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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, 2023**

**Dated February 23, 2024**

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, 2023**

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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, 2023 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, 2023 is attached hereto and includes the County's audited financial statements for Fiscal Year ended June 30, 2023 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, 2023**

The County’s Audited Financial Statements for Fiscal Year 2022-2023 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 2020-21 TO 2023-24**

	FY 2020-21 <sup>(1)</sup> Final Budget	FY 2021-22 <sup>(1)</sup> Final Budget	FY 2022-23 <sup>(1)</sup> Final Budget	FY 2023-24 <sup>(1)</sup> Modified Budget
<b>REQUIREMENTS:</b>				
Public Protection	\$1,429,917,060	\$1,509,233,836	\$1,690,172,970	\$1,570,046,016
Community Services	2,520,146,479	2,204,780,610	2,377,656,545	2,548,868,943
Infrastructure & Environmental Resources <sup>(2)</sup>	127,454,408	124,421,908	149,166,929	152,134,774
General Government Services <sup>(3)</sup>	227,348,617	428,194,081	799,166,529	548,838,181
Capital Improvements <sup>(4)</sup>	34,311,573	21,990,893	16,503,764	16,133,931
Debt Service <sup>(5)</sup>	7,090,310	1,774,400	1,782,000	1,931,271
Insurance, Reserves & Miscellaneous <sup>(6)</sup>	154,598,607	183,455,396	332,834,980	184,909,718
Increases to Reserves <sup>(11)</sup>	-	128,749,207	-	-
<b>Total Requirements</b>	<b>\$4,500,867,054</b>	<b>\$4,602,600,331</b>	<b>\$5,367,283,717</b>	<b>\$5,022,862,834</b>
<b>AVAILABLE FUNDS:</b>				
Property Taxes	\$815,600,000	\$851,019,000	\$891,577,000	\$950,500,000
Sales & Other Taxes <sup>(7)</sup>	10,908,000	12,239,000	13,797,000	16,407,000
Licenses, Permits & Franchises	26,979,286	27,170,088	28,682,127	29,256,766
Fines, Forfeitures & Penalties	32,321,958	28,728,524	34,877,184	38,242,010
Use of Money & Property <sup>(8)</sup>	19,404,943	10,131,125	22,386,007	29,419,403
Intergovernmental Revenues <sup>(9)</sup>	2,561,843,996	2,520,869,399	2,980,372,535	2,654,051,214
Charges for Services	527,779,899	549,297,483	599,984,724	630,984,720
Miscellaneous Revenues <sup>(10)</sup>	28,312,992	36,034,241	40,721,555	24,530,079
Other Financing Sources <sup>(11)</sup>	460,251,763	567,111,471	579,157,003	591,794,350
Decreases to Reserves <sup>(12)</sup>	17,464,217	-	175,728,582	57,677,292
<b>Total Available Funds</b>	<b>\$4,500,867,054</b>	<b>\$4,602,600,331</b>	<b>\$5,367,283,717</b>	<b>\$5,022,862,834</b>

- (1) Final Budgets include all budget adjustments throughout the year after budget adoption. Most recent budget modifications were approved by the Board of Supervisors in January 2024.
- (2) Fiscal Year 2022-23's 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.
- (3) Fiscal Year 2021-22 and Fiscal Year 2022-23's increases in appropriations are due to one-time American Rescue Plan Act (ARPA) funding received in May 2021 (\$308 million) and June 2022 (\$308 million). Fiscal Year 2022-23 budget includes carry-over ARPA. ARPA related funding has been expended; resulting in a decrease in appropriations in Fiscal Year 2023-24.
- (4) Effective Fiscal Year 2020-21, capital projects are budgeted in non-general funds 15D and 15I. Remaining General Fund appropriations reflect 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.
- (5) Effective FY 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 FY 2021-22 CAS related rent revenue reclassified to cost applies.
- (6) Fiscal Year 2020-21's Budget includes \$6 million for the Coronavirus Aid, Relief, and Economic Security (CARES) Act and one-time \$138 million transfers for James A. Musick Facility (JAMF) and other capital and information technology projects. Fiscal Year 2021-22's Budget includes a transfer out to General Fund 100 reserves. Fiscal Year 2022-23's increase in appropriations are due to transfers out to non-General Funds for the re-budget of multi-year projects.
- (7) Sales and Other Taxes were budgeted as a decrease in Fiscal Year 2020-21 due to COVID-19 pandemic. Fiscal Year 2021-22 to Fiscal Year 2023-24 are budgeted based on current economic trends.
- (8) Changes in Use of Money & Property are the result of fluctuations in interest earnings from increases or decreases of cash balances. In Fiscal Year 2022-23 and FY 2023-24, budgeted general fund interest earnings increased due to higher cash balances from the receipt of federal disaster revenues, leading to higher treasury interest earnings.
- (9) Fiscal Year 2020-21 to 2022-23 increase in intergovernmental revenue is due to additional State and Federal funding for the COVID-19 pandemic. The County does not anticipate the receipt of additional Federal Disaster Revenue in FY 2023-24.
- (10) Fiscal Year 2020-21's budget includes \$10 million draw from OCERS investment account. Fiscal Year 2021-22's budget includes \$20 million draw from OCERS investment account plus \$1.1 million discount from OCERS. Fiscal Year 2022-23 and 2023-24's budget includes \$10 million draw from OCERS investment account.
- (11) Other Financing Sources is comprised of operating transfers from other funds within the County including transfers from the Teeter Program and departmental transfers from non-General Funds for the reimbursement of program expenditures. Effective Fiscal Year 2020-21, all carryover capital projects are budgeted in non-General Funds 15D and 15I. Fiscal Year 2021-22 budget includes \$128 million in one-time FEMA revenue.
- (12) Decreases to reserves are due to rebudgeting of reserve balances to non-General Fund budgets set aside for ongoing multi-year capital projects.

*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, 2020 through June 30, 2023**  
**(In Thousands)**

	2020	2021	2022	2023
<b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>				
General Fund	\$3,767,361	\$4,133,547	\$4,235,138	\$4,825,841
Flood Control District	174,694	165,785	208,778	209,385
Other Public Protection	65,384	84,024	62,662	64,598
Mental Health Services Act	147,928	239,941	249,456	174,305
Other Governmental Funds	906,417	1,094,062	1,047,180	1,441,889
Total	\$5,061,784	\$5,717,359	\$5,803,214	\$6,716,018
<b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>				
General Fund	\$3,694,792	\$4,261,122	\$3,843,660	\$4,240,533
Flood Control District	144,155	185,516	226,997	210,858
Other Public Protection	48,816	47,051	78,920	71,783
Mental Health Services Act	231,783	189,857	195,202	295,594
Other Governmental Funds	902,182	971,417	1,037,977	1,338,215
Total	\$5,021,728	\$5,654,963	\$5,382,756	\$6,156,983
<b><u>NET CHANGES IN FUND BALANCES</u></b>				
General Fund	\$72,569	(\$127,575)	\$391,478	\$585,308
Flood Control District	30,539	(19,731)	(18,219)	(1,473)
Other Public Protection	16,568	36,973	(16,258)	(7,185)
Mental Health Services Act	(83,855)	50,084	54,254	(121,289)
Other Governmental Funds	4,235	122,645	9,203	103,674
Total	\$40,056	\$62,396	\$420,458	\$559,035

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

**TABLE A-4**  
**COUNTY OF ORANGE**  
**GENERAL FUND BALANCE SHEET<sup>(1)</sup>**  
**June 30, 2020 through June 30, 2023**  
**(In Thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b><u>ASSETS</u></b>				
Pooled Cash/Investments	\$1,137,361	\$1,247,941	\$1,499,639	\$1,141,884
Imprest Cash Funds	1,838	1,838	1,838	1,847
Restricted Cash and Investments with Trustee	5	8	9	--
Investments	--	--	--	494,387
Deposits In-Lieu of Cash	--	9,803	9,245	9,170
Receivables				
Accounts	12,054	17,709	16,499	18,288
Taxes	6,089	6,109	7,942	7,305
Interest/Dividends	2,688	1,598	1,536	8,814
Deposits	508	412	412	412
Advances	453	7,835	1,241	330
Leases	--	--	10,639	9,408
Allowance for Uncollectible Receivables	(3,415)	(896)	(673)	(672)
Due from Other Funds	138,553	110,138	125,995	158,689
Due from Component Unit	378	142	435	274
Due from Other Governmental Agencies, Net	334,646	415,167	461,836	450,698
Inventory of Materials and Supplies	1,488	1,428	1,661	1,326
Prepaid Costs	458,586	514,451	516,060	849
Total Assets	<u>\$2,091,232</u>	<u>\$2,333,683</u>	<u>\$2,654,314</u>	<u>\$2,303,009</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$74,192	\$93,961	\$84,267	\$98,630
Retainage Payable	2,724	1,536	1,397	189
Salaries and Employee Benefits Payable	61,471	75,953	87,901	102,816
Interest Payable	3,852	882	1,473	--
Deposits from Others	1,788	24,169	22,994	23,335
Due to Other Funds	55,937	234,778	74,035	63,747
Due to Component Unit	--	--	--	1
Due to Other Governmental Agencies	32,136	43,459	31,753	32,152
Estimated Litigation and Claims	--	--	--	855
Unearned Revenue	431,777	402,513	387,788	59,693
Bonds Payable	463,895	484,800	521,784	--
Advances from Other Funds	185	--	--	--
Total Liabilities	<u>\$1,127,957</u>	<u>\$1,362,051</u>	<u>\$1,213,392</u>	<u>\$381,418</u>
<b><u>DEFERRED INFLOWS OF RESOURCES <sup>(2)</sup></u></b>				
Unavailable Revenue- Intergovernmental Revenues	\$78,650	\$195,873	--	--
Unavailable Revenue- Senate Bill 90 Mandated Claims, Net	5,406	17,380	--	--
Unavailable Revenue- Property Taxes	7,109	5,995	--	--
Unavailable Revenue- Others	8,808	16,657	--	--
Total Deferred Inflows of Resources	<u>\$99,973</u>	<u>\$235,905</u>	<u>\$313,717</u>	<u>\$209,078</u>
<b><u>FUND BALANCES</u></b>				
Nonspendable <sup>(3)</sup>	\$460,074	\$515,879	\$517,721	\$2,175
Restricted	78,982	97,998	164,954	284,714
Assigned	106,929	108,268	316,809	653,241
Unassigned	217,317	13,582	127,721	772,383
Total Fund Balances	<u>\$863,302</u>	<u>\$735,727</u>	<u>\$1,127,205</u>	<u>\$1,712,513</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$2,091,232</u>	<u>\$2,333,683</u>	<u>\$2,654,314</u>	<u>\$2,303,009</u>

<sup>(1)</sup> 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, 2023 in Exhibit A of this Annual Report.

<sup>(2)</sup> See Note 1 in the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2023" in Exhibit A of this Annual Report.

<sup>(3)</sup> 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 \$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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>REVENUES</b>				
Taxes <sup>(1)</sup>	\$799,690	\$848,296	\$889,841	\$936,727
Licenses, Permits & Franchises	24,052	26,682	25,626	28,358
Fines, Forfeitures & Penalties	35,510	38,697	39,230	43,991
Use of Money and Property	22,910	3,734	3,952	41,298
Intergovernmental Revenues	1,969,292	2,401,642	2,411,079	2,623,835
Charges for Services	481,210	499,381	524,632	548,513
Other Revenues	19,653	22,175	19,843	33,953
<b>TOTAL REVENUES</b>	<u>\$3,352,317</u>	<u>\$3,840,607</u>	<u>\$3,914,203</u>	<u>\$4,256,675</u>
<b>EXPENDITURES</b>				
General Government	\$299,639	\$197,531	\$226,883	\$321,782
Public Protection	1,375,934	1,430,830	1,473,627	1,526,204
Public Ways and Facilities	34,901	40,431	38,058	46,490
Health and Sanitation	746,409	1,130,237	871,788	878,092
Public Assistance	987,669	1,129,822	1,034,064	1,099,470
Capital Outlay	54,477	28,963	19,239	134,133
Principal Retirement	7,071	5,682	30,699	51,391
Interest	11,629	6,983	16,903	16,793
<b>TOTAL EXPENDITURES</b>	<u>\$3,517,729</u>	<u>\$3,970,479</u>	<u>\$3,711,261</u>	<u>\$4,074,355</u>
Excess (Deficit) of Revenues over Expenditures	<u>(165,412)</u>	<u>(129,872)</u>	<u>202,942</u>	<u>182,320</u>
Other Financing Sources (Uses)				
Transfers In <sup>(2)</sup>	\$415,044	\$292,940	\$315,293	\$472,846
Transfers Out <sup>(2)</sup>	(\$177,063)	(\$290,643)	(\$132,399)	(\$166,178)
Leases Issued	--	--	\$5,642	\$72,830
Subscriptions Issued	--	--	--	\$23,490
<b>Total Other Financing Sources (Uses)</b>	<u>\$237,981</u>	<u>\$2,297</u>	<u>\$188,536</u>	<u>\$402,988</u>
Net Change in Fund Balances	<u>72,569</u>	<u>(127,575)</u>	<u>391,478</u>	<u>585,308</u>
Fund Balances - Beginning of Year	<u>790,733</u>	<u>863,302</u>	<u>735,727</u>	<u>1,127,205</u>
Fund Balances - End of Year	<u>\$863,302</u>	<u>\$735,727</u>	<u>\$1,127,205</u>	<u>\$1,712,513</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 9 in the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2023" 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>
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
2023-24	753,517,284,312	25,203,131,977	778,720,416,289	6.15

<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 2023-24 LOCAL SECURED TAXPAYERS**

<b>Taxpayers <sup>(1)</sup></b>	<b>Secured Tax Charge</b>	<b>% of Taxes <sup>(2)</sup></b>
1. Irvine Company	\$192,000,000	2.19%
2. Walt Disney Parks & Resorts US	81,586,405	0.93
3. Southern California Edison Company (Edison International)	69,190,004	0.79
4. Sempra Energy (SDG&E, So. Cal Gas)	22,031,099	0.25
5. United Laguna Hills Mutual (Laguna Woods)	14,047,335	0.16
6. AT&T (Pacific Bell Telephone Company)	10,752,652	0.12
7. BEX Portfolio, Inc.	9,191,610	0.10
8. AES Corporation	8,676,607	0.10
9. Olen Properties Corp	7,845,345	0.09
10. Edwards Lifesciences	6,976,413	0.08
11. B. Braun Medical, Inc.	6,872,812	0.08
12. Bella Terra Associates, LLC	6,843,645	0.08
13. LBA IV-PPI LLC (LBA Realty)	6,562,874	0.07
14. Fertitta MLB Owner LLC (Ritz Carlton)	6,332,743	0.07
15. South Coast Plaza	5,687,072	0.06
16. Five Point Holdings, LLC	5,637,351	0.06
17. United Dominion Realty LP	5,328,160	0.06
18. Rexford Industrial Realty LP	4,794,518	0.05
19. Knott's Berry Farm	4,692,716	0.05
20. Chapman University	4,499,752	0.05
<b>TOTAL</b>	<b>\$479,549,113</b>	<b>5.44%</b>

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

<sup>(2)</sup> Total Secured Taxes as of January 24, 2024 were \$8,758,259,599.

Source: County of Orange Treasurer-Tax Collector.

**TABLE A-10**  
**COUNTY OF ORANGE**  
**TOP TEN UNSECURED TAXPAYERS**  
**FISCAL YEAR 2023-24**

Taxpayers <sup>(1)</sup>	Unsecured Tax Charge	% of Taxes <sup>(2)</sup>
1. Charter Communications, Inc. (Time Warner)	\$4,048,022	1.45%
2. Cox Communications, Inc.	3,929,705	1.41
3. Allergan, Inc.	2,161,909	0.78
4. TGS Computing LLC	1,905,864	0.68
5. Cereberus Capital Management (Albertson's/Vons)	1,873,200	0.67
6. Applied Medical Resources Corporation	1,623,090	0.58
7. Johnson & Johnson	1,598,334	0.57
8. Luxottica of America, Inc. (Oakley Inc.)	1,542,207	0.55
9. Panasonic Avionics Corporation	1,486,706	0.53
10. Avid Bioservices Inc	1,442,330	0.52
TOTAL	\$21,611,367	7.74%

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

<sup>(2)</sup> Total Unsecured Taxes as of January 24, 2024 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, 2023)	Final Maturity Date
County of Orange Teeter Plan Obligation Notes, Series B	Series A Taxes	\$ 82,308,000	2023
South Orange County Public Financing Authority Central Utility Facility Lease Revenue Bonds, Series 2016	General Fund	\$ 42,160,000	2036
California Municipal Finance Authority Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program - Phase I) <sup>(1)</sup>	General Fund	\$ 143,560,000	2047
California Municipal Finance Authority Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program - Phase II) <sup>(2)</sup>	General Fund	\$ 182,070,000	2048
South Orange County Public Financing Authority Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility)	General Fund	\$ 83,375,000	2052
<b>SUBTOTAL- GENERAL FUND OBLIGATIONS</b>		<b>\$ 533,473,000</b>	
Successor Agency to the Orange County Development Agency Santa Ana Heights Project Area Tax Allocation Refunding Bonds of 2014	Redevelopment Property Tax Trust Fund	\$ 1,320,000	2023
<b>TOTAL</b>		<b>\$ 534,793,000</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 became an obligation to the County on August 5, 2022 when the building's Certificate of Substantial Completion was delivered to the trustee. The County's base rental payments began 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 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28
County of Orange Teeter Plan Obligation Notes, Series B <sup>(1)</sup>	0	55,787,000	0	0	0
South Orange County Public Financing Authority, Central Utility Facility Lease Revenue Bonds, Series 2016	4,488,000	4,489,000	4,489,000	4,487,750	4,490,000
California Municipal Finance Authority Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program - Phase I) <sup>(2)</sup>	2,394,900	2,395,560	2,395,440	2,395,680	2,394,960
California Municipal Finance Authority Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program - Phase II) <sup>(3)</sup>	5,942,510	5,942,165	5,942,050	5,941,935	5,941,590
South Orange County Public Financing Authority Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility)	5,508,750	5,506,750	5,506,500	5,507,750	5,505,250
<b>TOTAL GENERAL FUND DEBT SERVICE</b>	<b>\$18,334,160</b>	<b>\$74,120,475</b>	<b>\$18,332,990</b>	<b>\$18,333,115</b>	<b>\$18,331,800</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 30, 2024.

