	2	2	2	2	Excavator
27	30	28	29	28	Tractors
4	4	4	4	4	Graders
7	8	8	8	8	Compactors
14	13	13	13	11	Water/Fuel Trucks
*	*	*	*	*	Sweeper

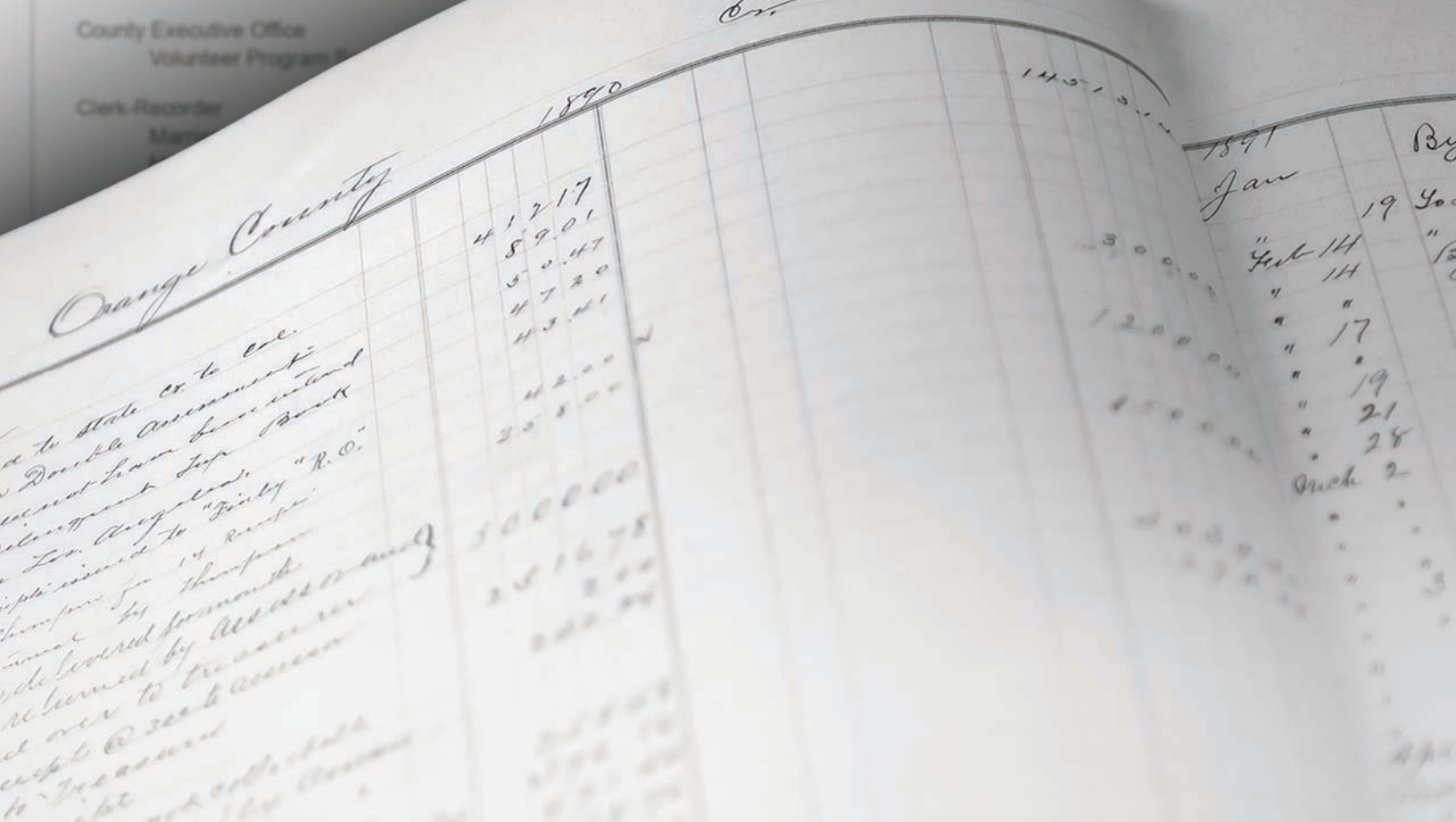






Probationers under Supervision as of June 30th-Adult	9,727	11,761	11,164	11,500	11,189
Probationers under Supervision as of June 30th-Juvenile	1,078	1,364	1,892	2,270	2,290
Avg. Daily Juvenile Hall Population	99	91	109	129	150
Avg. Daily Camp Population	60	64	100	119	136

Function/Program	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
<b>General Government</b>					
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			943,771	937,630
Number of Unsecured Property Assessed				117,126	121,665
New Parcels Created and Mapped				7,898	
New Construction Events					
County Executive Office					
Volunteer Program					
Clerk-Recorder					
Marriage Licenses					



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



OC Auditor-Controller: [www.ac.ocgov.com](http://www.ac.ocgov.com)  
 County of Orange: [www.ocgov.com](http://www.ocgov.com)

**EXHIBIT B**

COUNTY OF ORANGE  
INVESTMENT POLICY STATEMENT

# Orange County Treasurer



## 2023 Investment Policy Statement

(Approved By B.O.S. 12/20/22)

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# **ORANGE COUNTY TREASURER INVESTMENT POLICY STATEMENT**

## **PURPOSE**

This policy provides the structure for the prudent investment of the cash balances entrusted to the Orange County Treasurer (Treasurer) with the objective of maximizing cash management efficiency to meet the daily cash flows of Orange County (County), the School Districts, Community College Districts, voluntary participants and other County related agency funds. The Treasurer's Investment Policy Statement (IPS) is approved annually by the County Board of Supervisors as required by California Government Code Section 53646 (a) (1) and reviewed annually by the Treasury Oversight Committee, pursuant to the requirements of California Government Code Section 27133. (All references are to the California Government Code unless otherwise stated.)