<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 become an obligation to the County on August 5, 2022 when the building's Certificate of Substantial Completion was delivered to the trustee. The County's base rental payments began 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, 2023**

2022-23 Assessed Valuation: \$733,634,516,224 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/23</u>
Metropolitan Water District	19.919%	\$3,827,436
Coast Community College District	99.999	920,771,876
North Orange County Joint Community College District	97.729	317,535,695
Rancho Santiago Community College District & School Facilities Improvement District No. 1	100.000	326,359,286
Unified School Districts	0.167-100	2,304,315,135
Anaheim Union High School District	100.000	245,578,955
Fullerton Joint Union High School District	91.728	167,513,674
Huntington Beach Union High School District	100.000	151,029,998
School Districts	37.890-100	1,081,263,844
Irvine Ranch Water District Improvement Districts	100.000	499,180,000
Santa Margarita Water District Improvement Districts	100.000	31,290,000
Cities	100.000	23,495,000
Orange County Community Facilities Districts	100.000	542,010,000
Other Community Facilities Districts	100.000	2,159,523,768
City Special Assessment Bonds	100.000	642,891,453
County 1915 Act Bonds	100.000	24,160,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$9,440,746,120</b>
 <u>OTHER DIRECT AND OVERLAPPING DEBT:</u>		
Orange County General Fund Obligations	100.000%	\$451,165,000
Orange County Board of Education General Fund Obligations	100.000	10,860,000
Coast Community College District General Fund and Pension Obligation Bonds	99.999	2,859,971
Unified School District General Fund Obligations	99.990-100	272,325,590
High School District General Fund Obligations	91.728-100	99,117,836
School District General Fund Obligations	100.000	74,036,864
City of Anaheim General Fund Obligations	100.000	621,868,719
Other City General Fund Obligations	100.000	1,911,301,550
Moulton-Niguel Water District General Fund Obligations	100.000	50,905,000
<b>TOTAL GROSS OTHER DIRECT AND OVERLAPPING DEBT</b>		<b>\$3,494,440,530</b>
Less: City of Anaheim supported obligations		459,955,709
City of Buena Park supported pension obligations		3,868,152
<b>TOTAL NET OTHER DIRECT AND OVERLAPPING DEBT</b>		<b>\$3,030,616,669</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		
Anaheim Redevelopment Agency	100.000%	\$116,225,000
Brea Redevelopment Agency	100.000	82,651,668
Westminster Redevelopment Agency	100.000	93,230,000
Fullerton Redevelopment Agency	100.000	35,530,000
Buena Park Redevelopment Agency	100.000	36,870,000
Other Redevelopment Agencies	100.000	287,031,303
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>		<b>\$651,537,971</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		<b>\$13,586,724,621 <sup>(1)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$13,122,900,760</b>
 <u>Ratios to 2022-23 Assessed Valuation:</u>		
Total Direct and Overlapping Tax and Assessment Debt .....	1.29%	
<b>Combined Direct Debt (\$451,165,000) .....</b>	<b>0.06%</b>	
Gross Combined Total Debt .....	1.85%	
Net Combined Total Debt .....	1.79%	
 <u>Ratios to Redevelopment Successor Agencies Incremental Valuation (\$88,272,220,162):</u>		
Total Overlapping Tax Increment Debt .....	0.74%	

<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
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
2022	6.69	(9.71)
5-Year Average Return	7.83%	5.92%
10-Year Average Return	7.46%	6.72%

Source: County of Orange Employees Retirement System Actuarial Valuation and Review as of December 31, 2022.

**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		Actuarial Funded Ratio <sup>(3)</sup>	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>	Market Funded Ratio <sup>(4)</sup>				
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	
2022	20,691,659	19,534,631	25,386,669	4,695,010	81.51	76.95	2,124,678	220.98	

<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, 2022.

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

	<b>Year Ended December 31</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
Contributions Received <sup>(1)</sup>	\$939,191	\$970,125	\$989,690
Net Investment Income (Loss)	2,172,339	3,221,132	(2,059,364)
Net Securities Lending Income	845	933	774
Participant's Benefits <sup>(2)</sup>	(961,778)	(1,031,289)	(1,117,476)
Withdrawals and Refunds	(11,547)	(14,449)	(22,239)
Administrative Expenses	(20,428)	(21,473)	(23,546)
Increases in Net Position Restricted for Pension and OPEB	<u>\$2,118,622</u>	<u>\$3,124,979</u>	<u>(\$2,232,161)</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)**

<b>Year Ended June 30</b>	<b>County Cash Contribution</b>	<b>Investment Account Contribution</b>	<b>Total Annual Required Contribution</b>	<b>Percentage Contributed</b>
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
2023	591,307	0	591,307	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)
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
2023	431,693	667,520	235,827	64.7	1,452,174	16.2

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

Sources: County of Orange Annual Comprehensive Financial Report June 30, 2023 and June 30, 2023 Actuarial Valuation.

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

	2019-20	2020-21	2021-22	2022-23
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, 2023 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**

	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Service Cost	\$14,426	\$15,397	\$14,912	\$16,501	\$15,982	\$15,479
Interest	51,443	52,018	50,385	50,298	48,442	46,589
Changes of benefit terms	(75,495)	--	--	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	(41,808)	(42,002)	(42,911)	(39,719)	(37,118)	(35,111)
Net change in Total OPEB Liability	(51,434)	(7,340)	22,386	4,418	27,306	26,957
Total OPEB Liability-beginning	741,369	748,709	726,322	721,904	694,598	667,641
<b>Total OPEB Liability-ending (a)</b>	<b>\$689,935</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>						
Changes of benefit terms	(\$59,975)	--	--	--	--	--
Contributions-employer	46,389	45,402	45,989	58,807	54,229	\$60,721
Contributions-employee	237	235	208	505	2,103	2,193
Net investment income (loss)	(38,387)	66,778	40,847	43,720	(5,746)	34,217
Benefit payments, including refunds of member contributions	(41,808)	(42,002)	(42,911)	(39,719)	(37,118)	(35,111)
Administrative expense	(23)	(24)	(22)	(20)	(21)	(22)
Net change in Plan Fiduciary Net Position	(93,567)	70,389	44,111	63,293	13,447	61,998
Plan Fiduciary Net Position-beginning	485,045	414,656	370,545	307,252	293,805	231,807
<b>Plan Fiduciary Net Position-ending (b)</b>	<b>\$391,478</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>\$298,457</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>	56.74%	65.43%	55.38%	51.02%	42.56%	42.30%
<b>Covered payroll <sup>(1)</sup></b>	\$1,499,572	\$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>	19.90%	17.64%	23.43%	26.00%	30.80%	30.52%

**Schedule of Investment Returns**

	2022	2021	2020	2019	2018	2017
Actual money-weighted rate of return, net of investment expense	-7.88%	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, 2023.



## COUNTY OF ORANGE RETIREE MEDICAL PLAN (CONTINUED)

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

	2022	2021	2020	2019	2018	2017
County's proportion of the net OPEB Liability	90.94%	90.92%	91.43%	92.31%	91.78%	90.84%
County's proportionate share of the net OPEB liability	\$271,417	\$233,049	\$305,411	\$328,412	\$380,581	\$364,071
Covered payroll <sup>(1)</sup>	\$1,373,815	\$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	19.76%	17.50%	23.37%	26.17%	30.83%	30.26%
Plan fiduciary net position as a percentage of the total OPEB liability	56.74%	65.43%	55.38%	51.02%	42.56%	42.30%

### Schedule of Collective Plan Contributions

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$46,906	\$50,102	\$48,525	\$50,037	\$52,554	\$47,006
Contributions in relation to the actuarially determined contribution	46,389	45,402	45,989	58,807	54,229	60,721
Contribution deficiency (excess)	\$517	\$4,700	\$2,536	(\$8,770)	(\$1,675)	(\$13,715)
Covered payroll <sup>(1)</sup>	\$1,499,572	\$1,453,302	\$1,426,003	\$1,368,521	\$1,346,440	\$1,313,217
Contributions as a percentage of covered payroll	3.09%	3.12%	3.23%	4.30%	4.03%	4.62%

### Schedule of County Contributions

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$42,425	\$45,930	\$44,577	\$45,698	\$48,101	\$42,716
Contributions in relation to the actuarially determined contribution	43,336	42,373	39,393	50,466	52,349	46,005
Contribution deficiency (excess)	(\$911)	\$3,557	\$5,184	(\$4,768)	(\$4,248)	(\$3,289)
Covered payroll <sup>(2)</sup>	\$1,404,551	\$1,353,522	\$1,310,629	\$1,293,186	\$1,254,706	\$1,220,638
Contributions as a percentage of covered payroll	3.09%	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, 2023.

#### b. Investment Policy Statement

The Board of Supervisors of the County approved the 2024 Investment Policy on December 19, 2023. A copy of the County's 2024 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**

**FOR THE YEAR ENDED JUNE 30, 2023**

**ANDREW N. HAMILTON, CPA, AUDITOR-CONTROLLER**

Each year the Orange County Auditor-Controller's Office releases 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, to be released 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 six 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, our theme examines the County's Budget & Finance Office. The Budget & Finance Office is a division under the County's Chief Financial Officer and is responsible for the annual budget and strategic financial planning process and managing the County's public debt programs. The functions carried out are aligned with the Board of Supervisor's adopted priorities, which include stabilizing the budget, preparing for contingencies, and addressing and funding agency infrastructure.

This theme is also carried over into the ACFR's accompanying Citizens' Report, known as the Popular Annual Financial Report (PAFR). We hope you enjoy this look at one of the less visible, but vitally important departments within the County.

In addition to the ACFR, the Auditor-Controller's Office has three Satellite units at John Wayne Airport, OC Community Resources and OC Waste & Recycling with teams also working tirelessly to produce stand-alone financial statements which are audited by the outside auditing firm, Eide Bailly LLP. The statements give a financial picture 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.gov](http://ocauditor.gov) and select "Component Unit Financial Statements" under the Reports tab.

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

To view this year's ACFR, please visit [ocauditor.gov/reports/acfrreports/](http://ocauditor.gov/reports/acfrreports/)

To view this year's PAFR, please visit [ocauditor.gov/reports/citizens-reports/](http://ocauditor.gov/reports/citizens-reports/)

# County of Orange

State of California

## Annual Comprehensive Financial Report

For the Year Ended June 30, 2023



Andrew N. Hamilton, CPA  
Auditor-Controller



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**December 20, 2023**

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, 2023, 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, 2023, 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, 2023. The independent auditor's report is located at the front of the financial section of this report.

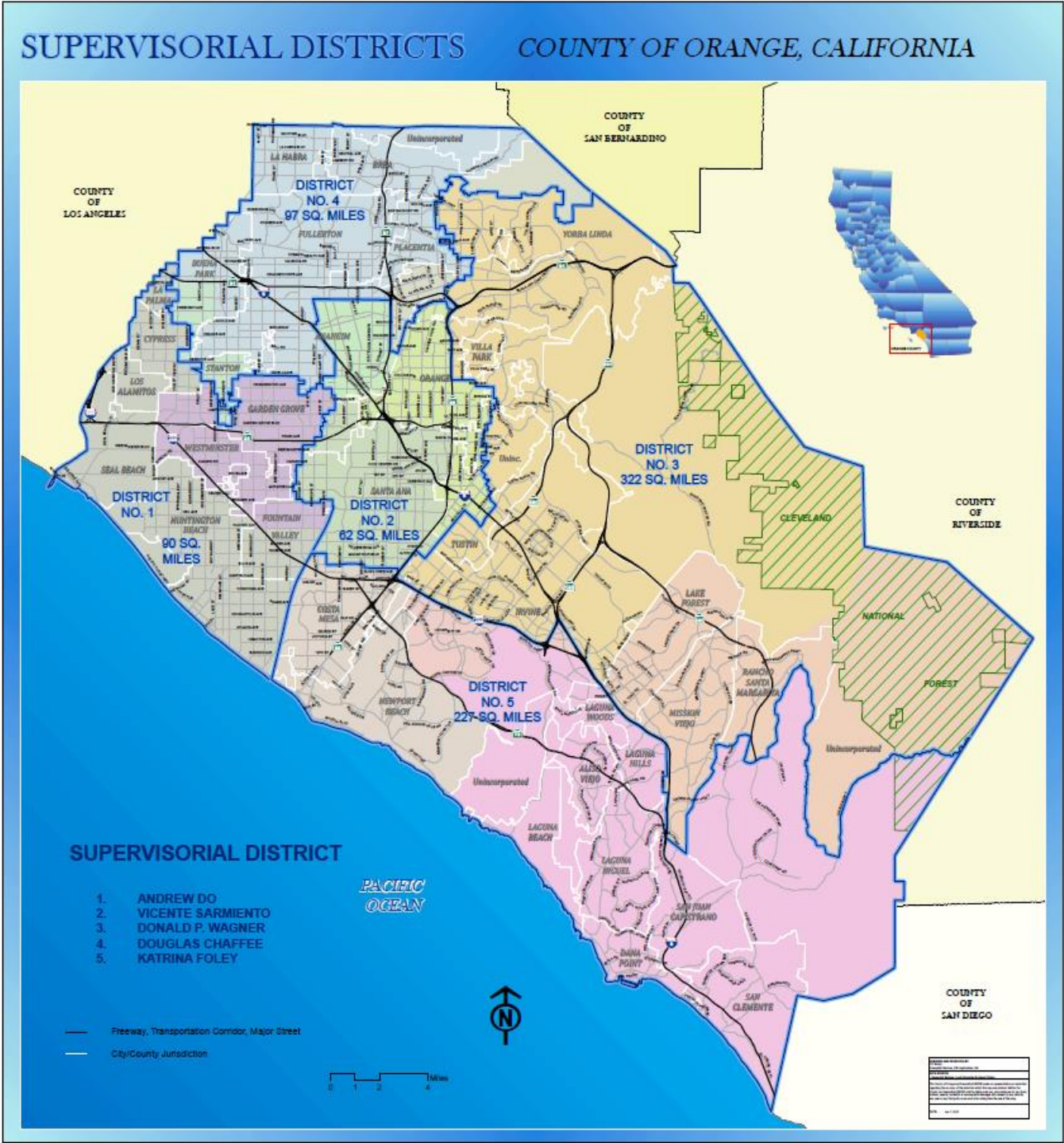
This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. MD&A provides a narrative introduction, overview, and analysis of the basic financial statements.

**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 presented. Blended component units, although legally separate entities, are, in substance, part of the County's operations and, therefore, data from these component units is combined with data of the County. The County has two discretely presented component units, the First 5 Orange County and CalOptima Health, 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, 2023: 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 2023 will be a year of economic slowdown. In terms of historical trends, current and projected activity suggests slow but positive economic growth at the local level which will generally follow national and state trends.

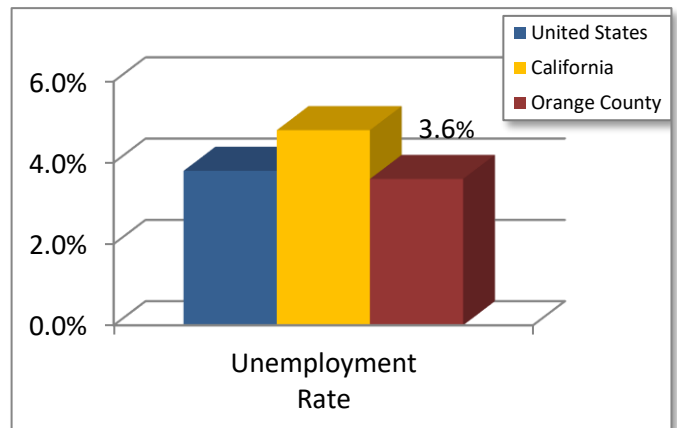
The County's unemployment rate continues to be lower than surrounding Southern California counties, the State, and the Nation (see Table 1).

According to the California Department of Finance, inflation, as measured by the Consumer Price Index (CPI), is expected to be 5.7% for Orange County, lower than both the State and U.S. at 5.9% and 6.5%, respectively, in FY 2022-23 (see Table 2).

**Table 1: Unemployment Rate Comparison**

Primary Government Entity	July 2023 Unemployment Rate
United States	3.8%
California	4.8%
Los Angeles County	5.4%
Riverside County	5.0%
San Bernardino County	4.8%
San Diego County	3.9%
<b>Orange County</b>	<b>3.6%</b>

**Unemployment Rate**



Note: Unemployment rates are for the month of July 2023

**Table 2: 2023 – Projected Increase of the CPI**

United States	California	Orange County
6.5%	5.9%	5.7%

Sources: State of California, Employment Development Department  
California Department of Finance, 2023

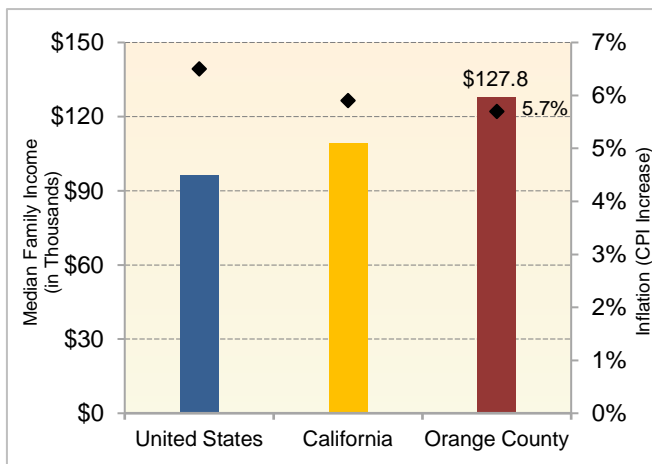
According to the Department of Housing and Urban Development, the County’s median family income is expected to be \$127,800 (absolute dollars) in 2023, compared to \$119,100 (absolute dollars) in 2022. The median family income in the County continues to exceed all surrounding Southern California counties, the State, and the Nation (see Table 3).

**Table 3: Median Family Income Comparison**

Primary Government Entity	Median Family Income (absolute dollars)
United States	\$96,200
California	\$109,200
<b>Orange County</b>	<b>\$127,800</b>
San Diego County	\$116,800
Los Angeles County	\$98,200
Riverside County	\$94,500

Sources: U.S. Department of Housing and Urban Development, 2023

**Comparisons of Inflation and Median Family Income**



Sources: U.S. Department of Housing and Urban Development, 2023  
 California Department of Finance, 2023

According to the California Association of Realtors, the median home sales price for existing single-family homes in Orange County was \$1,300,000 (absolute dollars) in July 2023, representing a 5.6% increase from July 2022. The median sales price in Orange County continues to exceed all surrounding counties (see Table 4).