## **I. POLICY STATEMENT**

The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner that will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The Orange County Investment Fund (OCIF), which includes all cash balances entrusted to the Treasurer as noted above, is designed to meet both the investment and cash requirements of our participants. If separate funds are established, the Treasurer shall determine on a cash flow basis what percent of available cash will be invested in each fund.

## **II. SCOPE**

The IPS scope applies to all financial assets as indicated in II.1 below.

### **1. FUNDS**

The Treasurer is responsible for investing the cash of the OCIF, defined as all monies under the investment authority of the Treasurer, including funds, and subsets of funds for the Orange County Department of Education. It does not include the County employee's pension and medical trust funds which are invested separately by Orange County Employees Retirement System (OCERS), and those funds that are invested separately by the County Treasurer under bond indenture agreements. The County Funds are reported in the County's Annual Comprehensive Financial Report (ACFR) and include:

- Governmental Funds, including the General Fund
- Enterprise Funds
- Fiduciary Funds
- Any other funds or new funds created by the County, unless specifically exempted

**a) Pooled Funds:**

The pooled funds name is the Orange County Treasurer’s Pool (OCTP). County treasuries operate in the public interest when they consolidate banking and investment activities, reduce duplication, achieve economies of scale and carry out coherent and consolidated investment strategies per California Government Code Section 27130. Pooled funds allow for more efficient cash flow matchings, a reduction in transaction costs, and improve market access. IPS compliance will be done on total OCTP. Government Code Sections 53600 et seq., 53630 et seq. and 27000.3 guide the investment requirements of the OCTP.

**b) Specific Investment Accounts:**

The County or a participant’s governing board may ask Treasurer to invest certain unexpended cash or to separately invest bond proceeds issued by the County, an Educational District, a voluntary participant, or another local agency outside of pooled funds. These investments may include cash required for future long-term needs, and these investments will be matched to the time-horizon for their future use or to an identified long-term liability. The County or the participating agencies will be required to sign a written agreement acknowledging that there may be risk to principal should they desire to redeem funds early. The Treasurer shall credit the specific investment account with the interest earned and charge the account fees for separately maintaining this account.

In addition, no investment will be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the appropriate legislative body has granted express authority either specifically or as part of an investment program approved by that legislative body no less than three months prior to the investment.

**III. PRUDENCE**

The Treasurer, as a fiduciary of public funds adheres to the “prudent investor” standard per Government Code Sections 27000.3 and Section 53600.3 is to be used by the. This standard states that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and the other depositors. Within the limitation of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

The Treasurer and those delegated staff shall act in accordance with written procedures and the Investment Policy Statement, exercise due diligence, report in a timely fashion and implement appropriate controls to mitigate adverse developments.

**IV. DELEGATION OF AUTHORITY**

The County Board of Supervisors delegates to the Treasurer annually the authority to invest and reinvest the funds of the County and other depositors per Government Code Sections 27000.1, 53607 and 53608. Such delegation is conditioned upon the Treasurer submitting any and all investment policies and amendments thereto to the Board for review and approval. The Treasurer may further delegate investment authority to such persons within the Treasurer’s Department as deemed appropriate.



## V. **OBJECTIVES**

Criteria for selecting investments and the absolute order of priority are:

### 1. **SAFETY**

Safety of principal is the foremost investment objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio.

The Treasurer shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

- a) **Credit Risk:** Defined as an issuer's ability and willingness to repay interest and principal. Credit risk shall be mitigated by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants.
- b) **Market Risk:** Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities, market risk will be mitigated by establishing a maximum weighted average maturity or duration for the portfolio. Occasional market losses on individual securities may occur with portfolio management and they must be considered within the context of the overall investment return.

### 2. **LIQUIDITY**

Liquidity refers to the ability to sell an investment at any given moment with a minimal chance of principal loss. OCIF will maintain sufficient liquidity for the purpose of meeting all daily operating requirements based on reasonably anticipated cash flow needs.

### 3. **YIELD**

Yield refers to the objective of attaining a market rate of return commensurate with the risk profile and cash flow characteristics of the portfolio throughout budgetary and economic cycles. Per Government Code Section 53601.6, securities issued by, or backed by, the United States government can result in zero or negative interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. Although the Treasurer may employ certain indices to gauge the funds' rate of return, such indices shall be used solely for comparative purposes and do not constitute a warranty or guarantee of actual fund performance. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

### 4. **MARK-TO-MARKET**

OCTP investments are marked to market daily. The OCTP will attempt to maintain a \$1.00 net asset value (NAV) to the extent reasonably possible and consistent with the Treasurer's trust and fiduciary duty. If the ratio of the market value of OCTP divided by the book value of OCTP is less than \$.9975, then the variance will be reported and any expected impact on the OCTP ability to meet forecasted cash outflows. In addition, the Treasurer may decide to sell holdings as necessary to maintain the NAV above \$.9975.

The Treasurer will provide the NAV of OCTP in the investment report. However, the \$1.00 NAV is not guaranteed or insured by the Treasurer for OCTP nor is OCTP registered with the Securities Exchange Commission (SEC).

## **VI. AUTHORIZED INVESTMENTS**

The County is authorized to invest in specific types of securities by Government Code Section 53600 et seq. Investments not specifically listed below are prohibited. All securities must be U.S. dollar denominated. The Treasurer may place orders for the execution of transactions with or through such broker/dealers, banks or counterparties as may be selected from time to time at his/her discretion that are consistent with the requirements of law and this IPS.

The pools may invest in the following areas to the extent they are consistent with the investment objectives, do not violate the investment restrictions, and adhere to limitations specified in Sections VI and VIII.

### **1. U. S. TREASURY SECURITIES**

United States Treasury bills, notes, bonds, or certificates of indebtedness, for which the full faith and credit of the United States are pledged for the payment of principal and interest.

### **2. U. S. GOVERNMENT AGENCY SECURITIES**

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise (GSE). There is no limit on the percentage of OCTP that can be invested in this category including no issuer limit.

### **3. COMMERCIAL PAPER**

Eligible commercial paper shall not exceed 270 days maturity, and shall not exceed 40% of OCTP. The entity that issues the commercial paper shall meet either of the following conditions in paragraph (a) or paragraph (b):

- a) Has total assets in excess of five hundred million dollars (\$500,000,000), is organized and operating within the United States as a general corporation and has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.
- b) Is organized in the United States as a special purpose corporation, trust, or limited liability company, has program-wide credit enhancements including, but not limited to overcollateralization, letters of credit or a surety bond.

### **4. NEGOTIABLE CERTIFICATES OF DEPOSIT**

Negotiable certificates of deposit issued by a nationally or state-chartered bank, savings association, or a federal association (as defined by Section 5102 of the California Financial Code), or by a federally licensed or state-licensed branch of a foreign bank.

### **5. REPURCHASE AGREEMENTS**

Investments in repurchase agreements for the purpose of this IPS means a purchase of securities by the Treasurer pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the Treasurer by book entry, physical delivery, or by third party custodial agreement. The term of a repurchase agreement shall not exceed one year and have capital of not less than \$500 million. The term "securities," for the purpose of repurchase agreements, means securities of the same issuer, description, issue date and maturity.

To participate in repurchase agreements, a master repurchase agreement must be completed and signed by all parties involved. The Treasurer will maintain a signed copy of the agreement. Repurchase agreements are required to be collateralized by securities or cash.

**a) Collateralization:**

In order to anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall comply with the market value requirement if the value of the underlying securities is brought back up to 102% no later than the next business day.

Collateral will be limited to cash, and U.S. Treasury and U.S. Government Agency securities. For compliance purposes, U.S. Treasury and/ U.S. Government Agency collateral are exempt from the issuer limits as stated in Section VIII.1. Collateral will be held by an independent third party with whom the Treasurer has a current custodial agreement. A clearly marked evidence of ownership (safekeeping/custody receipt) must be supplied to the Treasurer and retained. No collateral substitutions may be made without prior approval of the Treasurer.

Investments in repurchase agreements are limited to no more than 20% of OCTP. Agreements are subject to Government Code Section 53601 and must comply with the delivery requirements and the maturity provision from Section 53601.

**6. BANKERS' ACCEPTANCES**

Bankers' acceptances, also known as time drafts or bills of exchange that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days maturity.

**7. MONEY MARKET MUTUAL FUNDS**

Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), which only invest in direct obligations in U.S. Treasury bills, notes, and bonds, U.S. Government Agencies, Municipal Debt, and repurchase agreements with a weighted average maturity of 60 days or less. Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV) are prohibited. Money market mutual funds are not required to conform to the restrictions detailed in this IPS. The Treasurer shall be required to investigate money market mutual funds prior to investing and perform a periodic review, but at least annually thereafter while the funds are invested in the money market mutual fund. Approved money market mutual funds shall meet either of the following criteria:

- a) Attained the highest ranking or the highest letter and numerical rating provided by no less than two NRSROs.
- b) Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500,000,000.

## **8. STATE POOL – LOCAL AGENCY INVESTMENT FUND**

The Treasurer may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer under Government Code Section 16429.1. LAIF has no final stated maturity and will be reported as a one-day maturity.

## **9. MUNICIPAL DEBT**

Such instruments are defined as being issued by a local or state agency, including:

- a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.
- b) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of a state.
- c) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

## **10. MEDIUM-TERM NOTES**

Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of two years. Medium-term notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Investments in medium-term notes are limited to no more than 20% of OCTP.

## **11. INVESTMENT POOLS**

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7, which invests in the securities and obligations as authorized under 53601 (a) to (o), inclusive, and that comply with the investment restrictions of Government Code Sections 53600 through 53610 and Section 53630. The Treasurer shall be required to investigate all local government investment pools prior to investing and perform a quarterly review thereafter while the funds are invested in the pool. The analysis shall include, but is not limited to, the following characteristics of a pool/fund as part of its investigation and quarterly review:

- Eligible securities
- Maximum maturity
- REPO collateral/counter-party
- Size of the pool/fund
- Limits on withdrawal/deposit
- Expense ratio

## **12. SUPRANATIONAL SECURITIES**

Supranational securities are defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity five years or less, and eligible for purchase and sale within the United States.