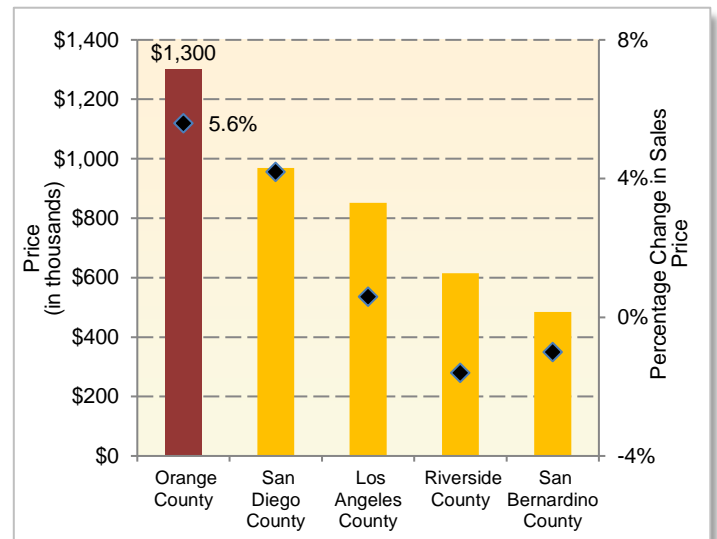
In terms of internal trends, current and projected indicators forecast modest growth in the Orange County economy, with job growth expected to increase by 1.4% in 2023.

**Table 4: Median Home Sales Price Comparison-existing single-family homes only Southern California Counties – July 2023**

Primary Government Entity	Median Home Sales Price Change increase (decrease)	Median Home Sales Price (absolute dollars)
<b>Orange County</b>	<b>5.6%</b>	<b>\$1,300,000</b>
San Diego County	4.2%	\$969,020
Los Angeles County	0.6%	\$851,540
Riverside County	(1.6%)	\$615,000
San Bernardino County	(1.0%)	\$485,000

Source: California Association of Realtors, July 2023

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



Source: California Association of Realtors, July 2023

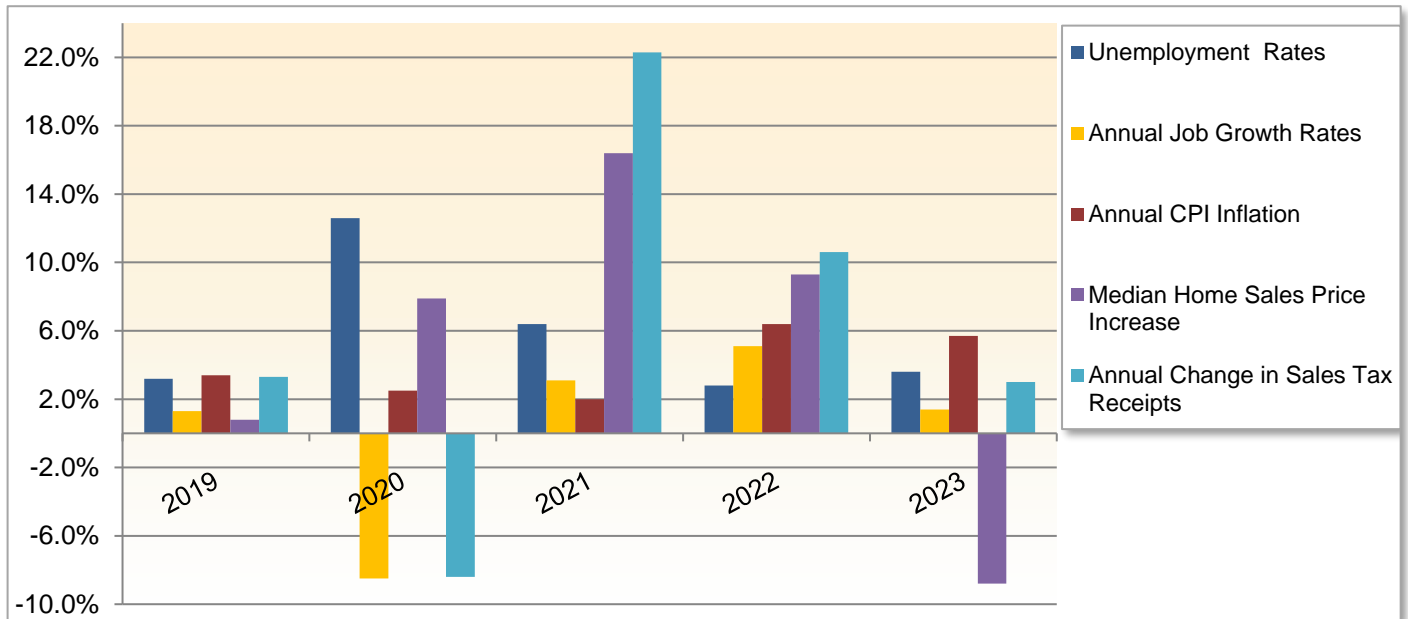
Table 5 shows various internal indicators reflecting a slight decline in the County’s economy. The unemployment rate increased from 3.2% in July 2022 to 3.6% in July 2023. According to the June 2023 Chapman University Economic & Business Review, job growth is expected to increase by 1.4% in 2023; median home sales price for existing single-family detached homes are forecasted to decrease by 8.8% in 2023, significantly lower than the 12.5% increase in 2022; and sales tax receipts are forecasted to increase by 3.0% in 2023. In summary, the economy in Orange County is forecasted to show a modest slowdown.

**Table 5: Orange County Historical Data**

Historical Indicators	2019	2020	2021	2022	2023
Unemployment Rates	3.1%	12.3%	6.4%	3.2%	3.6%
Annual Job Growth Rates	1.3%	(8.5%)	3.6%	5.3%	1.4%
Annual CPI Inflation	3.4%	2.5%	2.0%	6.5%	5.7%
Median Home Sales Price Increase	0.8%	7.9%	16.4%	12.5%	(8.8%)
Annual Change in Sales Tax Receipts	3.3%	(8.4%)	22.6%	12.1%	3.0%

Data in Table 5 for prior years may be different from previous ACFR due to timing. Data for 2023 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 2023  
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 Countywide initiatives and 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 2023 SFP was presented to the Board on December 19, 2023. The 2023 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 does not provide an increase in Net County Cost for the five years presented, FY 2024-25 through FY 2028-29. General Purpose Revenue growth will be strategically allocated through the budget process consistent with the priorities identified in the SFP
- A continuation of the policy to not backfill State budget reductions
- Internal financing program to support major capital and information technology projects
- Maintenance of prudent levels of General Fund and Contingency Reserves

The County's long-term financial planning focuses on the current and anticipated uses of County resources in order to maintain or expand operations, address legislative impacts, and implementation of countywide initiatives. Major initiatives continue to focus around OC CARES and the various systems of care provided in the County, addressing homelessness and affordable housing, the Master Plan for Aging initiatives, and addressing sustainability initiatives.

James A. Musick Facility Project: The James A. Musick Facility 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 project 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 inmate 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. An additional five percent contingency was approved in January 2023 for \$13,056. The total project construction cost is estimated to be \$318,000 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 with the remaining funds coming from the County's General Fund. As of September 2023, the County has received a total of \$154,734 in reimbursements from the State. The project is 97% complete and is scheduled for substantial completion by December 2023.

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 commenced 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 in the planning phases.

Be Well Campuses: County property across from 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. The development plans for this campus currently include three phases under the option agreement. The first phase, which is anticipated to be implemented in 2025, will house crisis stabilization units for adults and adolescents, a sobering center, adult residential treatment services, and children, youth and families outpatient clinic. The second phase will include perinatal substance use residential services for pregnant and parenting women and their children up to age 10, a youth and adolescent substance use residential program for both male and female and expanded outpatient and intensive outpatient services for children and youth and perinatal women. 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 is committed to serving all residents of Orange County, by providing a full continuum of services from prevention through treatment, as outlined below:

- Be Well Center for behavioral health and substance use services: A continuum of program offerings from crisis care, extended treatment, to outpatient services, for youth, adolescents, and adults, to support clients wherever they are in their recovery journey.
- 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 housing support, suicide prevention, substance use, depression and related disorders, domestic violence, sexual assault, grief, isolation, child and elder concerns and critical incident debriefings.
- Community and Family Center: A multi-entity, multicultural, multi-faith collective including local Orange County public and private health systems and community-based organizations, integrating health clinics with youth and community education, enrichment and experiential learning spaces.

The Be Well Irvine campus is currently under construction for Phase 1, and in the planning and design phase for Phase 2 and Phase 3. 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. A 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: The expansion of the behavioral health response team, implemented with the approval of the FY 2023-24 budget, consists 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 adult reentry center with transitional housing, and a workforce reentry 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 Campus 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 updated Housing Funding Strategy: 2022 Update (HFS Update), efforts continue to develop subsidized housing units that combine affordable housing assistance with voluntary support services to address the needs of chronically homeless individuals. The HFS Update outlines the recommendations for a strategic approach to achieve an updated goal of developing 2,396 supportive housing units from 2022 to 2029. The updated goal reflects the progress under the previous 2018 Strategy as well as the additional supportive housing units needed over the next seven-year period based on the 2022 Point in time homeless count.

### **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 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. 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.



Relevant Financial Policies (Continued)	
<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>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 \$155,430. This compares to the GFOA guidelines for funding contingencies at 15% or higher. The August 31, 2023 balance is \$155,430, at target.</p> <p>In addition to the reserve for contingencies, the County budgets an annual appropriation for significant unanticipated emergencies, catastrophes, one-time expenditures and opportunities of no less than \$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 and recommendation of debt financing proposals. The Board may amend, modify or rescind any PFAC recommendation by a four-fifths (4/5) vote. 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).

Relevant Financial Policies (Continued)	
<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 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 and may be reappointed or removed by the Board.
<b>Treasury Oversight Committee</b>	<p>The Treasury Oversight Committee (TOC) is responsible for reviewing and monitoring the Investment Policy Statement prepared annually by the elected Treasurer-Tax Collector. Changes to the IPS are required to be reviewed by the TOC prior to be presented for review and approval by the Board. In addition, the TOC causes an annual audit of the County’s compliance with the IPS and various Government Code sections. 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>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>	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. <a href="https://ocgov.com/how-do-i/report/fraud-waste-abuse">https://ocgov.com/how-do-i/report/fraud-waste-abuse</a> (714) 834-3608

**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 retaining local property taxes in 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 or implementable solutions. In looking to legislative solutions, a change in methodologies or shifts in funding formulas could affect other counties receiving more of their share in taxes. 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 and cover costs. 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 11,196 members in budgeted positions. The next largest unions are the Association of Orange County Deputy Sheriffs (AOCDS), which represents four bargaining units totaling about 2,929 members and the American Federation of State, County, and Municipal Employees (AFSCME) at about 1,532 members. All contracts had terms ending June 30, 2023; however, five labor unions, which include OCEA, Orange County Attorney’s Association, Orange County Managers Association, International Union of Operating Engineers, and the American Federation of State and Municipal Employees for which four successfully negotiated new three-year

labor contracts through June 2026. As of December 19, 2023, negotiations are continuing with the one labor organization.

## **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, 2022; this represents the County's 28<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, 2022; this represents the County's 20<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 [ocauditor.gov](http://ocauditor.gov).

The GFOA also awarded a Distinguished Budget Presentation Award to the County for its FY 2022-23 Annual Budget; this is the County's 7<sup>th</sup> 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, 2022. 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,



Andrew N. Hamilton, 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, 2022

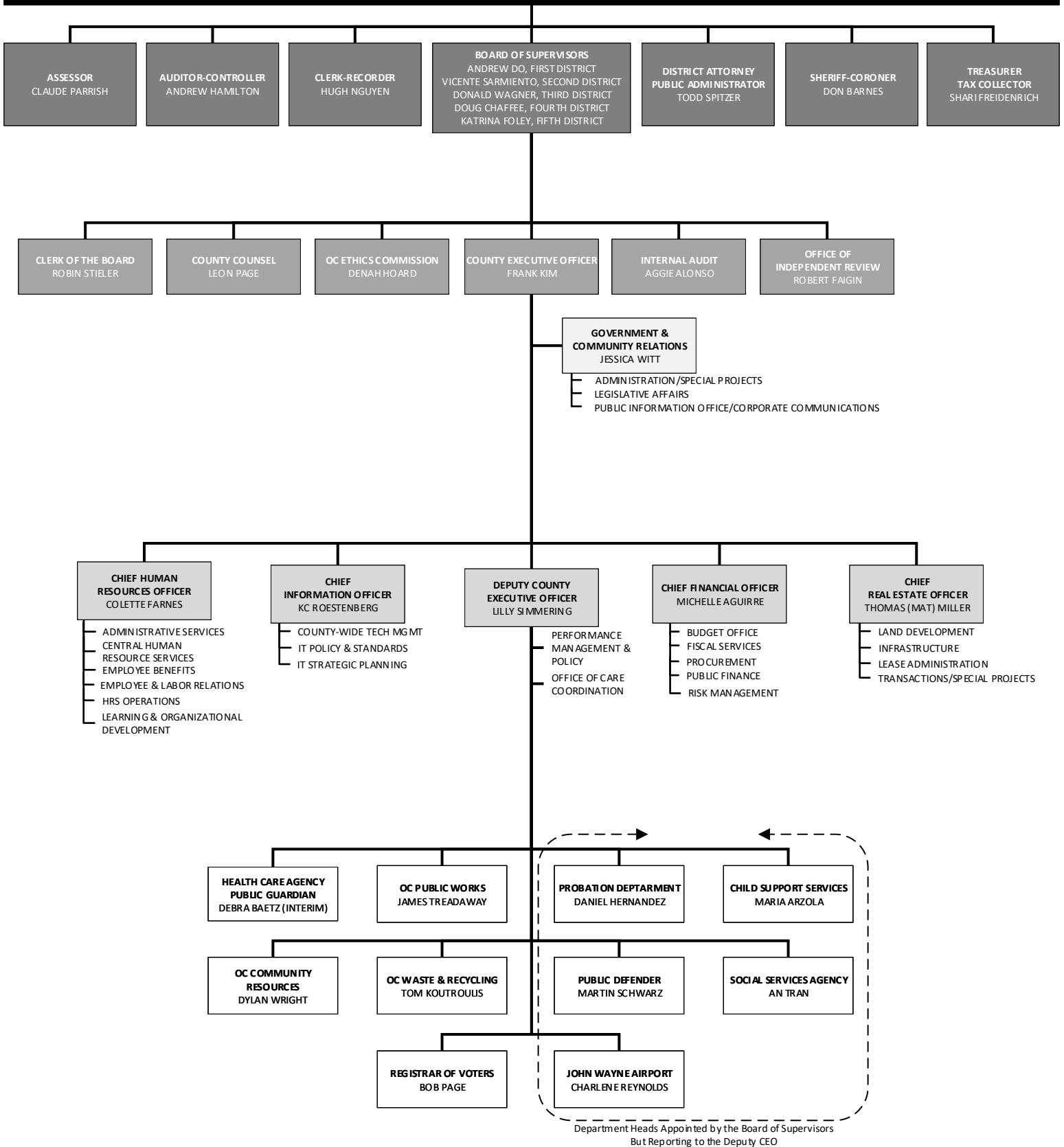
*Christopher P. Morill*

Executive Director/CEO



# County of Orange Organizational Chart

## PEOPLE OF ORANGE COUNTY



Department Heads Appointed by the Board of Supervisors  
But Reporting to the Deputy CEO











**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, 2023, 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, 2023, 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 dba CalOptima Health (CalOptima) and Orange County Employees Retirement System (OCERS), which represent the following percentages of assets, net position/fund balances and revenues of the opinion units listed below as of and for the year ended June 30, 2023:

	<u>Assets</u>	<u>Net Position</u>	<u>Revenues</u>
<b><u>CalOptima:</u></b>			
Aggregate discretely presented component units	98.0%	96.2%	99.4%
<b><u>OCERS:</u></b>			
Aggregate remaining fund information	62.8%	64.1%	0.0%

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, 7 and 14 to the financial statements, the County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships* and Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities and business type activities net position as of July 1, 2022, to restate beginning net position. 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 GAAS, 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 GAAS. 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 20, 2023, 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Laguna Hills, California  
December 20, 2023











**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, 2023. 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 \$805,092 for the fiscal year, and it increased net position by 16% from prior year.
- Long-term debt obligations increased by \$21,252 or 4% during the current fiscal year.
- The County’s governmental funds reported combined ending fund balances of \$3,733,966, an increase of \$559,035 or 18% in comparison with the prior year.
- General Fund revenues and other financing sources ended the year 9% below budget.
- General Fund expenditures and other financing uses ended the year 14% 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 First 5 Orange County and CalOptima Health, 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: [ocauditor.gov](http://ocauditor.gov). A separate stand-alone CalOptima Health annual financial report can be obtained by accessing the website at <http://wpsso.dmhc.ca.gov/fe/search/>.

## Fund Financial Statements

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are prepared for the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances to facilitate comparisons between governmental funds and governmental activities. The primary differences between the government-wide and fund financial statements relate to noncurrent assets, such as land

and structures and improvements, and noncurrent liabilities, such as bonded debt and amounts owed for compensated absences, financed purchases, leases, net pension liability and net Other Postemployment Benefits (OPEB) liability, 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, such as insurance, transportation, publishing services, and information technology, internally among the County's various functions. 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, 2023, the County's combined net position (governmental and business-type activities) totaled \$5,852,019 an increase of 16% from June 30, 2022.

The largest component of the County's net position, which totals \$4,485,884 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

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The County's **restricted** net position of \$2,004,532 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, 2023, the County's unrestricted net position totals a deficit of \$638,397. Among governmental activities the deficit was \$1,385,230 in unrestricted net position, compared to its deficit of \$1,718,846 at June 30, 2022. The main contributor of the deficit continues to be the reporting of the County's proportionate share of net pension and net OPEB liabilities on the financial statements.

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

NET POSITION – Primary Government June 30, 2023 and 2022						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Current and Other Assets	\$ 5,392,474	\$ 5,376,307	\$ 1,297,045	\$ 1,213,291	\$ 6,689,519	\$ 6,589,598
Capital Assets	4,617,517	4,296,528	940,872	924,633	5,558,389	5,221,161
<b>Total Assets</b>	<b>10,009,991</b>	<b>9,672,835</b>	<b>2,237,917</b>	<b>2,137,924</b>	<b>12,247,908</b>	<b>11,810,759</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	1,315,258	922,650	26,628	20,488	1,341,886	943,138
<b>Total Assets/Deferred Outflows of Resources</b>	<b>11,325,249</b>	<b>10,595,485</b>	<b>2,264,545</b>	<b>2,158,412</b>	<b>13,589,794</b>	<b>12,753,897</b>
<b>LIABILITIES</b>						
Long-term Liabilities	6,188,895	3,653,651	317,385	327,976	6,506,280	3,981,627
Other Liabilities	621,939	1,409,473	103,831	81,409	725,770	1,490,882
<b>Total Liabilities</b>	<b>6,810,834</b>	<b>5,063,124</b>	<b>421,216</b>	<b>409,385</b>	<b>7,232,050</b>	<b>5,472,509</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	400,548	2,083,886	105,177	150,575	505,725	2,234,461
<b>Total Liabilities/Deferred Inflows of Resources</b>	<b>7,211,382</b>	<b>7,147,010</b>	<b>526,393</b>	<b>559,960</b>	<b>7,737,775</b>	<b>7,706,970</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	3,558,179	3,423,823	927,705	863,392	4,485,884	4,287,215
Restricted	1,940,918	1,743,498	63,614	65,107	2,004,532	1,808,605
Unrestricted	(1,385,230)	(1,718,846)	746,833	669,953	(638,397)	(1,048,893)
<b>Total Net Position</b>	<b>\$ 4,113,867</b>	<b>\$ 3,448,475</b>	<b>\$ 1,738,152</b>	<b>\$ 1,598,452</b>	<b>\$ 5,852,019</b>	<b>\$ 5,046,927</b>

As of June 30, 2023, the County's total assets and deferred outflows of resources increased by 7% or \$835,897 during the current fiscal year. There was an increase of \$398,748 in deferred outflows of resources, primarily due to an increase in the difference between the projected and actual investment earnings 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). In addition, capital assets increased by \$337,228, primarily due to the construction of the County Administration North, Building 14 as part of the Civic Center Facilities Master Plan and the purchase and improvements of the Bell Building to be occupied by the Sheriff-Coroner Department.