**VII. INVESTMENT CREDIT RATING RESTRICTIONS**

Credit ratings will be applied at the time of purchase of a security and monitored for changes while owned. A downgrade subsequent to purchase in a security’s credit rating will not constitute a violation of the IPS. Securities that are downgraded below the minimum acceptable rating levels must be reviewed for possible sale by the Treasurer within a reasonable amount of time. The credit ratings referenced in this policy must be assigned by one of the following Nationally Recognized Statistical Rating Organizations (NRSRO): Standard & Poor’s Corporation (S&P), Moody’s Investors Service, Inc. (Moody’s) and Fitch Ratings (Fitch).

All investments, except those noted below, 1) must have the minimum ratings required below by at least two NRSROs, and 2) the lowest rating of any NRSRO must meet or exceed the minimum rating required below:

<b>NRSRO</b>	<b>Short-Term</b>	<b>Long-Term</b>
<b>S&amp;P</b>	A-1	AA
<b>Moody’s</b>	P-1/MIG 1/VMIG 1	Aa
<b>Fitch</b>	F-1	AA

If an issuer of Long-term debt has a Short-term debt rating, then the Long-Term rating may not be less than the minimum required Short-term debt ratings above.

- a) Municipal debt issued by the County of Orange, California (as defined in Section VI 9), U.S. Government obligations (as defined in Section VI 1 and VI 2) and State Pool (as defined in Section VI 8), are exempt from the credit rating requirements listed above.
- b) Money Market Mutual funds (as defined in Section VI 7) and Investment Pools (as defined in Section VI 11) require the highest ranking or the highest letter and numerical rating provided by at least one NRSRO.

Any issuer, and all related entities, that have been placed on “Credit Watch-Negative” by a NRSRO will be placed on hold and current holdings reviewed for possible sale within a reasonable period of time unless the following criteria are met and are also approved in writing by the Treasurer prior to purchase:

The issuer has:

- (a) an A-1+ or F1+ short-term rating; and
- (b) at least an AA or Aa2 or higher long-term rating from each of the NRSROs that rate the issuer.

**VIII. INVESTMENT TYPE, DIVERSIFICATION, MATURITY AND DURATION RESTRICTIONS**

It is the policy of the Treasurer to diversify OCTP. Investments diversification is required to minimize the risk of loss resulting from assets off a specific maturity, issuer or a specific class of securities. Diversification strategies shall be established by the Treasurer and periodically reviewed.

## 1. AUTHORIZED INVESTMENTS AND ISSUER CONCENTRATION

Only debt of issuers listed on the Office of the Treasurer's Approved Issuer List may be purchased. The following diversification limits will also apply at the time of purchase of a security.

Investment Type	California Government Code			Orange County IPS		
	Investment Limit	Issuer Limit	Max Maturity	Investment Limit	Issuer Limit	Max Maturity
U.S. Treasury Securities	100%	None	5 Years	100%	None	5 Years
U.S. Government Agency Securities (GSE's)	100%	None	5 Years	100%	None	5 Years
Municipal Debt	100%	None	5 Years	20%	5% except OC at 10%	3 Years
Medium-Term Notes	30%	None	5 Years	20%	5%	2 Years
Bankers Acceptances	40%	30%	180 Days	40%	5%	180 Days
Commercial Paper	40%	10%	270 Days	40%	5%	270 Days
Negotiable Certificates of Deposits	30%	None	5 Years	20%	5%	18 months
State of California Local Agency Investment Fund	\$75 million per account	N/A	N/A	\$75 million per account	N/A	N/A
Repurchase Agreements	100%	None	1 Year	20%	10%	180 Days
Money Market Mutual Funds (MMMF)	20%	None	N/A	20%	10%	N/A
Joint Power Authority Investment Pools (JPA)	100%	None	N/A	20%	10%	N/A
Supranationals	30%	None	5 Years	30%	5%	5 Years

## 2. MATURITY

- a) The maximum maturity of any investment purchased will be five years with the exception of specific 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 settlement date will be used as the date of purchase for measuring maturity limitations.
- b) For calculating the weighted average maturity of the portfolio, the maturity of a variable-rate security will be considered its next interest rate reset date, if there is a reasonable expectation that the security will maintain an approximate value of par upon each adjustment of the security's interest rate at any time until final maturity.

## 3. DURATION

OCTP shall have a maximum duration of 1.50 years.

## IX. PROHIBITED TRANSACTIONS

All permitted investments shall conform in all respects with this IPS and with applicable provisions of the Government Code, as may be amended from time to time. Investments prohibited by Government Code are not permitted.

The Treasurer must approve in writing as soon as possible any investment transactions that violates a credit risk criterion or an allocation limitation. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a n investment is in compliance at the time of purchase, a subsequent violation resulting from a change in market values will not constitute a violation of that restriction.

1. The following transactions are prohibited:
  - a) Borrowing for investment purposes (“Leverage”).
  - b) Reverse Repurchase Agreements, as defined by Government Code Section 53601(j) (3) and (j) (4) or otherwise.
  - c) Structured Notes (e.g. inverse floaters, leveraged floaters, structured certificates of deposit, equity-linked securities, event-linked securities). This includes all floating-rate, adjustable-rate or variable-rate securities in which a change in interest rates or other variables that can reasonably be foreseen to occur during their term would result in their market value not returning to par at the time of each interest rate adjustment.

Simple “floating rate notes,” whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate, SOFR or LIBOR) and which have a reasonable expectation of maintaining a value of par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds or callable securities that otherwise meet the quality, maturity and percent limitations assigned to their respective security category, are exempt from this section.

- d) Structured Investment Vehicles (SIV).
- e) Derivatives (e.g., options, futures, swaps, swap options, spreads, straddles, caps, floors, collars).
- f) Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV).

## **X. ETHICS AND CONFLICT OF INTEREST**

The Treasurer and all persons involved in the investment process shall refrain from personal business activity, which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and all treasury and investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions, broker dealers, and vendors (“outside entities”) that conduct business with the County of Orange and shall disclose any material financial investment positions in such outside entities.

### **1. STATEMENT OF ECONOMIC INTEREST FORM 700**

The Treasurer, Auditor-Controller, members of the Treasury Oversight Committee, and all designated employees must annually file a Form 700 (Statement of Economic Interests) in accordance with the County’s Conflict-of-Interest Code.

### **2. COUNTY’S GIFT BAN ORDINANCE – SEC. 1-3-22 THE CODIFIED ORDINANCES, ORANGE COUNTY, CALIF.**

The County’s Gift Ban Ordinance prohibits the receipt of specified gifts to the Treasurer, Auditor-Controller, and “designated employees” from business entities and individuals that “do business with the County” as that term is defined in the Ordinance. Under the Ordinance, the term “designated employee” includes every employee of the County who is designated in the County’s Conflict-of-Interest Code to file a Form 700 and every member of a board or commission under the jurisdiction of the Board of Supervisors required to file such a form. For purposes of the Treasurer’s Office, “designated employees” include: the

Assistant Treasurer-Tax Collector, the Treasury and Investment Division Directors, all investment staff, all financial/credit analysts, all treasury managers and other appropriate Treasury staff. The Treasurer will review this list of “designated employees” periodically and submit any proposed changes to the Board of Supervisors for approval.

## **XI. AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS**

The Treasurer will maintain a list of broker/dealers and financial institutions authorized to provide investment and/or depository services and products. Any permitted investment, not purchased directly from an approved issuer, shall be purchased either from a “primary” or regional securities broker/dealer qualifying under SEC Rule 15c3-1(uniform net capital rule) and licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a “well capitalized” national bank or Federal savings association as defined in Title 12 of the Code of Federal Regulations (CFR) Part 6.4 or a savings association or Federal association as defined by Section 5102 of the California Financial Code. To be eligible to receive local agency money, a bank, savings association, federal association or federally insured industrial loan company shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section.

Broker/dealers must comply with the political contribution limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. Section 27133(c) of the Government Code prohibits the selection of any broker, brokerage, dealer, or securities firm that contributed to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices, within any consecutive 48-month period.

The Treasurer shall conduct an annual review of each broker/dealer and financial institution’s financial condition and registrations to determine whether it should remain on the approved broker/dealer list for investment and/or depository services and require annual audited financial statements to be on file for each firm. The Treasurer shall strive to open an application period every two years for all new broker/dealers and financial institutions submitting a questionnaire or being reviewed if an existing broker/dealer to determine if they should be added to or removed from the approved broker/dealer list. This detailed questionnaire is required to be completed by broker/dealers and financial institutions seeking to provide investment services. The Treasurer shall annually send a copy of the current Investment Policy Statement to all broker/dealers and financial institutions approved to provide investment services to the County, and they shall notify the Treasurer in writing of receipt and that they have read it.

## **XII. PERFORMANCE EVALUATION**

The Treasurer shall submit quarterly reports (in compliance with Government Code Sections 53646 and 27134) to the Treasury Oversight Committee, the pool participants, the County Executive Officer, the Director of Internal Audit, the Auditor-Controller and the Board of Supervisors within 45 days of the end of the quarter. These reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall comply with Government Code. The Treasurer shall provide financial information on investments for disclosure in the County’s ACFR, in accordance with GASB Statements 31, 40, 72 and 84. In addition, as included in Government Code 53607, the



Treasurer shall report monthly investment transactions to the Orange County Board of Supervisors.

### **XIII. SAFEKEEPING**

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a delivery-versus-payment (DVP) basis. All investments shall have the County of Orange and either the OCIF or the specific pool name as its registered owner except for municipal debt issued by the County of Orange and privately placed with the County Treasurer in which case the investments shall have the Orange County Treasurer on behalf of the OCTP as its registered owner.

All securities shall be held by a third-party custodian designated by the Treasurer (this does not apply to money market funds or investment pools). The third-party custodian shall be required to issue a safekeeping statement to the Treasurer listing the specific instrument, rate, maturity, and other pertinent information.

### **XIV. MAINTAINING THE PUBLIC TRUST**

All participants in the investment process shall act as custodians of the public trust. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

### **XV. INTERNAL CONTROLS**

The Treasurer shall establish a system of written internal controls, which will be reviewed annually with the County's independent (external) auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Treasurer's Office. All agreements, statements, and investment trade packets will be subject to review annually by auditors in conjunction with their audit. The Treasurer shall evaluate audit reports in a timely manner with the Treasury Oversight Committee. The quarterly audit reports of the Treasury shall be provided as required by Government Code Sections 26920 through 26922. Daily compliance of the investment portfolio shall be performed by the Department's Investment Compliance. Compliance will be determined on a fair market value basis. Except for emergencies or previous authorization by the Treasurer, all investment transactions are to be entered daily into the Treasurer's Investment Accounting System

#### **1. INVESTMENT PROCEDURES**

The Treasurer shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this investment policy. Procedures will include reference to safekeeping, Master Repurchase Agreements, wire transfer agreements, collateral and depository agreements, banking service contracts, and other investment and banking related activities. Such procedures shall include explicit delegation of authority to personnel responsible for investment transactions.