Total liabilities and deferred inflows of resources as of June 30, 2023, increased by \$30,805. Long-term liabilities increased by 63% or \$2,524,653, mainly due to an increase in the County's proportionate share of the net pension liability as a result of unfavorable returns from OCERS' investments, which was partially offset by a decrease in unearned revenue related to the funds received from the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) in the prior year and a decrease in bonds payable due to the defeasance of the Airport's 2019A and 2019B Revenue Refunding Bonds. Deferred inflows of resources decreased by 77% or \$1,728,736, mainly due to the changes in the net pension liability related deferred inflows of resources calculated as required by GASB Statement No. 68 and a decrease in the deferred payments related to leases established under GASB Statement No. 87, "Leases" (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, 2023 and 2022						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 675,999	\$ 653,695	\$ 386,855	\$ 348,980	\$ 1,062,854	\$ 1,002,675
Operating Grants and Contributions	3,208,589	3,166,816	52,105	20,571	3,260,694	3,187,387
Capital Grants and Contributions	200,108	130,593	225	660	200,333	131,253
General Revenues:						
Property Taxes	705,986	653,893	--	--	705,986	653,893
Property Taxes in Lieu of						
Motor Vehicle License Fees	484,543	455,578	--	--	484,543	455,578
Other Taxes	134,123	149,568	--	--	134,123	149,568
Grants and Contributions not Restricted to Specific Programs	4,675	4,631	--	--	4,675	4,631
State Allocation of Motor Vehicle License Fees	2,931	3,863	--	--	2,931	3,863
Other General Revenues	154,838	63,392	30,744	(7,644)	185,582	55,748
<b>Total Revenues</b>	<b>5,571,792</b>	<b>5,282,029</b>	<b>469,929</b>	<b>362,567</b>	<b>6,041,721</b>	<b>5,644,596</b>
<b>EXPENSES</b>						
General Government	363,314	189,650	--	--	363,314	189,650
Public Protection	1,824,133	1,377,502	--	--	1,824,133	1,377,502
Public Ways and Facilities	167,921	149,290	--	--	167,921	149,290
Health and Sanitation	906,593	830,673	--	--	906,593	830,673
Public Assistance	1,395,469	1,224,045	--	--	1,395,469	1,224,045
Education	61,221	57,060	--	--	61,221	57,060
Recreation and Cultural Services	155,460	129,380	--	--	155,460	129,380
Interest on Long-Term Debt	40,843	35,148	--	--	40,843	35,148
Airport	--	--	159,451	133,555	159,451	133,555
OC Waste & Recycling	--	--	162,221	134,620	162,221	134,620
Compressed Natural Gas	--	--	3	13	3	13
<b>Total Expenses</b>	<b>4,914,954</b>	<b>3,992,748</b>	<b>321,675</b>	<b>268,188</b>	<b>5,236,629</b>	<b>4,260,936</b>
Excess before Transfers	656,838	1,289,281	148,254	94,379	805,092	1,383,660
Transfers	8,554	7,996	(8,554)	(7,996)	--	--
<b>Change in Net Position</b>	<b>665,392</b>	<b>1,297,277</b>	<b>139,700</b>	<b>86,383</b>	<b>805,092</b>	<b>1,383,660</b>
Net Position-Beginning of the Year, as Restated	3,448,475	2,151,198	1,598,452	1,512,069	5,046,927	3,663,267
<b>Net Position-End of the Year</b>	<b>\$ 4,113,867</b>	<b>\$ 3,448,475</b>	<b>\$ 1,738,152</b>	<b>\$ 1,598,452</b>	<b>\$ 5,852,019</b>	<b>\$ 5,046,927</b>

The County's net position increased by \$805,092 during the current fiscal year. Revenues for the year totaled \$6,041,721, an increase of \$397,125 from the previous year. Expenses totaled \$5,236,629, an increase of \$975,693 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. Property taxes are revenues that arise from charges to real and personal property taxes that 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, except for the supplemental property taxes, which are levied when supplemental assessment events, such as sales of property or new construction, take place.

At the end of FY 2022-23, total revenues for governmental activities, including transfers from the business-type activities, were \$5,580,346, an increase of \$290,321 from the previous year. Expenses totaled \$4,914,954, an increase of \$922,206 from the prior year. Net position for governmental activities increased \$665,392 from the prior fiscal year for an ending balance of \$4,113,867. Key elements of the increase are as follows:

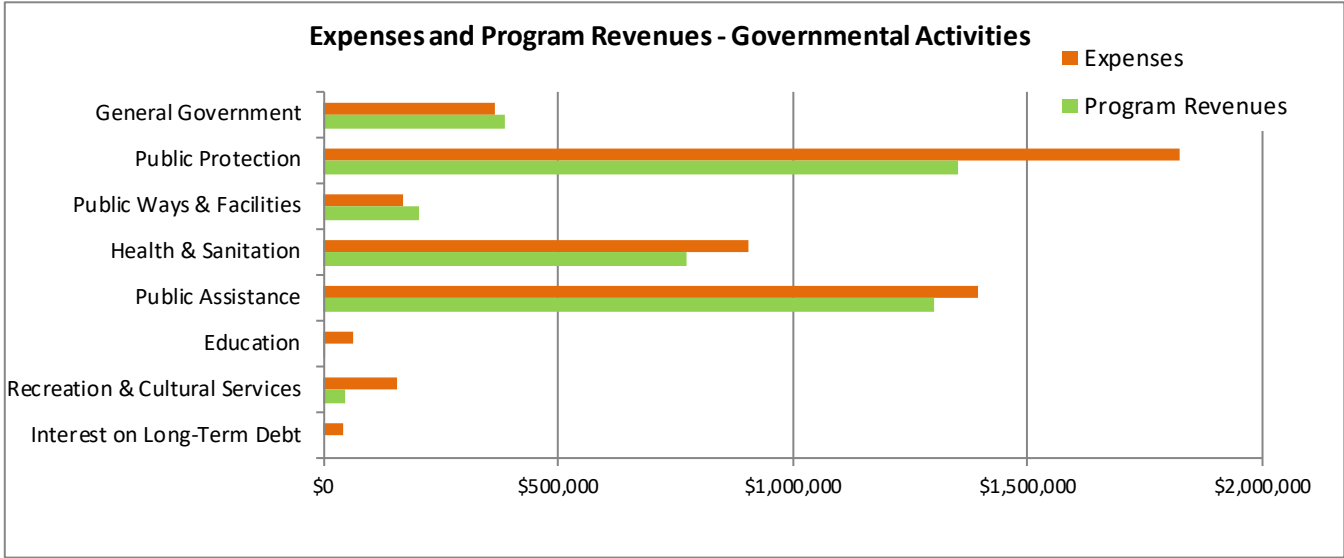
#### Revenues

- Other General Revenues increased by \$91,446, mainly due to a net increase in the fair value of investments.
- Capital grants and contributions increased by \$69,515, mainly due to an increase in state funding received for the Santa Ana River Project and bond proceeds for the construction and development of CFD, 2021-1 RMV (Rienda). This increase was partially offset by a decrease in state funding for the James A. Musick Facility Project.
- Property taxes increased by \$52,093, mainly due to an increase in secured assessed values.
- Property taxes in lieu of motor vehicle license fees (VLF) increased by \$28,965, primarily due to growth in the secured property tax roll value.

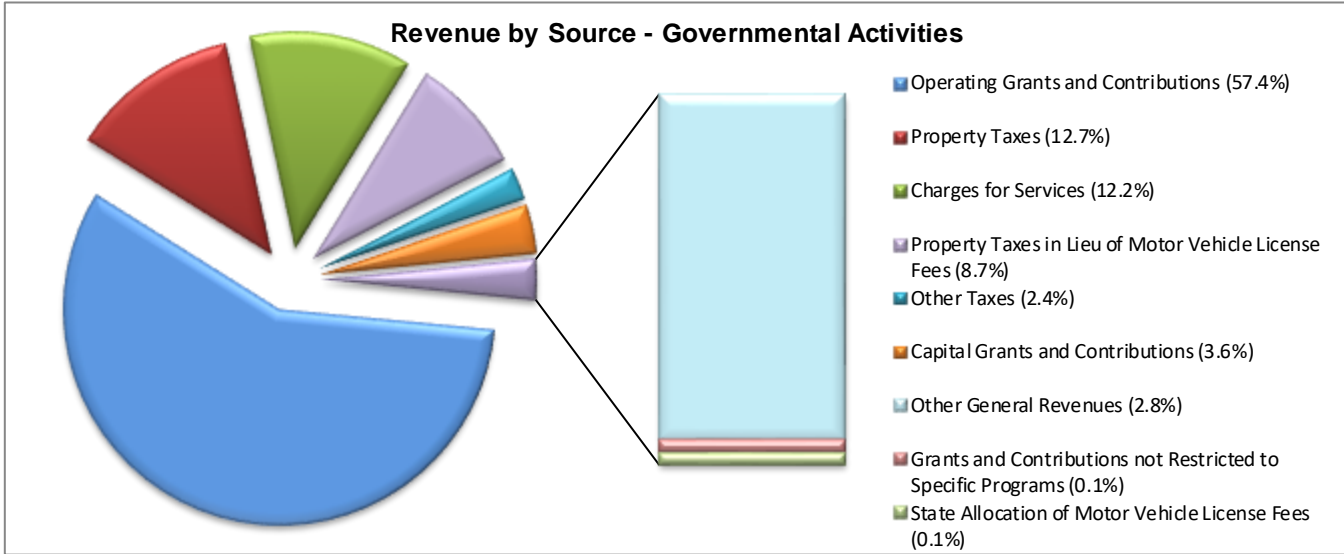
#### Expenses

- Expenses in public protection increased by \$446,631, mainly due to an increase in salaries and employee benefits (S&EB) costs.
- Expenses in general government increased by \$173,664, mainly due to an increase in various construction costs for the CFD, 2021-1 RMV (Rienda) and an increase in professional/specialized services related to the OC CARES Initiatives coordination.
- Expenses in public assistance increased by \$171,424, mainly due to an increase in S&EB costs and an increase in costs related to public assistance programs such as CalWORKS, IHSS, and General Relief.

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:

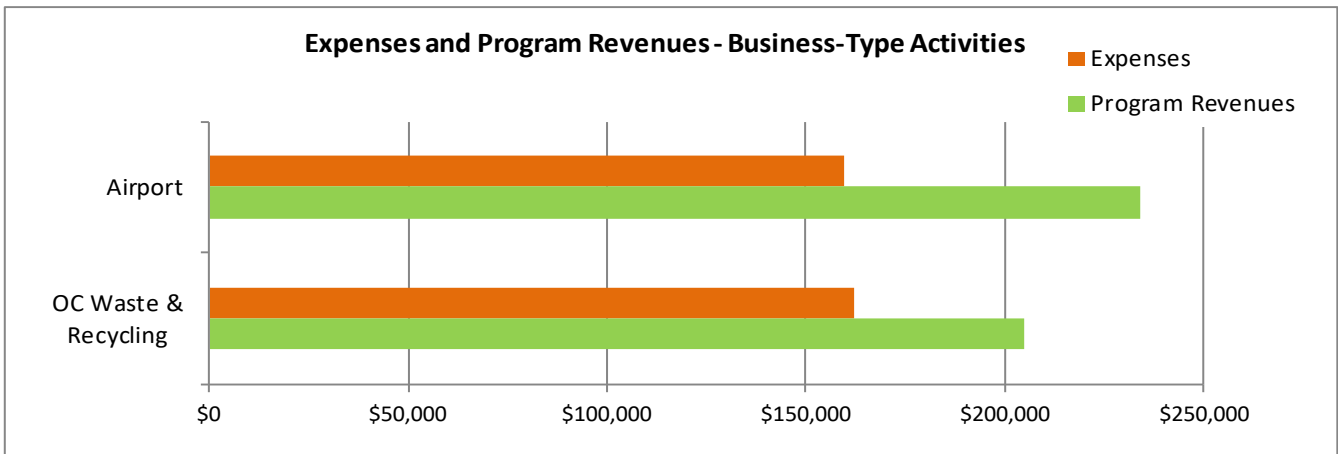




**Business-Type Activities**

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.

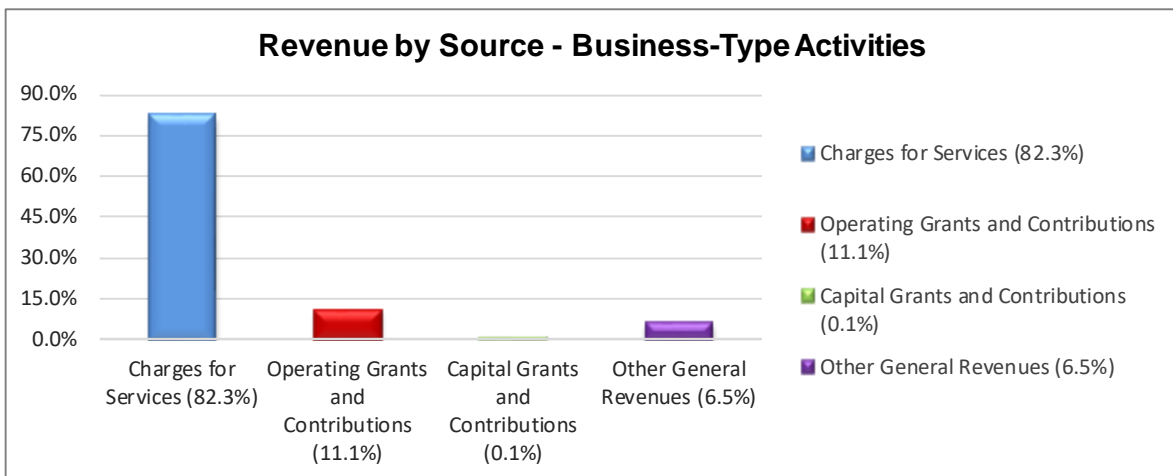
The following chart displays expenses and the associated program revenues by function for the business-type activities (major enterprise funds):



At the end of FY 2022-23, the business-type activities' total revenues exceeded expenses and transfers resulting in an increase of \$139,700 in net position compared to the prior year's increase in net position of \$86,383. Revenues totaled \$469,929, an increase of \$107,362 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, interest and investment income, as well as the Airport's revenue from concessions, interest income, and intergovernmental revenues. Offsetting this increase was a net decrease in landing fees.

Expenses, including transfers to governmental activities, totaled \$330,229 representing an increase of \$54,045 from the previous year. This increase is primarily due to increases in OC Waste & Recycling's closure and postclosure care costs, S&EB, services and supplies (S&S) and professional and specialized services. Also contributing to the increase is Airport's increase in professional and specialized services, S&S and other expenses. 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, deferred inflows of resources related to unavailable revenue, leases, and Service Concession Arrangements (SCA) 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, 2023, the County's governmental funds reported total fund balances of \$3,733,966, which is an increase of \$559,035 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, 2023 and 2022</b>							
	Revenues and Other		Expenditures and Other		Net Change in		
	Financing Sources		Financing Uses		Fund Balances		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	
General Fund	\$ 4,825,841	\$ 4,235,138	\$ 4,240,533	\$ 3,843,660	\$ 585,308	\$ 391,478	
Flood Control District	209,385	208,778	210,858	226,997	(1,473)	(18,219)	
Other Public Protection	64,598	62,662	71,783	78,920	(7,185)	(16,258)	
Mental Health Services Act	174,305	249,456	295,594	195,202	(121,289)	54,254	
Other Governmental Funds	1,441,889	1,047,180	1,338,215	1,037,977	103,674	9,203	
<b>Total</b>	<b>\$ 6,716,018</b>	<b>\$ 5,803,214</b>	<b>\$ 6,156,983</b>	<b>\$ 5,382,756</b>	<b>\$ 559,035</b>	<b>\$ 420,458</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 2022-23, revenues and other financing sources were more than the expenditures and other financing uses resulting in an increase in fund balance of \$585,308, compared to last year's increase of \$391,478, as restated. Revenues and other financing sources increased by \$590,703, and expenditures and other financing uses increased by \$396,873. 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 2022-23:

#### **Revenues**

- Intergovernmental revenue increased by \$212,756, primarily due to an increase in funds received for the County Local Revenue 2011 and the 1991 Realignment programs. Additionally, there was an increase in revenue recognized for the provision of government services under the CSLFRF.
- Transfers to the General Fund increased by \$157,553, primarily due to an increase in Prop 63 drawdowns from the Mental Health Services Act (MHSA) Fund and an increase in transfers from the Teeter Debt Service Fund to meet the targeted fund balance assigned for contingencies.

- Leases issued increased by \$67,188 mainly due to the recording of new leases in the Health Care Agency (HCA) and the Probation Department.
- Tax revenue increased by \$46,887, mainly due to increases in secured property taxes and property taxes in-lieu of VLF resulting from an increase in secured assessed values. These increases were partially offset by a decrease in other property tax related to property transfer tax, residual distributions, and pass-through payments from cities.

#### Expenditures

- Capital Outlay increased by \$114,894, primarily due to new leases entered by HCA, Probation, and the Social Services Agency (SSA). Additionally, there was an increase in the Sheriff-Coroner Department for the purchase and improvements of the new Bell Building.
- Expenditures for the general government increased by \$94,899, primarily attributable to CSLFRF funds distributed to cities, educational institutions, and other non-profit organizations to provide services to the County's residents. In addition, there was an increase in professional services in the County Executive Office (CEO) Department related to the OC CARES Initiatives.
- Expenditures for public assistance increased by \$65,406, primarily due to increases in S&EB costs for SSA, as well as increases in expenditures for CalWORKs and General Relief Programs.
- Expenditures for Public Protection increased by \$52,577, primarily due to increases in S&EB costs and S&S costs for the District Attorney and Sheriff-Coroner.