The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of all Treasury and Investment personnel. No investment personnel may engage in an investment transaction except as provided under terms of this policy and the procedures established by the Treasurer.

## **XVI. EARNINGS AND COSTS APPORTIONMENT**

The Treasurer determines the interest earnings for the OCTP and then allocates them to each individual pool participant based upon their average daily balance.

The Treasurer who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income, as authorized by Government Code Section 27013. Such cost reimbursement shall be paid into the county general fund. In addition, the costs of compliance with the Treasury Oversight provisions of Government Code Sections 27130 through 27137 shall be included as an eligible administrative cost. These investment administrative costs will be deducted from any interest or income, prior to distribution to the pool participant. The Treasurer shall annually prepare a proposed budget revenue estimate and estimated basis fee charge of this investment administrative fee charged in accordance with Government Code Section 27013. The Treasurer must annually reconcile the estimated charges and actual costs incurred and adjust participant accounts accordingly.

Investment earnings, including any gains or losses, less the above estimated fee charge will be allocated to the pool participants on at least a quarterly basis. The Treasurer's investment report will state the current estimated investment administrative fee charged to participants.

## **XVII. VOLUNTARY PARTICIPANTS**

Should a local agency within Orange County, or a Joint Powers Agency (JPA) consisting of at least one public agency from within Orange County, not required by California law to deposit monies with the Treasurer desire entry into the Treasurer's Investment Pool, the agency shall comply with the requirements of Government Code Section 53684 and provide to the Treasurer a resolution adopted by its governing board stating that excess funds are available for the purpose of investment. The resolution shall specify that the local agency authorizes the investment of excess funds pursuant to Section 53684, those persons authorized at the agency to coordinate the transactions, the agency's willingness to be bound by the withdrawal provisions of Government Code Section 27136, and the agency's understanding that investment administrative charges will be deducted by the Treasurer as permitted by Sections 53684(b) and 27013. The Treasurer shall approve or disapprove such agency's request in writing. Upon the Treasurer's approval of voluntary participants to join the pool, the Treasurer will notify the Board of Supervisors within 5 days.

Monies deposited by local agencies approved for entry into OCTP shall be invested by the Treasurer in accordance with this Investment Policy Statement, as amended from time to time. The local agency's authorized representative will execute an agreement with the Treasurer. This agreement specifies the contractual terms and conditions by which the Treasurer will manage and invest local agency's excess funds which have been deposited for investment with the Treasurer.

## **XVIII. WITHDRAWAL**

Withdrawal of participant funds for the purpose of investing or depositing these funds outside the County treasury shall require prior written approval from the Treasurer or designee, as required by Government Code Sections 27000.3, 27133(h), 27136 and 53684(c). The Treasurer shall thereafter review the withdrawal request consistent with his/her trust and fiduciary duties. Prior to approving or disapproving the withdrawal request, the Treasurer or designee shall make a finding on the stability and predictability of the investments and on the interests of the other depositors in the County treasury.

## **XIX. PERFORMANCE STANDARDS**

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs, while focusing on, in order of importance, preservation of capital, liquidity and yield.

The investment strategy is to manage the portfolios with less risk than a comparable benchmark index while using economies of scale to administer the program at a reasonable cost. The Treasurer shall determine whether market yields are achieved using the indices most comparable to the fund, such as money rate data published in Barron's, The Wall Street Journal, Bloomberg, the local government investment pool index or other bond fund indices. The standards enumerated herein do not constitute a guarantee of the fund's performance.

The Treasurer's investment strategy is to hold purchased securities until maturity. Changing economic conditions, interest rates, and credit quality may dictate a sale in advance to minimize market and credit risks or enhance yield. Such sales should consider the short and long term impact on the portfolio. The Treasurer must approve in advance the sale of all securities prior to maturity.

## **XX. INVESTMENT POLICY STATEMENT REVIEW**

This Investment Policy Statement shall be reviewed on an annual basis by the Treasury Oversight Committee prior to being presented to for review and approval by the Board of Supervisors in an open session.

## **XXI. FINANCIAL REPORTING**

The Treasurer's Investment Report and all investment compliance Audit Reports shall be provided to the Orange County Board of Supervisors, the County Executive Officer, the Chief Financial Officer, the Director of Internal Audit, the Auditor Controller, the Treasury Oversight Committee, the presiding judge of the Superior Court, the director or executive officer and Treasurer or other official responsible for the funds of any Local Agency who has investments in the OCTP as allowed by Government Code Sections 53646, and 53686..

All reports filed by the Treasurer shall, among other matters, state compliance of the portfolio with the IPS, or the manner in which the portfolio is not in compliance per Government Code Section 53646. A statement will also be filed by the denoting the ability of OCTP to meet its expenditure requirements for the next six months or provide an explanation of why sufficient money may not be available per Government Code 53646(b).

## **XXII. LEGISLATIVE CHANGES**

Any State of California law that further restricts allowable maturities, investment type, percentage allocations, or any other provision of this Investment Policy Statement will, upon effectiveness, be incorporated into this Investment Policy Statement and supersede any and all previous applicable language.

## **XXIII. DISASTER RECOVERY PROGRAM**

The Treasurer's Disaster Plan includes critical phone numbers and addresses of key treasury and investment personnel as well as currently approved bankers and broker/dealers. The Disaster Plans are distributed to key treasury and investment personnel. The plan provides for an offsite location to be communicated at the time of readiness if our offices are uninhabitable. In the event the Treasurer or authorized staff is unable to invest the portfolio, the Treasurer has an agreement with the custodian for a daily sweep of uninvested cash with the custody bank into a money market mutual fund. Until normal operations of the Treasurer's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy Statement and would be required to be reported to the Board of Supervisors and pool participants in a timely manner

## INVESTMENT POLICY STATEMENT

### GLOSSARY

This Glossary is for general reference purposes only and does not constitute an exhaustive or exclusive list of terms and definitions applicable to this Investment Policy Statement. The definitions included herein do not modify any of the terms of this Investment Policy Statement or applicable law.

**ACCREDITED INVESTOR:** Defined in the Code of Federal Regulations (CFR) 230.501 (a)(9) as any entity, including a government body that owns “investments”, as defined in the CFR 270.2A51-1(b)(7)(i), such as cash and cash equivalents, for investment purposes under the Investment Company Act in excess of \$5 million.

**ACCRUED INTEREST:** The amount of interest that is earned but unpaid since the last interest payment date.

**ADJUSTABLE RATE NOTE:** (See Floating Rate Note)

**AGENCY SECURITIES:** (See U.S. Government Agency Securities)

**AMORTIZATION:** The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

**AVERAGE LIFE:** The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

**ASKED PRICE:** The price at which securities are offered from a seller.

**ASSET BACKED SECURITIES (ABS):** (See Receivable-Backed Securities)

**BANKERS’ ACCEPTANCE (BA):** Negotiable money market instruments issued primarily to finance international trade. These are time drafts in which a bank “accepts” as its financial responsibility to pay the principal at maturity even if the importer does not. In essence, these are bank obligations collateralized by goods being shipped between an exporter and an importer.

**BASIS POINT:** When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

**BID PRICE:** The price at which a buyer offers to buy a security.

**BOOK ENTRY:** The system, maintained by the Federal Reserve, by which most money market securities are “delivered” to an investor’s custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). The owners of these securities do not receive physical certificates.

**BOOK VALUE:** The original cost of the investment, plus accrued interest and amortization of any premium or discount.

**BROKER:** A broker brings buyers and sellers together and is compensated for his/her service.

**CALLABLE BONDS:** Bonds that may be redeemed by the issuing company prior to the maturity date.

**CALL PRICE:** The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

**CALL RISK:** The risk to a bondholder that a bond may be redeemed prior to maturity.

**CAPITAL GAIN/LOSS:** The profit or loss realized from the sale of a capital asset.

**CERTIFICATE OF DEPOSIT (CD or NCD):** A deposit of funds at a bank for a specified period of time that earns interest at a specified rate. Commonly known as "CDs" or "negotiable CDs."

**COLLATERAL:** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public moneys.

**COMMERCIAL PAPER (CP):** Short-term unsecured promissory notes issued by corporations for maturities of 270 days or less.

**CONSUMER RECEIVABLE-BACKED BONDS:** (See Receivable-Backed Securities)

**CONVEXITY:** A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

**CREDIT OUTLOOK:** (See Rating Outlook)

**CREDIT QUALITY:** The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized statistical rating organizations.

**CREDIT RISK:** The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

**CREDIT WATCH:** indicates that a company's credit is under review and credit ratings are subject to change.

\*+ (positive) Credit is under review for possible upgrade.

\*- (negative) Credit is under review for possible downgrade.

\* Credit is under review, direction uncertain.

**COUPON:** The rate at which a bond pays interest.

**CURRENT YIELD:** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**CUSTODIAN:** A bank or other financial institution that keeps custody of stock certificates and other assets.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DELIVERY VERSUS PAYMENT (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**DERIVATIVE:** A security whose interest rate of principal amount may vary and are determined by a market index or a combination of market indexes.

**DISCOUNT:** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION:** An investment principle designed to spread the risk in a portfolio by dividing investments among different sectors, industries and companies.

**DOLLAR-WEIGHTED AVERAGE MATURITY:** A calculation that expresses the “average maturity” of an investment portfolio using each investment’s maturity weighted by the size of that investment.

**DURATION:** A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

**FEDERAL FUNDS RATE:** Interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. A target rate is set by the FOMC.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** A U.S. centralized banking system, which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

**FITCH, INC:** (see Nationally Recognized Statistical Rating Organization)

**FIXED-INCOME SECURITIES:** Securities that return a fixed income over a specified period.

**FLOATING RATE NOTE:** A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, London Interbank Offered Rate (LIBOR), Secured Overnight Financing Rate (SOFR) etc.).

**INTEREST:** The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

**INTERNAL CONTORLS:** An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

**INVESTMENT COMPANY ACT OF 1940:** Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

**LIQUIDITY:** The speed and ease with which an investment can be converted to cash.

**LOCAL AGENCY:** County, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

**MARK-TO-MARKET:** The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

**MARKET RISK:** The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract between the parties of a repurchase agreement establishing each party's rights in all current and future transactions until termination of the contract by either party.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MEDIUM TERM NOTES (MTN):** Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term note" refers to the time it takes for an obligation to mature, and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five- year maturity range. MTNs issued by banks are also called "bank notes."