#### 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 2022-23, there was a decrease in fund balance of \$1,473 as compared to last year's decrease of \$18,219. Revenues and other financing sources increased by \$607, mainly due to higher interest and investment income, higher secured property taxes, and higher Bipartisan Budget Act claim payments for the Santa Ana River Project. Expenditures and other financing uses decreased by \$16,139, primarily due to lower construction costs for the Huntington Beach Channel and Talbert Channel Sheet Pile Repair Design-Build as the project is reaching its completion.

#### 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 2022-23, there was a decrease in fund balance of \$7,185, compared to last year's decrease of \$16,258. Revenues and other financing sources increased by \$1,936, primarily attributable to more revenue received from the Department of Justice for the Regional Narcotics Suspension Program and the Sheriff Narcotics Program, and an increase in State Criminal Alien Assistance Program revenue received for costs incurred from incarcerating undocumented criminal aliens with felony or misdemeanor convictions. These increases were partially offset by a decrease in transfers related to Prop 172 Public Safety Sales Tax. Expenditures and other financing uses decreased by \$7,137, largely due to lower amounts repaid for cash deposits held in the Consumer Prosecution Fund.

#### Mental Health Services Act (MHSA)

This fund accounts for purpose restricted MHSA revenues. At the end of FY 2022-23, fund balance decreased by \$121,289, compared to last year's increase of \$54,254. Revenues and other financing sources decreased by \$75,151, primarily due to a lower allocation from the State for approved mental health services for programs related to community services and support. This decrease was partially offset by the return of reserved funds held by the California Housing Finance Agency for special needs housing projects. Expenditures and other financing uses increased by \$100,392, primarily due to an increase in transfers out to the General Fund for eligible reimbursement of MHSA related services.

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 2022-23, fund balances increased by \$103,674, in comparison to prior year's increase of \$9,203. Revenues and other financing sources increased by \$394,709, primarily due to an increase in transfers in for multi-year countywide capital projects, an increase in intergovernmental revenues caused by the reclass of transfers for debt service activity related to the CFD 2021-1 RMV (Rienda), and an increase in bonds issued to finance the new Bell Building facility. Expenditures and other financing uses increased by \$300,238, primarily due to the reimbursements to Rancho Mission Viejo for the CFD 2021-1 RMV (Rienda) construction costs, the acquisition and improvements to the Bell Building occupied by Sheriff-Coroner, the transfer of the Teeter Series A proceeds to the General Fund, and the reimbursement of construction costs for the James A. Musick Facility Project.

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 GOVERNMENTAL FUNDS</b>				
June 30, 2023 and 2022				
	2023		2022	Increase/(Decrease) %
General Fund	\$ 1,712,513	\$	1,127,205	52 %
Flood Control District	448,416		449,889	--
Other Public Protection	195,721		202,906	(4)%
Mental Health Services Act	115,124		236,413	(51)%
Other Governmental Funds	1,262,192		1,158,518	9 %
<b>Total</b>	<b>\$ 3,733,966</b>	<b>\$</b>	<b>3,174,931</b>	<b>18 %</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 COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, CONTRIBUTIONS, TRANSFERS, AND CHANGES IN FUND NET POSITION</b>							
For the Years Ended June 30, 2023 and 2022							
	Revenues, Contributions and Transfers		Expenses and Transfers		Change in Fund Net Position		
	2023	2022	2023	2022	2023	2022	
Airport	\$ 242,496	\$ 180,243	\$ 157,229	\$ 132,815	\$ 85,267	\$	47,428
OC Waste & Recycling	227,613	182,811	170,796	142,953	56,817		39,858
Compressed Natural Gas	321	159	3	13	318		146
<b>Total</b>	<b>\$ 470,430</b>	<b>\$ 363,213</b>	<b>\$ 328,028</b>	<b>\$ 275,781</b>	<b>\$ 142,402</b>	<b>\$</b>	<b>87,432</b>

Airport

This fund accounts for major construction and self-supporting aviation related activities rendered at the Airport. At the end of FY 2022-23, there was an increase of \$85,267 in net position compared to the prior year increase of \$47,428. Revenues, contributions and transfers increased by \$62,253, primarily due to increases in concessions, interest and investment income, and intergovernmental revenues. The Airport's operating revenues were positively affected by the continued passenger recovery from the COVID-19 pandemic. Expenses increased by \$24,414, mainly due to an increase in professional and specialized services, S&S and other expenses.

#### 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 2022-23, there was an increase of \$56,817 in fund net position compared to the prior year increase of \$39,858. Revenues, contributions and transfers increased by \$44,802, which was primarily due to increases in interest and investment income, sanitation and landfill disposal tonnage and fees collected for waste, recycling, and importation. Expenses and transfers increased by \$27,843, primarily due to an increase in landfill site closure and postclosure care costs, S&EB, S&S and professional and specialized services.

#### 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 2022-23, there was an increase of \$318 in fund net position compared to the prior year increase of \$146. Revenues increased by \$162 due to a higher royalty payment from Clean Energy. Expenditures decreased by \$10 due to a decrease 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 \$70,383 in the Public Defender Department related to the allocation of funds from the CSLFRF under the American Rescue Plan Act (ARPA).
- An increase of \$59,170 in the Trial Courts Budget Control related to the allocation of funds from the CSLFRF.
- An increase of \$48,387 due to anticipated revenues from the Federal Emergency Management Agency (FEMA) for the reimbursement of claims associated with the COVID-19 Pandemic response.
- An increase of \$16,051 in the CEO related to Care Coordination that is associated with revenues from the California Emergency Solution Grant and the Permanent Local Housing Allocation grant.
- An increase of \$15,099 in HCA due to the allocation of funds from the CSLFRF for the provision of government services.
- An increase of \$14,166 in the Probation Department due to the allocation of funds from the CSLFRF for the provision of government services.

#### Transfers In

- An increase of \$54,757 in HCA from various sources, including the MHSA Fund, the OC Tobacco Settlement Revenue and OC Opioid Settlement Revenue Funds to support ongoing programs cost.
- An increase of \$25,000 from the Teeter Debt Service Fund to meet the targeted fund balance assigned for contingencies as approved by the Board.
- An increase of \$5,057 in the Sheriff-Coroner Department, primarily from the Sheriff's Narcotic Program Fund to cover S&S and the purchase of equipment related to narcotics law enforcement activities.
- An increase of \$4,901 in the CEO Department to allow transfers from the Care Coordination Fund for costs related to homeless services, including operation cost at the Garden Grove Navigation Center.
- An increase of \$3,634 in the Clerk-Recorder Department to allow transfers from the Real Estate Development Fund for the sale of the 433 Civic Center Drive building, and transfers from the Clerk-Recorder Special Revenue Fund for reimbursement of various eligible expenditures.

## 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:

### Intergovernmental

- A \$395,999 less than budgeted amount was primarily comprised of the following:
  - \$435,562 less in the ARPA budget control due to the reallocation of ARPA monies to different departments for the provision of government services.
  - \$47,556 less in SSA mainly due to lower than expected Federal and State funding for the administration of public assistance programs.
  - \$12,770 less in the OC Community Resources (OCCR) Department due to lower than anticipated revenues for Office on Aging and OC Workforce and Economic Development Division programs.
  - \$12,650 less in HCA due to lower than expected revenues related to Communicable Disease Control, HIV Planning and Coordination, and Nutrition Services programs.
  - Partially offsetting the overall less than budgeted intergovernmental revenue amounts were the following:
    - \$94,143 more received in the County Local Revenue 2011 due to sales tax revenue being higher than projected.
    - \$25,905 more received by SSA due to higher 1991 Realignment revenue, CalWORKs Assistance payments, Foster Care Assistance payments and IHSS Provider payments.
    - \$5,282 more received in the Probation Department due to additional revenue received under the Adult Court Services Division and Juvenile Hall Division programs.

### Transfers In

- A \$116,374 less than budgeted amount was primarily comprised of the following:
  - \$64,191 less received in HCA due to lower than expected drawdowns from the MHSA Fund and OC Tobacco Settlement Revenue.
  - \$14,775 less received in SSA mainly attributable to lower than budgeted reimbursements from the SSA Wraparound Fund and from the Operations Facilities Development and Maintenance Fund for expenditures related to the Tustin Family Campus.
  - \$9,389 less received in CEO due to lower than expected drawdowns from the Care Coordination Fund for programs such as Project HomeKey, Homeless Housing, Assistance and Prevention Program and Encampment Resolution Funding Program.
  - \$7,329 less received in the Sheriff-Coroner Department primarily due to lower than budgeted transfers from the Countywide Capital Projects Non-General Fund, 800 MHz Countywide Coordinated Communications System Fund and the Sheriff Narcotics Program Fund.
  - \$6,000 less received from the Teeter Debt Service Fund, which was deemed to be unnecessary.
  - \$5,300 less received in the District Attorney-Public Administrator Department due to lower than expected drawdowns from the Real Estate Prosecution Fund and the Excess Public Safety Sales Tax Fund.

### Taxes

- A \$32,046 higher than budgeted amount was primarily comprised of the following:
  - \$12,112 more in current secured property taxes resulting from an increase in secured assessed values.
  - \$11,880 more in VLF Swap property taxes resulting from an increase in secured assessed values.
  - \$7,828 more in supplemental property tax due to growth in supplemental property tax roll value.

### Use of Money and Property

- A \$26,870 higher than budgeted amount was primarily comprised of the following:
  - \$26,979 more in interest due to higher interest rates and cash balance in the General Fund.
  - Partially offsetting the overall higher than budgeted use of money and property revenue amounts was the following:
    - \$1,616 less received by HCA from short-term leases and concessionaires.

Charges for Services

- A \$21,413 less than budgeted amount was primarily comprised of the following:
  - \$16,551 less received in reimbursements from various departments for charges for services provided by OC Public Works.

Fines, Forfeitures, and Penalties

- \$9,504 more in revenues was primarily comprised of penalties on delinquent taxes.

**Original Expenditure Budget vs. Final Expenditure Budget**

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

Miscellaneous

- An increase of \$267,725, mainly due to the budgeted transfers out to the OC CARES Fund, Countywide Capital Projects Non-General Fund, and the OC Housing Fund. The increase in budgeted transfers out was partially offset by a decrease in appropriations for contingencies.

Health Care Agency

- An increase of \$72,500, mainly due to budgeted transfers out to the Countywide Capital Projects Non-General Fund, and the MHSA Housing Fund for the construction of permanent supporting housing. This increase was partially offset by a decrease in professional and specialized services.

Public Defender

- An increase of \$70,527, primarily due to a budgeted transfer out to the OC CARES Fund partially offset by a decrease in S&EB.

Trial Courts

- An increase of \$59,170, primarily due to a budgeted transfer out to the Countywide Capital Projects Non-General Fund.

County Executive Office

- An increase of \$20,952, mainly due to an increase in S&S related to Care Coordination and to allow for the reimbursement of eligible expenses of the Huntington Beach Oasis interim housing and shelter operations that will provide housing and other services to individuals experiencing homelessness.

**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)

- \$435,562 lower than budgeted amount mainly as a result of the reallocation of ARPA funds to other County departments for the provision of government services.

Health Care Agency

- \$98,223 less than budgeted amount mainly due to lower than anticipated expenditures for S&EB, professional and specialized services and IT professional services contracts associated with Communicable Disease Control, MHSA/Prop 63, and Medical Safety Net programs.

Sheriff-Coroner

- \$40,996 lower than budgeted amount mainly due to lower than expected costs for S&EB, supplies for the shooting range facility, and office related expenses such as telephone services, computer equipment and IT hardware.

Social Services Agency

- \$38,933 lower than budgeted amount primarily due to lower expenditures for S&EB and lower project costs for the improvements to the 840 N. Eckhoff Building.

OC Public Works

- \$21,976 lower than budgeted amount mainly due to S&EB and savings resulting from vacant positions, delayed or deferred maintenance or improvement projects, and a decrease in professional and specialized contracted services.

OC Community Resources

- \$16,502 lower than budgeted amount primarily due to lower contract and administrative expenditures for Community Investment, Office on Aging, and Veteran Service programs.

County Executive Office

- \$16,349 lower than budgeted amount primarily due to lower expenditures for professional and specialized services for OC Care Coordination programs.

**Capital Assets**

At June 30, 2023, the County's capital assets, as restated, for both the governmental and business-type activities amounted to \$5,558,389 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 assets. The total increase in the County's investment in capital assets for the current year was 6%.

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

CAPITAL ASSETS								
(Net of Accumulated Depreciation/Amortization)								
June 30, 2023 and 2022								
	Governmental		Business-Type		Total		Increase/ (Decrease)	
	Activities		Activities					
	2023	2022	2023	2022	2023	2022	% Change	
Land	\$ 900,174	\$ 838,106	\$ 38,379	\$ 38,379	\$ 938,553	\$ 876,485	7 %	
Structures and Improvements	1,000,728	801,296	493,906	524,505	1,494,634	1,325,801	13 %	
Land Improvements	42,149	8,182	544	564	42,693	8,746	388 %	
Equipment	204,886	198,752	58,994	55,502	263,880	254,254	4 %	
Software	41,086	35,188	2,357	2,687	43,443	37,875	15 %	
Infrastructure	1,388,002	1,307,476	251,410	267,978	1,639,412	1,575,454	4 %	
Intangible in Progress	3,416	21,725	--	335	3,416	22,060	(85)%	
Land Use Rights	16,682	16,435	--	--	16,682	16,435	2 %	
Construction in Progress	555,576	654,949	94,786	34,683	650,362	689,632	(6)%	
Intangible Right-to-Use Assets	464,818	414,419	496	--	465,314	414,419	--	
<b>Total</b>	<b>\$ 4,617,517</b>	<b>\$ 4,296,528</b>	<b>\$ 940,872</b>	<b>\$ 924,633</b>	<b>\$ 5,558,389</b>	<b>\$ 5,221,161</b>	<b>6 %</b>	

The following lists the significant expenditures for capital assets in FY 2022-23:

General Fund

- \$8,003 for the completion of work for the Bell Building for the use of the Sheriff-Coroner's Technology division
- \$5,320 for the purchase of IT hardware, software and services for the Sheriff-Coroner Department
- \$2,892 for the Orangewood Children and Family Center kitchen upgrades
- \$2,571 for the purchase of telecommunications equipment for the Tustin Dispatch Center



- \$2,307 for the purchase of IT hardware, software and services for Public Defender
- \$1,611 for the purchase of Registrar of Voters' automation machines for elections
- \$1,394 for the purchase of laboratory equipment and technical support for the OC Crime Lab
- \$1,365 for the replacement of HVAC units at Orangewood Children and Family Center
- \$1,219 for the purchase of IT hardware and software, maintenance and support for District Attorney
- \$1,100 for the purchase of tactical multipurpose response and rescue vehicle and an explosives disposal robotic system
- \$1,077 for the Property Tax System Re-platforming Project

#### Flood Control District

- \$34,012 for the purchase of properties for the Santa Ana River Mainstem and Prado Dam Project
- \$15,953 for the East Garden Grove Wintersburg Channel Project
- \$15,336 for the Huntington Beach and Talbert Channels Rehabilitation Project
- \$8,493 for the Laguna Canyon Channel Replacement Project
- \$1,756 for the Santa Ana Gardens Channel Bikeway Extension Project
- \$1,129 for the Santa Ana Delhi Channel Improvement Project

#### Other Public Protection

- \$1,384 for the purchase of various telecommunication equipment for the 800 MHz Countywide Coordinated Communication Systems Upgrade Project

#### Other Governmental Funds

- \$91,000 for the purchase of the Bell Building for the Sheriff-Coroner
- \$56,500 for the James A. Musick Facility Master Plan, Phase I Project
- \$29,819 for the James A. Musick Facility Master Plan, Phase II Project
- \$14,659 for the Civic Center Facilities Master Plan, CAN Building Construction Project
- \$9,408 for the Civic Center Facilities Master Plan Phase III
- \$7,498 for the Katella Range Facility Upgrade Project
- \$7,394 for the Mile Square Regional Park Expansion Phase I Project
- \$5,499 for the El Toro Emergency Medical Facility
- \$4,683 for the Intake Release Center Mod M-Mental Health upgrades
- \$4,147 for the County Operations Center-B-2nd Floor remodel and HVAC upgrade
- \$3,264 for the Loma Ridge Road Widening Project
- \$2,918 for the Traffic Management Center Fiber Optic Expansion Project
- \$1,422 for the Coyote Creek Channel Segment O Project
- \$1,310 for the William Mason Park Entry Roadway Redesign and Roadway Improvement Project
- \$1,250 for the replacement of the Variable Air Volume (VAV) Boxes Phase III Project at the Brad Gates building
- \$1,099 for the replacement of emergency generators at the Intake Release Center
- \$1,031 for the Brea Library tenant enhancements
- \$1,002 for the Juvenile Hall-Main Control System Replacement Project

#### Airport

- \$3,330 for the repairs to parking structures A1, A2 & B2
- \$1,513 for the purchase of electric shuttle buses
- \$1,214 for the rental car reconfiguration

#### OC Waste & Recycling

- \$19,112 for the Frank R. Bowerman (FRB) Phase VIII-A Groundwater Projection & Stockpile Project
- \$15,993 for the Prima Deshecha Fee Booth Replacement Project
- \$6,348 for the purchase of heavy equipment at FRB Landfill and Central Regional Landfill
- \$5,646 for the Valencia Greenery Phase 1A Project composting facility improvement
- \$3,255 for the purchase of heavy equipment at the Olinda Alpha Landfill (OAL) and North Regional Landfill
- \$2,830 for the FRB Landfill Bee Canyon Greenery Phase 1B Expansion Project
- \$1,600 for the OAL Gas Heater Upgrade Phase 1 Project
- \$1,568 for the purchase of heavy equipment at Prima Deshecha Landfill and South Regional Landfill

Internal Service Funds

- \$9,252 for the purchase of various vehicles for OC Fleet Services
- \$1,864 for the interior renovations of the Registrar of Voters Printing & Graphics area
- \$1,377 for the replacement of network equipment at the OC Data Center
- \$1,084 for the upgrade and replacement of audio/visual equipment at the OC Data Center
- \$1,044 for the OC Data Center roof replacement

Additional information on the County's capital assets can be found in Note 6, Changes in Capital Assets, Note 13, Leases and Note 14, Subscription-Based Information Technology Arrangements (SBITA) in the Notes to the Basic Financial Statements section.