**MONEY MARKET:** The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers acceptances, etc.) are issued and traded.

**MONEY MARKET MUTUAL FUNDS:** An investment company that pools money from investors and invest in a variety of short-term money market instruments

**MOODY'S INVESTORS SERVICE, INC:** (See Nationally Recognized Rating Services)

**MUNICIPAL DEBT:** Bonds, notes and other securities issued by a state, municipality or county.

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO):** Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.). The primary rating agencies are the following: Standard & Poor's Corporation; Moody's Investor Services, Inc.; and Fitch, Inc.

**NEGOTIABLE CD:** (See Certificates of Deposit)

**NET ASSET VALUE (NAV):** A per-share valuation of a mutual fund based on total assets minus total liabilities.

**NON-CALLABLE:** Bond that cannot be called at the option of the issuer.

**OFFER PRICE:** The price asked by a seller of securities.



**PAR or PAR VALUE:** The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

**PHYSICAL DELIVERY:** The delivery of an investment to a custodian bank in the form of a physical certificate and/or supporting documents evidencing the investment (as opposed to “book entry” delivery).

**PORTFOLIO:** A group of securities held by an individual or institutional investor.

**PREMIUM:** The difference between the par value of a bond and the market value of the bond, when the market value is above par.

**PRICE RISK:** The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

**PRIMARY DEALER:** Banks and securities brokerages authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Federal Open Market Operations.

**PRIME RATE:** The base rate that banks use in pricing commercial loans to their best and most creditworthy customers.

**PRINCIPAL:** The face value or par value of an investment.

**PROSPECTUS:** A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information of the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements.

**QUALIFIED INSTITUTIONAL BUYER (QIB):** Defined in CFR Section 230.144A as a class of investors that can be conclusively assumed to be sophisticated and in little need of the protection afforded by the Securities Act’s registration provisions. They must own and invest on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the QIB to qualify for qualified institutional buyer status. This includes any institutional investors included in the accredited investor definition, provided they satisfy the \$100 million threshold.

**RATING OUTLOOK:** The potential direction of the credit rating assigned by a NRSRO for a specific company.

**REINVESTMENT RISK:** The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

**RECEIVABLE-BACKED SECURITIES:** Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

**RECEIVABLE PASS-THROUGH CERTIFICATE:** A debt obligation that is backed by a portfolio of receivables, normally issued by a bank or financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

**REFUNDED BOND:** A bond secured by an escrow fund that is sufficient to pay off the entire issue of bonds at the next call date (pre-funded) or maturity (escrowed to maturity).

**REGISTERED STATE WARRANT:** A short-term obligation of a state governmental body issued in anticipation of revenue.

**REPURCHASE AGREEMENT (REPO):** The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities back at a later date at a specified price that includes interest for the buyer's holding period.

**RULE 2a-7 OF THE INVESTMENT COMPANY ACT:** Applies to all money market mutual funds and mandates such funds to maintain certain standards.

**RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD:** Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

**SAFEKEEPING:** Storage and protection of a customer's financial assets, valuables, or documents, provided as a service by an institution serving as Agent or Custodian and, where control is delegated by the customer.

**SECURITIES & EXCHANGE COMMISSION (SEC):** The federal agency responsible for supervising and regulating the securities industry.

**SINKING FUND:** Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

**STANDARD & POOR'S CORPORATION:** (See Nationally Recognized Rating Services)

**STRUCTURED INVESTMENT VEHICLE (SIV):** A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS). Funding for SIVs comes from the issuance of commercial paper that is continuously renewed or rolled over; the proceeds are then invested in longer maturity assets that have less liquidity but pay higher yields. SIVs often employ great amounts of leverage to generate returns.

**SUPRANATIONAL:** An entity that is formed by two or more central governments with the purpose of promoting economic development for the member countries. Examples include the International Bank for Reconstruction and Development, International Finance Corporation, and the Inter-American Development Bank.

**THIRD-PARTY CUSTODIAL AGREEMENT:** (See Custodian)

**TOTAL RETURN:** The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period.

$$(\text{Price appreciation}) + (\text{Dividends paid}) + (\text{Capital gains}) = \text{Total Return}$$

**TRADE DATE:** The date and time corresponding to an investor's commitment to buy or sell a security.

**U. S. GOVERNMENT AGENCY SECURITIES:** Debt securities issued by U.S. Government sponsored enterprises and federally related institutions. These government agencies include: Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), Federal National Mortgage Association (FNMA or Fannie Mae), Federal Farm Credit Banks (FFCB) and Tennessee Valley Authority (TVA).

**U.S. TREASURY SECURITIES:** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury bills:** non-interest-bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

**Treasury notes:** interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from date of issue.

**Treasury bonds:** interest-bearing obligations issued by the U.S. Treasury with maturities that range from ten to thirty years from date of issue.

**UNIFORM NET CAPITAL RULE:** SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

**VARIABLE RATE NOTE:** (See Floating Rate Note)

**VOLATILITY:** A degree of fluctuation in the price and valuation of securities.

**WEIGHTED AVERAGE MATURITY (WAM):** The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 60 days and no one security may have a maturity that exceeds 397 days.

**WHEN ISSUED (WI):** A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

**YIELD:** The annual rate of return on a debt investment computed as though held to maturity expressed as a percentage.

**YIELD TO CALL (YTC):** The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

**YIELD TO MATURITY (YTM):** The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.

**ZERO-COUPON BONDS/U.S. TREASURY STRIPS:** A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury bond. Zeros or strips mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.