Commitments for Capital Expenditures

At the end of FY 2022-23, significant commitments for capital expenditures included the following:

- \$35,135 for the Frank R. Bowerman Phase VIII-A1 Groundwater Protection and Stockpile Project
- \$18,527 for the East Garden Grove-Wintersburg Channel Bridges at Warner Ave, Springdale St., and Edwards St.
- \$12,404 for the purchase of various vehicles
- \$8,422 for the Frank R. Bowerman Sewer Line and Water Treatment System
- \$5,771 for the Civic Center Master Plan Phase III
- \$5,000 for the Bell Building- Electrical Services
- \$4,672 for the Central Utility Facility-Replacement of Steam and Condensate Lines to Jail/Intake Release Center
- \$4,520 for the Coyote Creek Channel Segment O
- \$4,007 for the Prima Fee Booth Replacement
- \$3,619 for the Facility Accessibility Improvements for Terminal Phase II
- \$3,342 for the Huntington Beach and Talbert Channels Rehabilitation Project
- \$3,230 for the Los Alamitos/Rossmoor Library-Tenant Enhancements HVAC & Roof
- \$3,151 for the Prado Dam Project

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

**Long-Term Debt**

June 30, 2023, the County had total debt obligations outstanding of \$603,214, excluding long-term liabilities such as compensated absences payable, pension, OPEB, lease obligations payable, and SBITA. During the year, the County's outstanding bond obligations increased by \$21,252, or 4%, which is primarily attributable to the issuance of the Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility) in the amount of \$83,375, and the addition of \$82,308 in Teeter Plan Notes. Partially offsetting the increase was the redemption of \$79,978 of Teeter Plan Notes and the redemption of \$66,190 of the Airport revenue bonds.

The following table summarizes the County's outstanding bonds at June 30, 2023 and 2022:

LONG-TERM DEBT OBLIGATIONS									
June 30, 2023 and 2022									
	Governmental		Business-Type		Total		Increase/ (Decrease)		
	Activities		Activities						
	2023	2022	2023	2022	2023	2022	% Change		
Revenue Bonds	\$ 451,166	\$ 376,781	\$ --	\$ 60,010	\$ 451,166	\$ 436,791	3 %		
Teeter Plan Notes (Direct Placement)	82,308	79,978	--	--	82,308	79,978	3 %		
Add: Premium on Bonds Payable	69,740	59,013	--	6,180	69,740	65,193	7 %		
<b>Total</b>	<b>\$ 603,214</b>	<b>\$ 515,772</b>	<b>\$ --</b>	<b>\$ 66,190</b>	<b>\$ 603,214</b>	<b>\$ 581,962</b>	<b>4 %</b>		

The following summarizes the County’s long-term debt issuance during FY 2022-23:

Lease Revenue Bonds, Series 2022 On July 26, 2022, the South Orange County Public Financing Authority (SOCPFA) issued its \$83,375 Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility) at a premium of \$12,350, with an interest rate coupon of 5%. 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 Sheriff-Coroner to be owned by the County and to pay costs relating to the issuance of the bonds. As of June 30, 2023, the outstanding principal amount, including the premium of the Series 2022 Bonds, and interest were \$95,725 and \$76,314, respectively.

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 June 30, 2023, the outstanding principal amount of the Teeter Plan Obligation Notes was \$82,308.

Additional information on the County’s long-term debt activity can be found in Note 11, Long-Term Obligations, and Note 23, 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 July 26, 2022, the County issued the 2022 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:

<b>LONG-TERM DEBT RATINGS</b>			
June 30, 2023			
	<b>S&amp;P</b>	<b>Moody’s</b>	<b>Fitch</b>
2016 Lease Revenue Bonds	AA	NR	NR
2017 Lease Revenue Bonds	AA	NR	AA+
2018 Lease Revenue Bonds	AA	NR	AA+
2022 Lease Revenue Bonds	AA	NR	AA+
Teeter Plan Notes	NR	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 filed the Housing Funding Strategy with the goal of developing 2,700 units of permanent supportive housing. In December 2022, an update to the Housing Funding Strategy identified the new goal of developing 2,396 units of permanent supportive housing and recognized the significant investments in capital and operating expenses made since the previous Housing Funding Strategy, producing a pipeline of 1,384 supportive housing units and a total projected pipeline of 2,653 supportive and affordable housing units. The update also addressed the housing needs for individuals reentering the community upon release from custody; affordable housing assistance with voluntary support services to address the needs of chronically homeless individuals; and transitional and permanent supportive housing as well as placement services for youths and veterans experiencing challenges on the path to a successful adulthood. In addition to the larger housing efforts, the County is assisting with housing stability by providing landlord incentives for 500 units and match commitments for developing an additional 300 units. Significant efforts include the following:

- Operational funding was provided to three city-operated emergency shelters and capital funding was provided for a city-operated emergency shelter.
- Funding was provided for development and operation of a transitional aged youth-focused emergency shelter and construction of the Yale Navigation Center.
- California Department of Housing and Community Development awarded \$20,590 in funding during Homekey Round one and \$33,600 during Round two. In total, the funding was used to support the acquisition and rehab of five motels converting to 305 units of interim and permanent supportive housing. Additionally, the County supported the City of Anaheim in an application for Homekey Round two funds for an 89-unit motel conversion (interim to permanent housing) by providing a commitment of funding for operating costs. The County also applied for up to \$29,000 in Homekey Round three funding for the conversion of a 120-room motel to 78 units of permanent supportive housing.
- State Homeless Housing, Assistance and Prevention 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 \$39,000 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 utilizes 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.

#### Master Plan for Aging

The Governor's January 2021 Master Plan for Aging included five distinct goals for counties to achieve as California prepares for a projected increase in the number of California residents age 60 years and older. An intradepartmental team consisting of OCCR, SSA, HCA, and CEO have collaborated in a joint effort to build the foundation for Orange County to improve the quality of service delivery to this population. A Countywide healthy aging assessment is being completed to identify and prioritize the needs and factors affecting the health of our aging population.

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

The County has filed all required claims for reimbursement for eligible COVID-19-related expenditures from FEMA. As of June 2023, the County submitted \$199,310 in FEMA claims which were reduced by \$5,257. The County received reimbursement for \$147,048 and the remaining balance is currently under review by FEMA for the following 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 FEMA funding, some County departments received 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 CSLFRF, under the ARPA, provided funds to state, territorial, local, and tribal governments. Use of the funds is subject to the restrictions outlined in ARPA. 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. As of June 30, 2023, the County used the ARPA funds in its entirety for eligible expenditures.

### **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, 2022, the funding ratio for the System is 81.5%, which is an increase from 81.2% in 2021. The System's Unfunded Actuarial Accrued Liability (UAAL) increased from \$4.52 billion (\$3.88 billion attributable to the County) to \$4.70 billion (\$3.99 billion attributable to the County). The increase in the UAAL is primarily attributable to investment returns (after smoothing) lower than the 7.00% return assumption, salary increases greater than expected and 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.

#### 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 [ocauditor.gov](http://ocauditor.gov).









County of Orange  
Annual Comprehensive Financial Report  
June 30, 2023  
(Dollar Amounts in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	First 5 OC	CalOptima Health
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,664,581	\$ 969,373	\$ 4,633,954	\$ 67,400	\$ 773,516
Restricted Cash and Cash Equivalents	62,716	148,310	211,026	--	300
Investments	494,387	--	494,387	--	2,251,348
Deposits In-Lieu of Cash	11,539	41,036	52,575	--	--
Internal Balances	9,682	(9,682)	--	--	--
Due from Component Unit	274	--	274	--	--
Due from Primary Government	--	--	--	310	--
Receivables, Net of Allowances					
Accounts	21,656	26,214	47,870	--	380,840
Taxes	38,568	--	38,568	2,746	--
Interest/Dividends	21,479	5,977	27,456	620	--
Deposits	1,265	--	1,265	--	--
Advances	330	--	330	582	--
Leases	76,028	103,853	179,881	--	--
Service Concession Arrangements	143,805	--	143,805	--	--
Due from Other Governmental Agencies, Net	629,573	10,389	639,962	719	--
Notes Receivable, Net	68,708	--	68,708	--	--
Prepaid Costs	145,531	1,575	147,106	95	108,145
Inventory of Materials and Supplies	2,352	--	2,352	--	--
Net Pension Asset	--	--	--	22	--
Capital Assets					
Not Depreciable/Amortizable	1,475,848	133,165	1,609,013	--	14,956
Depreciable/Amortizable, Net	3,141,669	807,707	3,949,376	521	69,252
Total Capital Assets	4,617,517	940,872	5,558,389	521	84,208
Total Assets	10,009,991	2,237,917	12,247,908	73,015	3,598,357
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,315,258</b>	<b>26,628</b>	<b>1,341,886</b>	<b>1,471</b>	<b>25,969</b>

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	First 5 OC	CalOptima Health
<b>LIABILITIES</b>					
Accounts Payable	\$ 158,848	\$ 32,441	\$ 191,289	\$ 2,091	\$ 14,541
Salaries and Employee Benefits Payable	109,892	2,194	112,086	95	23,332
Retainage Payable	10,977	2,374	13,351	1,195	--
Interest Payable	1,128	--	1,128	--	--
Deposits from Others	105,376	43,660	149,036	--	--
Due to Primary Government	--	--	--	274	--
Due to Component Unit	2	--	2	--	--
Due to Other Governmental Agencies	104,240	11,036	115,276	2,435	1,303,463
Unearned Revenue	131,476	12,126	143,602	--	61,886
Long-Term Liabilities					
Due Within One Year					
Civic Center Facilities Master Plan Loan	8,385	--	8,385	--	--
Estimated Liability-Litigation and Claims	755	--	755	--	--
Insurance Claims Payable	70,699	--	70,699	--	--
Medical Claims Payable	--	--	--	--	338,306
Capitation and Withholds	--	--	--	--	125,444
Compensated Employee Absences Payable	115,534	2,473	118,007	92	--
Financed Purchase Liability	10,513	331	10,844	--	--
Notes Payable	82,308	--	82,308	--	--
Bonds Payable	4,388	--	4,388	--	--
Pollution Remediation Obligation	--	612	612	--	--
Intangible Assets Obligations Payable	1,203	89	1,292	--	--
Lease Liability	27,341	27	27,368	58	--
Subscription Liability	16,949	295	17,244	--	4,557
Landfill Site Closure/Postclosure Liability	--	3,391	3,391	--	--
Due in More than One Year					
Civic Center Facilities Master Plan Loan	364,754	--	364,754	--	--
Estimated Liability-Litigation and Claims	100	--	100	--	--
Insurance Claims Payable	191,995	--	191,995	--	--
Compensated Employee Absences Payable	59,046	1,038	60,084	16	--
Financed Purchase Liability	10,441	--	10,441	--	--
Bonds Payable	143,379	--	143,379	--	--
Pollution Remediation Obligation	--	8,537	8,537	--	--
Intangible Assets Obligations Payable	945	89	1,034	--	--
Lease Liability	421,641	--	421,641	466	--
Subscription Liability	15,844	225	16,069	--	12,173
Landfill Site Closure/Postclosure Liability	--	200,414	200,414	--	--
Net Pension Liability	4,376,337	94,785	4,471,122	--	40,465
Net OPEB Liability	266,338	5,079	271,417	269	18,975
Total Liabilities	6,810,834	421,216	7,232,050	6,991	1,943,142
<b>DEFERRED INFLOWS OF RESOURCES</b>	400,548	105,177	505,725	730	11,176
<b>NET POSITION</b>					
Net Investment in Capital Assets	3,558,179	927,705	4,485,884	(2)	66,134
Restricted for:					
Expendable					
Pension Benefits	144,682	--	144,682	--	--
Capital Projects	30,210	--	30,210	--	--
Debt Service	26,462	--	26,462	--	--
Legally Segregated for Grants and Other Purposes	1,739,190	--	1,739,190	--	--
Regional Park Endowment	174	--	174	--	--
CalOptima Health	--	--	--	--	107,969
Passenger Facility Charges Approved Capital Projects	--	30,663	30,663	--	--
Landfill Closure/Postclosure	--	18,401	18,401	--	--
Landfill Corrective Action	--	13,671	13,671	--	--
Wetland	--	879	879	--	--
Nonexpendable					
Regional Park Endowment	200	--	200	--	--
Unrestricted (Deficit)	(1,385,230)	746,833	(638,397)	66,767	1,495,905
Total Net Position	\$ 4,113,867	\$ 1,738,152	\$ 5,852,019	\$ 66,765	\$ 1,670,008

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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	\$ 418,378	\$ (55,064)	\$ 63,337	\$ 204,435	\$ 118,678
Public Protection	1,786,460	37,673	325,800	955,988	68,039
Public Ways and Facilities	170,289	(2,368)	64,912	127,678	8,842
Health and Sanitation	899,270	7,323	153,271	643,011	--
Public Assistance	1,387,473	7,996	26,627	1,268,517	4,549
Education	60,558	663	671	3,404	--
Recreation and Cultural Services	153,298	2,162	41,381	5,556	--
Interest on Long-Term Debt	40,843	--	--	--	--
Total Governmental Activities	<u>4,916,569</u>	<u>(1,615)</u>	<u>675,999</u>	<u>3,208,589</u>	<u>200,108</u>
Business-Type Activities					
Airport	158,776	675	185,369	48,359	225
OC Waste & Recycling	161,283	938	201,179	3,746	--
Compressed Natural Gas	1	2	307	--	--
Total Business-Type Activities	<u>320,060</u>	<u>1,615</u>	<u>386,855</u>	<u>52,105</u>	<u>225</u>
Total Primary Government	<u>\$ 5,236,629</u>	<u>\$ --</u>	<u>\$ 1,062,854</u>	<u>\$ 3,260,694</u>	<u>\$ 200,333</u>
<b>Component Units</b>					
First 5 Orange County	\$ 23,789	\$ --	\$ --	\$ 24,429	\$ --
CalOptima Health	4,080,065	--	4,240,820	--	--
Total Component Units	<u>\$ 4,103,854</u>	<u>\$ --</u>	<u>\$ 4,240,820</u>	<u>\$ 24,429</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			
Governmental Activities	Business-Type Activities	Total	First 5 OC	CalOptima Health	Functions/Programs	
<b>Primary Government</b>						
Governmental Activities						
\$ 23,136	\$ --	\$ 23,136	\$ --	\$ --	General Government	
(474,306)	--	(474,306)	--	--	Public Protection	
33,511	--	33,511	--	--	Public Ways and Facilities	
(110,311)	--	(110,311)	--	--	Health and Sanitation	
(95,776)	--	(95,776)	--	--	Public Assistance	
(57,146)	--	(57,146)	--	--	Education	
(108,523)	--	(108,523)	--	--	Recreation and Cultural Services	
(40,843)	--	(40,843)	--	--	Interest on Long-Term Debt	
<u>(830,258)</u>	<u>--</u>	<u>(830,258)</u>	<u>--</u>	<u>--</u>	Total Governmental Activities	
Business-Type Activities						
--	74,502	74,502	--	--	Airport	
--	42,704	42,704	--	--	OC Waste & Recycling	
--	304	304	--	--	Compressed Natural Gas	
--	<u>117,510</u>	<u>117,510</u>	<u>--</u>	<u>--</u>	Total Business-Type Activities	
<u>(830,258)</u>	<u>117,510</u>	<u>(712,748)</u>	<u>--</u>	<u>--</u>	Total Primary Government	
<b>Component Units</b>						
First 5 Orange County						
			640	--		
			<u>--</u>	<u>160,755</u>	CalOptima Health	
			<u>640</u>	<u>160,755</u>	Total Component Units	
General Revenues						
Taxes						
398,794	--	398,794	--	--	Property Taxes, Levied for General Fund	
135,749	--	135,749	--	--	Property Taxes, Levied for Flood Control District	
105,157	--	105,157	--	--	Property Taxes, Levied for OC Parks	
66,286	--	66,286	--	--	Property Taxes, Levied for OC Public Libraries	
484,543	--	484,543	--	--	Property Taxes in-Lieu of Motor Vehicle License Fees	
134,123	--	134,123	--	--	Other Taxes	
4,675	--	4,675	--	--	Grants and Contributions Not Restricted to Specific Programs	
2,931	--	2,931	--	--	State Allocation of Motor Vehicle License Fees	
64,350	29,291	93,641	2,014	89,743	Unrestricted Investment Earnings	
90,488	1,453	91,941	181	--	Miscellaneous	
8,554	(8,554)	--	--	--	Transfers	
<u>1,495,650</u>	<u>22,190</u>	<u>1,517,840</u>	<u>2,195</u>	<u>89,743</u>	Total General Revenues and Transfers	
665,392	139,700	805,092	2,835	250,498	Change in Net Position	
3,448,475	1,598,452	5,046,927	63,930	1,419,510	Net Position-Beginning of Year, as Restated	
<u>\$ 4,113,867</u>	<u>\$ 1,738,152</u>	<u>\$ 5,852,019</u>	<u>\$ 66,765</u>	<u>\$ 1,670,008</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	\$ 1,141,884	\$ 487,552	\$ 220,697
Cash/Cash Equivalents	--	--	14,953
Imprest Cash Funds	1,847	--	--
Restricted Cash and Investments with Trustee	--	--	--
Investments	494,387	--	--
Deposits In-Lieu of Cash	9,170	--	--
Receivables			
Accounts	18,288	661	166
Taxes	7,305	2,119	--
Interest/Dividends	8,814	2,741	1,365
Deposits	412	575	--
Advances	330	--	--
Leases	9,408	24,520	--
Service Concession Arrangements	--	1,477	--
Allowance for Uncollectible Receivables	(672)	(143)	--
Due from Other Funds	158,689	1,841	1,561
Due from Component Unit	274	--	--
Due from Other Governmental Agencies, Net	450,698	96,357	4,517
Inventory of Materials and Supplies	1,326	532	295
Prepaid Costs	849	--	--
Notes Receivable, Net	--	--	--
Total Assets	<u>\$ 2,303,009</u>	<u>\$ 618,232</u>	<u>\$ 243,554</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 98,630	\$ 6,093	\$ 629
Retainage Payable	189	7,855	15
Salaries and Employee Benefits Payable	102,816	1,373	300
Interest Payable	--	--	--
Deposits from Others	23,335	7,392	22,366
Due to Other Funds	63,747	7,090	11,768
Due to Component Unit	1	--	--
Due to Other Governmental Agencies	32,152	21,653	10,485
Estimated Litigation and Claims	855	--	--
Unearned Revenue	59,693	4,829	30
Advances from Other Funds	--	--	--
Total Liabilities	<u>381,418</u>	<u>56,285</u>	<u>45,593</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Total Deferred Inflows of Resources	<u>209,078</u>	<u>113,531</u>	<u>2,240</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	2,175	532	295
Restricted	284,714	447,884	195,426
Assigned	653,241	--	--
Unassigned	772,383	--	--
Total Fund Balances	<u>1,712,513</u>	<u>448,416</u>	<u>195,721</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,303,009</u>	<u>\$ 618,232</u>	<u>\$ 243,554</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
\$ 143,121	\$ 1,304,039	\$ 3,297,293
--	--	14,953
--	45	1,892
--	62,716	62,716
--	--	494,387
--	2,369	11,539
--	3,057	22,172
--	29,144	38,568
1,067	5,717	19,704
--	278	1,265
--	--	330
--	42,077	76,005
--	142,328	143,805
--	(218)	(1,033)
--	76,506	238,597
--	--	274
12,088	65,625	629,285
--	--	2,153
--	--	849
--	68,708	68,708
<u>\$ 156,276</u>	<u>\$ 1,802,391</u>	<u>\$ 5,123,462</u>

**ASSETS**

Pooled Cash/Investments
Cash/Cash Equivalents
Imprest Cash Funds
Restricted Cash and Investments with Trustee
Investments
Deposits In-Lieu of Cash
Receivables
Accounts
Taxes
Interest/Dividends
Deposits
Advances
Leases
Service Concession Arrangements
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

\$ --	\$ 41,429	\$ 146,781
--	2,838	10,897
--	4,264	108,753
--	253	253
--	52,283	105,376
41,152	106,428	230,185
--	1	2
--	39,343	103,633
--	--	855
--	66,924	131,476
--	20,000	20,000
<u>41,152</u>	<u>333,763</u>	<u>858,211</u>

**LIABILITIES**

Accounts Payable
Retainage Payable
Salaries and Employee Benefits Payable
Interest Payable
Deposits from Others
Due to Other Funds
Due to Component Unit
Due to Other Governmental Agencies
Estimated Litigation and Claims
Unearned Revenue
Advances from Other Funds
Total Liabilities

<u>--</u>	<u>206,436</u>	<u>531,285</u>
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**DEFERRED INFLOWS OF RESOURCES**

Total Deferred Inflows of Resources

--	200	3,202
115,124	881,240	1,924,388
--	380,752	1,033,993
--	--	772,383
<u>115,124</u>	<u>1,262,192</u>	<u>3,733,966</u>

**FUND BALANCES**

Nonspendable
Restricted
Assigned
Unassigned
Total Fund Balances

Total Liabilities, Deferred Inflows of Resources,  
and Fund Balances

<u>\$ 156,276</u>	<u>\$ 1,802,391</u>	<u>\$ 5,123,462</u>
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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 between the two of \$379,901 is due to the long-term economic focus of the Statement of Net Position versus the short-term economic focus of the governmental funds. The components of the difference are described below.

Total Fund Balances-Governmental Funds \$ 3,733,966

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

Land	900,174	
Structures and Improvements	1,858,328	
Equipment	358,451	
Software	177,854	
Infrastructure	2,225,061	
Land Use Rights (Permanent)	16,682	
Intangible Right-to-Use Lease and Subscription Assets	556,380	
Land Improvements	45,878	
Construction in Progress	552,643	
Intangible in Progress	3,291	
Accumulated Depreciation/Amortization	<u>(2,161,147)</u>	4,533,595

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

Prepaid Pension Investment with OCERS 144,682

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. 132,642

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 Deferred Outflows related to Pension	1,248,974
Employer retirement contribution subsequent to measurement date for the Deferred Outflows related to OPEB	51,304

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

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Deferred Inflows of Resources:

Deferred Inflows of Resources that have been earned but not available to finance expenditures in the current period	323,288
Deferred Inflows of Resources Related to Pension	(114,938)
Deferred Inflows of Resources Related to OPEB	(42,662)
Deferred Inflows from Service Concession Arrangements	(31,989)

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	(147,767)	
Civic Center Facilities Master Plan Financing	(373,139)	
Teeter Plan Notes Payable	(82,308)	
Compensated Employee Absences Payable	(172,258)	
Financed Purchase Liability	(12,075)	
Intangible Assets Obligations Payable	(2,148)	
Lease Liability	(448,855)	
Subscription Liability	(26,661)	
Interest Payable on Bonds	(875)	
County's proportionate share of Net Pension Liability	(4,335,885)	
County's proportionate share of Net OPEB Liability	(263,024)	(5,864,995)

Net Position of Governmental Activities

\$ 4,113,867



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	General Fund	Flood Control District	Other Public Protection
<b>Revenues</b>			
Taxes	\$ 936,727	\$ 153,253	\$ --
Licenses, Permits, and Franchises	28,358	1,486	11
Fines, Forfeitures, and Penalties	43,991	16	3,166
Use of Money and Property	41,298	17,101	7,628
Intergovernmental	2,623,835	15,504	34,674
Charges for Services	548,513	18,091	10,376
Other	33,953	3,700	4,856
Total Revenues	<u>4,256,675</u>	<u>209,151</u>	<u>60,711</u>
<b>Expenditures</b>			
<b>Current</b>			
General Government	321,782	--	--
Public Protection	1,526,204	129,639	26,792
Public Ways and Facilities	46,490	--	--
Health and Sanitation	878,092	--	--
Public Assistance	1,099,470	--	--
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	134,133	75,888	2,865
<b>Debt Service</b>			
Principal Retirement	51,391	462	314
Interest	16,793	--	68
Total Expenditures	<u>4,074,355</u>	<u>205,989</u>	<u>30,039</u>
Excess (Deficit) of Revenues Over Expenditures	182,320	3,162	30,672
<b>Other Financing Sources (Uses)</b>			
Transfers In	472,846	215	3,755
Transfers Out	(166,178)	(4,869)	(41,744)
Debt Issued	--	--	--
Premium on Debt Issued	--	--	--
Leases Issued	72,830	19	--
Subscriptions Issued	23,490	--	132
Total Other Financing Sources (Uses)	<u>402,988</u>	<u>(4,635)</u>	<u>(37,857)</u>
Net Change in Fund Balances	585,308	(1,473)	(7,185)
Fund Balances-Beginning of Year	1,127,205	449,889	202,906
Fund Balances-End of Year	<u>\$ 1,712,513</u>	<u>\$ 448,416</u>	<u>\$ 195,721</u>

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

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

Mental Health Services Act	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 189,789	\$ 1,279,769
--	958	30,813
--	12,215	59,388
8,206	78,419	152,652
160,340	570,918	3,405,271
--	41,913	618,893
5,759	37,314	85,582
<u>174,305</u>	<u>931,526</u>	<u>5,632,368</u>
--	94,763	416,545
--	70	1,682,705
--	92,556	139,046
104	371	878,567
--	263,232	1,362,702
--	58,206	58,206
--	148,586	148,586
--	270,615	483,501
--	90,188	142,355
--	25,281	42,142
<u>104</u>	<u>1,043,868</u>	<u>5,354,355</u>
174,201	(112,342)	278,013
--	331,421	808,237
(295,490)	(294,347)	(802,628)
--	165,683	165,683
--	12,350	12,350
--	367	73,216
--	542	24,164
<u>(295,490)</u>	<u>216,016</u>	<u>281,022</u>
(121,289)	103,674	559,035
236,413	1,158,518	3,174,931
<u>\$ 115,124</u>	<u>\$ 1,262,192</u>	<u>\$ 3,733,966</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  
Premium on Debt Issued  
Leases Issued  
Subscriptions Issued

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances-Beginning of Year

Fund Balances-End of Year

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The Net Change in Fund Balances for governmental funds of \$559,035 in the Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Position for governmental activities of \$665,392 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	\$	559,035
--	----	---------

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	87,937	
Construction in Progress	333,615	
Equipment	27,662	
Software	31,024	
Net of Gains/(Losses) on Capital Assets Dispositions	(13,976)	
Depreciation/Amortization Expense	(187,826)	
Capital Contributions	4,656	283,092

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	(82,308)	
Leases Issued	(73,216)	
Subscription Proceeds	(24,164)	
Issuance of Long-Term Bonds	(95,725)	
Principal and Other Long-Term Liability Payments:		
Bonds Payable	8,990	
Teeter Plan Notes Payable	79,978	
Leases	21,773	
Subscriptions	25,011	
Financed Purchases	6,048	(133,613)

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	(84,067)	
	<u>622</u>	(83,445)

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	(319)	
Amortization of Bond Premiums	1,623	
Change in Compensated Employee Absences Payable	2,623	
Pension Costs and Investment Gain of the County's Investment Account with OCERS	8,938	
Estimated Litigation and Claims Expense	<u>21,392</u>	34,257

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	(28,666)	
Consolidation of Nonoperating Revenues, Expenses and Transfers to Governmental Activities	<u>27,811</u>	(855)

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	(11,730)	
OPEB Employer Contribution	<u>41,964</u>	30,234

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	(562,827)	
Pension Employer Contribution	<u>539,514</u>	<u>(23,313)</u>

Change in Net Position of Governmental Activities		<u><u>\$ 665,392</u></u>
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County of Orange  
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(Dollar Amounts in Thousands)

**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	\$ 905,374	\$ 905,374	\$ 937,420	\$ 32,046
Licenses, Permits, and Franchises	28,382	28,682	27,902	(780)
Fines, Forfeitures, and Penalties	34,877	34,877	44,381	9,504
Use of Money and Property	8,501	22,386	49,256	26,870
Intergovernmental	2,719,977	2,980,372	2,584,373	(395,999)
Charges for Services	596,756	599,985	578,572	(21,413)
Other	26,174	40,731	46,153	5,422
Transfers In	479,194	579,148	462,774	(116,374)
Total Revenues and Other Financing Sources	<u>4,799,235</u>	<u>5,191,555</u>	<u>4,730,831</u>	<u>(460,724)</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
American Rescue Plan Act	494,947	505,653	70,091	435,562
Assessor	46,568	46,568	43,675	2,893
Auditor-Controller	21,602	21,602	19,508	2,094
Board of Supervisors-1st District	1,593	1,593	1,489	104
Board of Supervisors-2nd District	1,926	1,926	1,613	313
Board of Supervisors-3rd District	1,708	1,708	1,676	32
Board of Supervisors-4th District	1,624	1,624	1,567	57
Board of Supervisors-5th District	1,640	1,640	1,591	49
Capital Acquisition Financing	1,702	1,702	1,659	43
Capital Projects	13,609	13,609	12,236	1,373
CAPS Program	14,104	14,104	12,438	1,666
CEO Real Estate	10,349	11,449	9,748	1,701
Clerk of the Board	9,860	9,860	9,449	411
County Counsel	13,158	14,356	14,124	232
County Executive Office	63,366	84,318	67,969	16,349
Data Systems Development Project	4,000	4,370	4,370	--
Employee Benefits	2,472	2,988	2,488	500
FEMA Reimbursements	--	5,351	5,351	--
Human Resources	8,517	8,931	7,977	954
IBM Mainframe	2,396	2,396	1,511	885
Internal Audit	3,342	3,342	2,941	401
Miscellaneous	54,577	322,302	315,088	7,214
OC Campaign Finance and Ethics Commission	470	503	500	3
OCIT Shared Services	4,381	5,232	5,207	25
Office of Independent Review	1,145	1,145	926	219
Performance Audit	46	46	14	32
Prepaid Pension Obligation	11	81	10	71
Property Tax System Centralized O & M Support	5,639	6,116	5,396	720
Registrar of Voters	21,252	30,349	29,573	776
Treasurer-Tax Collector	17,741	17,741	16,229	1,512
Utilities	33,838	39,217	31,953	7,264
Public Protection:				
Alternate Defense	6,488	6,488	5,204	1,284
Building & Safety	15,765	16,540	14,060	2,480
Child Support Services	55,604	55,604	51,317	4,287
Clerk-Recorder	20,300	21,250	17,985	3,265
District Attorney	190,251	190,798	182,453	8,345
District Attorney-Public Administrator	4,259	4,259	3,888	371
Grand Jury	603	611	596	15
HCA Public Guardian	5,513	7,745	7,745	--
Juvenile Justice Commission	218	218	157	61
OC Animal Care	24,649	25,108	23,297	1,811
Pretrial Services	2,286	2,383	2,249	134
Probation	210,646	224,812	219,598	5,214
Public Defender	108,146	178,673	173,824	4,849
Sheriff-Coroner	986,656	994,030	953,034	40,996
Trial Courts	66,444	125,614	125,247	367
Public Ways and Facilities:				
OC Public Works	80,385	80,425	58,449	21,976
Health and Sanitation:				
Health Care Agency	1,020,243	1,092,743	994,520	98,223
OC Watersheds	20,479	20,598	14,136	6,462
Public Assistance:				
OC Community Resources	75,141	85,141	68,639	16,502
Social Services Agency	1,108,671	1,116,053	1,077,120	38,933
Total Expenditures and Other Financing Uses	<u>4,860,330</u>	<u>5,430,915</u>	<u>4,691,885</u>	<u>739,030</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(61,095)	(239,360)	38,946	\$ <u>278,306</u>
Fund Balances-Beginning of Year	1,171,779	1,171,779	1,171,779	
Fund Balances-End of Year	<u>\$ 1,110,684</u>	<u>\$ 932,419</u>	<u>\$ 1,210,725</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	\$ 139,813	\$ 139,813	\$ 153,515	\$ 13,702
Licenses, Permits, and Franchises	--	--	296	296
Fines, Forfeitures, and Penalties	18	18	16	(2)
Use of Money and Property	4,381	4,381	14,541	10,160
Intergovernmental	48,028	48,028	17,270	(30,758)
Charges for Services	13,598	13,598	19,197	5,599
Other	168	168	3,787	3,619
Transfers In	80,766	80,766	40,766	(40,000)
Total Revenues and Other Financing Sources	286,772	286,772	249,388	(37,384)
<b>Expenditures and Other Financing Uses</b>				
Public Protection:				
OC Flood	255,401	255,461	143,811	111,650
OC Flood-Capital Improvement Projects	94,201	94,201	43,749	50,452
OC Flood-Santa Ana River	123,566	123,566	64,692	58,874
Total Expenditures and Other Financing Uses	473,168	473,228	252,252	220,976
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(186,396)	(186,456)	(2,864)	\$ 183,592
Fund Balances-Beginning of Year	455,915	455,915	455,915	
Fund Balances-End of Year	\$ 269,519	\$ 269,459	\$ 453,051	

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	\$ 11	\$ 11	\$ 11	\$ --
Fines, Forfeitures, and Penalties	3,417	3,417	1,941	(1,476)
Use of Money and Property	2,633	2,633	6,855	4,222
Intergovernmental	23,886	27,173	35,428	8,255
Charges for Services	14,935	14,935	10,376	(4,559)
Other	5,016	5,016	4,866	(150)
Transfers In	4,087	6,298	5,589	(709)
Total Revenues and Other Financing Sources	<u>53,985</u>	<u>59,483</u>	<u>65,066</u>	<u>5,583</u>
<b>Expenditures and Other Financing Uses</b>				
Public Protection:				
Building and Safety-Operating Reserve	1,158	1,591	4	1,587
California Automated Fingerprint Identification Operational Costs	1,743	1,743	1,287	456
California Automated Fingerprint Identification Systems Costs	42,594	42,596	2,050	40,546
Child Support Program Development	4,662	4,662	1,957	2,705
Clerk Recorder Operating Reserve	1,005	1,740	1,740	--
Clerk Recorder Special Revenue	8,618	9,568	7,323	2,245
County Automated Fingerprint Identification	2,409	2,409	1,895	514
Delta Special Revenue	23	23	7	16
District Attorney's Supplemental Law Enforcement Services	2,161	2,161	2,157	4
Excess Public Safety Sales Tax	5,980	18,780	15,084	3,696
Inmate Welfare	13,577	13,577	2,999	10,578
Jail Commissary	8,330	8,330	6,361	1,969
Motor Vehicle Theft Task Force	5,778	5,793	3,664	2,129
Narcotic Forfeiture and Seizure	485	685	276	409
Orange County Jail	244	244	--	244
Proposition 64-Consumer Protection	2,127	2,127	1,918	209
Proposition 69-DNA Identification	1,347	2,195	673	1,522
Real Estate Prosecution	2,683	2,224	746	1,478
Regional Narcotic Suppression Program-Other	4,312	2,841	1,248	1,593
Sheriff Court OPS-Special Collections	2,104	2,104	1,222	882
Sheriff Narcotics Program-CALMMET-Treasury	1,696	1,770	1,633	137
Sheriff Narcotics Program-Dept of Justice	11,382	11,873	2,970	8,903
Sheriff Narcotics Program-Other	3,210	3,640	3,411	229
Sheriff-Coroner Replacement and Maintenance	23,806	23,806	1,043	22,763
Sheriff's State Criminal Alien Assistance Program	2,693	2,693	2,012	681
Sheriff's Substations Fee Program	136	136	57	79
Sheriff's Supplemental Law Enforcement Services	2,583	2,583	1,001	1,582
Traffic Violator	890	890	234	656
Ward Welfare	186	186	186	--
800 MHz Countywide Coordinated Communications System	12,742	15,447	8,287	7,160
Total Expenditures and Other Financing Uses	<u>170,664</u>	<u>188,417</u>	<u>73,445</u>	<u>114,972</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(116,679)	(128,934)	(8,379)	\$ <u>120,555</u>
Fund Balances-Beginning of Year	191,534	191,534	191,534	
Fund Balances-End of Year	<u>\$ 74,855</u>	<u>\$ 62,600</u>	<u>\$ 183,155</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	\$ 1,251	\$ 1,251	\$ 5,917	\$ 4,666
Intergovernmental	267,643	267,643	166,092	(101,551)
Other	--	--	7	7
Total Revenues and Other Financing Sources	268,894	268,894	172,016	(96,878)
<b>Expenditures and Other Financing Uses</b>				
Health & Sanitation:				
Mental Health Services Act	282,247	323,642	295,594	28,048
Total Expenditures and Other Financing Uses	282,247	323,642	295,594	28,048
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(13,353)	(54,748)	(123,578)	\$ (68,830)
Fund Balances-Beginning of Year	240,269	240,269	240,269	
Fund Balances-End of Year	\$ 226,916	\$ 185,521	\$ 116,691	



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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	\$ 341,422	\$ 627,092	\$ 690	\$ 969,204	\$ 348,239
Cash/Cash Equivalents	120	--	--	120	2,196
Imprest Cash Funds	14	35	--	49	8
Restricted Pooled Cash and Investments	28,451	1,206	--	29,657	--
Deposits In-Lieu of Cash	6,668	34,368	--	41,036	--
Receivables:					
Accounts	6,466	15,985	109	22,560	624
Passenger Facility Charges	3,399	--	--	3,399	--
Interest/Dividends	1,945	4,029	3	5,977	1,775
Pollution Remediation Obligation Recoveries	256	--	--	256	--
Leases	14,283	2,150	--	16,433	17
Allowance for Uncollectible Receivables	--	(1)	--	(1)	(107)
Due from Other Funds	14	51	--	65	3,451
Due from Other Governmental Agencies	8,134	2,255	--	10,389	288
Inventory of Materials and Supplies	--	--	--	--	199
Prepaid Costs	1,520	55	--	1,575	--
Total Current Assets	<u>412,692</u>	<u>687,225</u>	<u>802</u>	<u>1,100,719</u>	<u>356,690</u>
Noncurrent Assets					
Restricted Pooled Cash and Investments	--	14,813	--	14,813	--
Restricted Pooled Cash and Investments-Closure and Postclosure Care Costs	--	103,840	--	103,840	--
Advances to Other Funds	--	20,000	--	20,000	--
Leases Receivable	82,343	5,077	--	87,420	6
Capital Assets:					
Not Depreciable/Amortizable	51,382	81,783	--	133,165	3,058
Depreciable/Amortizable, Net	522,807	284,900	--	807,707	80,864
Total Capital Assets	<u>574,189</u>	<u>366,683</u>	<u>--</u>	<u>940,872</u>	<u>83,922</u>
Total Noncurrent Assets	<u>656,532</u>	<u>510,413</u>	<u>--</u>	<u>1,166,945</u>	<u>83,928</u>
Total Assets	<u>1,069,224</u>	<u>1,197,638</u>	<u>802</u>	<u>2,267,664</u>	<u>440,618</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>11,410</u>	<u>15,218</u>	<u>--</u>	<u>26,628</u>	<u>14,980</u>

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	\$ 11,225	\$ 21,216	\$ --	\$ 32,441	\$ 12,067
Retainage Payable	120	2,254	--	2,374	80
Salaries and Employee Benefits Payable	731	1,463	--	2,194	1,139
Unearned Revenue	12,062	64	--	12,126	--
Due to Other Funds	2,389	8,809	--	11,198	730
Due to Other Governmental Agencies	88	10,948	--	11,036	607
Insurance Claims Payable	--	--	--	--	70,699
Compensated Employee Absences Payable	827	1,646	--	2,473	1,427
Pollution Remediation Obligation	--	612	--	612	--
Intangible Assets Obligations Payable	89	--	--	89	--
Landfill Site Closure/Postclosure Liability	--	3,391	--	3,391	--
Financed Purchase Liability	331	--	--	331	3,833
Lease Liability	16	11	--	27	115
Subscription Liability	6	289	--	295	2,322
Deposits from Others	7,856	35,804	--	43,660	--
<b>Total Current Liabilities</b>	<b>35,740</b>	<b>86,507</b>	<b>--</b>	<b>122,247</b>	<b>93,019</b>
<b>Noncurrent Liabilities</b>					
Insurance Claims Payable	--	--	--	--	191,995
Compensated Employee Absences Payable	312	726	--	1,038	895
Pollution Remediation Obligation	994	7,543	--	8,537	--
Intangible Assets Obligations Payable	89	--	--	89	--
Landfill Site Closure/Postclosure Liability	--	200,414	--	200,414	--
Financed Purchase Liability	--	--	--	--	5,046
Lease Liability	--	--	--	--	12
Subscription Liability	7	218	--	225	3,810
Net Pension Liability	42,203	52,582	--	94,785	40,452
Net OPEB Liability	2,212	2,867	--	5,079	3,314
<b>Total Noncurrent Liabilities</b>	<b>45,817</b>	<b>264,350</b>	<b>--</b>	<b>310,167</b>	<b>245,524</b>
<b>Total Liabilities</b>	<b>81,557</b>	<b>350,857</b>	<b>--</b>	<b>432,414</b>	<b>338,543</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	95,818	9,359	--	105,177	2,962
<b>NET POSITION</b>					
Net Investment in Capital Assets	570,576	357,129	--	927,705	68,055
Restricted for:					
Passenger Facility Charges Approved Capital Projects	30,663	--	--	30,663	--
Landfill Closure/Postclosure	--	18,401	--	18,401	--
Landfill Corrective Action	--	13,671	--	13,671	--
Wetland	--	879	--	879	--
Unrestricted	302,020	462,560	802	765,382	46,038
<b>Total Net Position</b>	<b>\$ 903,259</b>	<b>\$ 852,640</b>	<b>\$ 802</b>	<b>1,756,701</b>	<b>\$ 114,093</b>
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				(2,702)	
Cumulative Effect of Prior Years' Internal Service Funds Allocation				(15,847)	
<b>Net Position of Business-Type Activities</b>				<b>\$ 1,738,152</b>	

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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	\$ 132,067	\$ 4,585	\$ 307	\$ 136,959	\$ 1,237
Licenses, Permits, and Franchises	--	318	--	318	--
Charges for Services	30,016	196,263	--	226,279	121,044
Insurance Premiums	--	--	--	--	354,096
Total Operating Revenues	<u>162,083</u>	<u>201,166</u>	<u>307</u>	<u>363,556</u>	<u>476,377</u>
Operating Expenses					
Salaries and Employee Benefits	18,042	34,211	--	52,253	28,931
Services and Supplies	45,661	43,650	--	89,311	43,941
Professional Services	52,730	21,965	3	74,698	70,361
Insurance Claims and Premiums	--	--	--	--	344,256
Pollution Remediation Expense	--	476	--	476	--
Other Charges	--	--	--	--	687
Taxes and Other Fees	192	21,610	--	21,802	10
Landfill Site Closure/Postclosure Costs	--	17,820	--	17,820	--
Depreciation/Amortization	34,220	22,452	--	56,672	19,559
Total Operating Expenses	<u>150,845</u>	<u>162,184</u>	<u>3</u>	<u>313,032</u>	<u>507,745</u>
Operating Income (Loss)	<u>11,238</u>	<u>38,982</u>	<u>304</u>	<u>50,524</u>	<u>(31,368)</u>
Nonoperating Revenues (Expenses)					
Fines, Forfeitures, and Penalties	410	13	--	423	--
Intergovernmental Revenues	48,359	3,746	--	52,105	3,457
Interest and Investment Income	12,260	28,334	21	40,615	13,155
Net Decrease in the Fair Value of Investments	(3,736)	(7,581)	(7)	(11,324)	(3,428)
Interest Expense	(487)	(4)	--	(491)	(4)
Gain (Loss) on Disposition of Capital Assets	(2,096)	486	--	(1,610)	229
Loss on Debt Defeasance	(1,189)	--	--	(1,189)	--
Passenger Facility Charges Revenue	22,876	--	--	22,876	--
Other Taxes	--	--	--	--	9
Other Revenue (Expense)	(2,581)	1,383	--	(1,198)	11,349
Total Nonoperating Revenues	<u>73,816</u>	<u>26,377</u>	<u>14</u>	<u>100,207</u>	<u>24,767</u>
Income (Loss) Before Contributions and Transfers	<u>85,054</u>	<u>65,359</u>	<u>318</u>	<u>150,731</u>	<u>(6,601)</u>
Capital Grant Contributions	225	--	--	225	--
Capital Contributions	--	--	--	--	99
Transfers In	19	66	--	85	6,827
Transfers Out	(31)	(8,608)	--	(8,639)	(3,882)
Change in Net Position	<u>85,267</u>	<u>56,817</u>	<u>318</u>	<u>142,402</u>	<u>(3,557)</u>
Net Position-Beginning of Year, as Restated	<u>817,992</u>	<u>795,823</u>	<u>484</u>		<u>117,650</u>
Net Position-End of Year	<u>\$ 903,259</u>	<u>\$ 852,640</u>	<u>\$ 802</u>		<u>\$ 114,093</u>
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				<u>(2,702)</u>	
Change in Net Position of Business-Type Activities				<u>\$ 139,700</u>	

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



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	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	\$ 144,247	\$ 195,976	\$ 244	\$ 340,467	\$ 38,720
Cash Received for Premiums within the County's Entity	--	--	--	--	354,096
Payments to Suppliers for Goods and Services	(96,112)	(62,884)	(3)	(158,999)	(444,220)
Payments to Employees for Services	(12,688)	(33,966)	--	(46,654)	(25,730)
Receipts from Interfund Services	--	384	--	384	80,717
Payments for Interfund Services Provided	(348)	--	--	(348)	(1,035)
Payments for Landfill Site Closure/Postclosure Care Costs	--	(3,391)	--	(3,391)	--
Payment for Taxes and Other Fees	(192)	(21,610)	--	(21,802)	(10)
Other Operating Receipts	486	8,016	--	8,502	11,353
Other Operating Payments	(277)	(4,947)	--	(5,224)	(702)
Net Cash Provided by Operating Activities	<u>35,116</u>	<u>77,578</u>	<u>241</u>	<u>112,935</u>	<u>13,189</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	19	66	--	85	6,827
Transfers Out	(31)	(8,608)	--	(8,639)	(3,882)
Intergovernmental Revenues	52,088	3,746	--	55,834	3,457
Other Taxes	--	--	--	--	9
Payments Received on Advances made to other Funds	--	20,000	--	20,000	--
Net Cash Provided by Noncapital Financing Activities	<u>52,076</u>	<u>15,204</u>	<u>--</u>	<u>67,280</u>	<u>6,411</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of Capital Assets	(14,891)	(53,615)	--	(68,506)	(15,327)
Cash Contributed to an Irrevocable Escrow Fund to Defeas Debt	(58,478)	--	--	(58,478)	--
Principal Paid on Bonds	(6,750)	--	--	(6,750)	--
Interest Paid on Long-Term Debt	(2,832)	--	--	(2,832)	--
Capital Grant Contributions	2,468	--	--	2,468	--
Passenger Facility Charges Received	21,499	--	--	21,499	--
Principal Paid on Financed Purchase Liability	(332)	--	--	(332)	(4,363)
Principal Paid on Leases	(18)	(17)	--	(35)	(152)
Interest Paid on Leases	(1)	(1)	--	(2)	(4)
Principal Paid on Subscriptions	(7)	(304)	--	(311)	(5,287)
Interest Paid on Subscriptions	--	(3)	--	(3)	--
Receipts for Leases Receivables	15,044	215	--	15,259	17
Interest Received on Leases Receivables	3,125	166	--	3,291	1
Proceeds from Sale of Capital Assets	28	625	--	653	448
Net Cash Used for Capital and Related Financing Activities	<u>(41,145)</u>	<u>(52,934)</u>	<u>--</u>	<u>(94,079)</u>	<u>(24,667)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on Investments	10,541	24,934	19	35,494	11,672
Net Change in the Fair Value of Investments	(3,736)	(7,581)	(7)	(11,324)	(3,428)
Sale of Investments	17,091	--	--	17,091	--
Net Cash Provided by Investing Activities	<u>23,896</u>	<u>17,353</u>	<u>12</u>	<u>41,261</u>	<u>8,244</u>
Net Increase in Cash and Cash Equivalents	69,943	57,201	253	127,397	3,177
Cash and Cash Equivalents-Beginning of Year	300,064	689,785	437	990,286	347,266
Cash and Cash Equivalents-End of Year	<u>\$ 370,007</u>	<u>\$ 746,986</u>	<u>\$ 690</u>	<u>\$ 1,117,683</u>	<u>\$ 350,443</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)	\$ 11,238	\$ 38,982	\$ 304	\$ 50,524	\$ (31,368)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation/Amortization	34,220	22,452	--	56,672	19,559
Recognition of Lease Income	(18,168)	(381)	--	(18,549)	(18)
Fines, Forfeitures and Penalties	410	13	--	423	--
Other Revenue (Expense)	70	1,383	--	1,453	11,349
(Increases) Decreases In:					
Deposits In-Lieu of Cash	(216)	(8,045)	--	(8,261)	--
Receivables, Net	14,041	(6,389)	(63)	7,589	179
Due from Other Funds	(120)	117	--	(3)	(500)
Due from Other Governmental Agencies	(277)	(474)	--	(751)	53
Prepaid Costs	2,285	3,479	--	5,764	3,154
Deferred Outflows of Resources Related to Pension	(2,956)	(4,086)	--	(7,042)	(4,202)
Deferred Outflows of Resources Related to OPEB	(187)	(217)	--	(404)	(281)
Increases (Decreases) In:					
Accounts Payable	2,665	2,120	--	4,785	(2,169)
Retainage Payable	(33)	--	--	(33)	78
Salaries and Employee Benefits Payable	(139)	254	--	115	89
Unearned Revenue	1,047	--	--	1,047	(3,626)
Due to Other Funds	(228)	267	--	39	604
Due to Other Governmental Agencies	(235)	611	--	376	--
Insurance Claims Payable	--	--	--	--	12,671
Compensated Employee Absences Payable	(447)	(9)	--	(456)	(194)
Pollution Remediation Obligation	--	(4,471)	--	(4,471)	--
Deposits from Others	746	8,313	--	9,059	--
Net Pension Liability	20,610	24,700	--	45,310	27,751
Net OPEB Liability	326	392	--	718	498
Landfill Site Closure/ Postclosure Liability	--	14,429	--	14,429	--
Deferred Inflows of Resources Related to Pension	(14,088)	(17,156)	--	(31,244)	(19,838)
Deferred Inflows of Resources Related to OPEB	(404)	(492)	--	(896)	(622)
Deferred Inflows of Resources Related to Leases	(15,044)	1,786	--	(13,258)	22
Total Adjustments	23,878	38,596	(63)	62,411	44,557
Net Cash Provided by Operating Activities	<u>\$ 35,116</u>	<u>\$ 77,578</u>	<u>\$ 241</u>	<u>\$ 112,935</u>	<u>\$ 13,189</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position Accounts					
Pooled Cash/Investments	\$ 341,422	\$ 627,092	\$ 690	\$ 969,204	\$ 348,239
Cash/Cash Equivalents	120	--	--	120	2,196
Imprest Cash Funds	14	35	--	49	8
Restricted Pooled Cash/Investments	28,451	16,019	--	44,470	--
Restricted Pooled Cash/Investments-Closure and Postclosure Care Costs	--	103,840	--	103,840	--
Total Cash and Cash Equivalents	<u>\$ 370,007</u>	<u>\$ 746,986</u>	<u>\$ 690</u>	<u>\$ 1,117,683</u>	<u>\$ 350,443</u>
Schedule of Noncash Investing, Capital, and Financing Activities:					
- The Internal Service Funds' gain of \$229 on disposition of capital assets.					
- The Internal Service Funds' received \$99 of capital contributions.					
- The Internal Service Funds' acquisition of capital assets with accounts payable is \$652.					
- The Internal Service Funds' acquisition of capital assets with retainage payable is \$77.					
- The Internal Service Funds' financial purchase liability acquisitions is \$732.					
- Internal Service Funds' lease liability for acquisition of lease assets is \$158.					
- Internal Service Funds' subscription liability for acquisition of lease assets is \$7,737.					
- Airport's loss of \$2,096 on disposition of capital assets.					
- Airport's lease liability for acquisition of lease assets is \$34.					
- Airport's acquisition of capital assets with retainage payable is \$103.					
- Airport's acquisition of capital assets with accounts payable is \$2,972.					
- Airport's accrued capital grant contribution receivable is \$221.					
- Airport's amortization of bond premium is \$6,180.					
- Airport's amortization of deferred charge on refunding is \$1,306.					
- Airport's loss of \$1,189 on debt defeasance.					
- OC Waste & Recycling's gain of \$486 on disposition of capital assets.					
- OC Waste & Recycling's acquisition of capital assets with retainage payable is \$2,172.					
- OC Waste & Recycling's acquisition of capital assets with accounts payable is \$6,864.					
- OC Waste & Recycling's lease liability for acquisition of lease assets is \$27.					
- OC Waste & Recycling's subscription liability for acquisition of lease assets is \$403.					

**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	\$ 73,609	\$ 9,132,497	\$ 3,963	\$ 327,301
Cash/Cash Equivalents	--	--	411,606	665
Securities Lending Collateral	--	--	202,096	--
Restricted Cash and Investments				
Restricted Investments with Trustee				
Money Market Mutual Funds	2,355	--	--	43,804
Global Public Equity	--	--	8,817,154	11,459
Private Equity	--	--	3,301,871	--
Core Fixed Income	--	--	1,634,516	5,245
Credit	--	--	1,750,047	--
Real Assets	--	--	2,907,077	--
Risk Mitigation	--	--	1,757,155	--
Unique Strategies	--	--	74,365	--
Cash Equivalent	--	--	730	--
Exchange-Traded Funds	--	--	164,379	--
Mutual Funds	--	--	77,877	--
Mutual Bond Funds	--	--	6,831	--
Stable Value Fund	--	--	34,818	--
Total Restricted Cash and Investments	2,355	--	20,526,820	60,508
Receivables				
Accounts	--	--	--	301
Investments	--	--	15,320	--
Taxes	--	--	--	263,211
Securities Sales	--	--	141,477	--
Contributions	--	--	15,437	--
Interest/Dividends	606	74,956	19	76,000
Other Receivables	--	--	7,880	--
Allowance for Uncollectible Receivables	--	--	--	(48,447)
Due from Other Governmental Agencies	--	559	1,958	9,379
Notes Receivable	15,339	--	--	--
Capital Assets, Net	--	--	9,088	--
Total Assets	91,909	9,208,012	21,335,664	688,918
<b>LIABILITIES</b>				
Accounts Payable	--	--	264,378	9,477
Salaries and Employee Benefits Payable	--	--	127,098	--
Unearned Contributions	--	--	320,009	--
Investment Obligations	--	--	204,463	--
Bonds Payable	1,406	--	--	--
Interest Payable	22	--	--	--
Unapportioned Interest	--	--	--	42,997
Due to Other Governmental Agencies	480	28	--	21,085
Unapportioned Taxes	--	--	--	146,839
Total Liabilities	1,908	28	915,948	220,398
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	9	--	--	--
Total Deferred Inflows of Resources	9	--	--	--
<b>NET POSITION</b>				
Restricted for:				
OPEB Benefits	--	--	663,420	17,221
Pension Benefits	--	--	19,756,296	--
Pool Participants	--	9,207,984	--	--
Individuals, Organizations, and Other Governments	89,992	--	--	451,299
Total Net Position	\$ 89,992	\$ 9,207,984	\$ 20,419,716	\$ 468,520

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, 2023**

	Private- Purpose Trust Funds	Investment Trust Funds	Pension and OPEB Trust Funds	Custodial Funds
<b>Additions:</b>				
Contributions to Pension and OPEB				
Employer	\$ --	\$ --	\$ 793,626	\$ 655
Employee	--	--	272,059	--
Contributions to Pooled Investments	--	13,158,590	--	1,037,711
Contributions to Private-Purpose Trust	38,140	--	--	--
Intergovernmental Revenues	10,027	--	--	--
Other Revenues	5,585	1,201	--	--
Taxes	--	--	--	11,380,854
Investment Earnings				
Interest and Investment Income	1,190	210,412	507,793	485,628
Net Decrease in the Fair Value of Investments	(428)	(4,931)	(2,431,176)	(6,673)
Securities Lending	--	--	4,406	--
Less: Investment Expense	(15)	(3,232)	(153,976)	(84)
Total Additions	<u>54,499</u>	<u>13,362,040</u>	<u>(1,007,268)</u>	<u>12,898,091</u>
<b>Deductions:</b>				
Benefits Paid to Participants	--	--	1,259,005	1,466
Distributions from Pooled Investments	--	11,487,512	--	1,030,385
Distributions from Private-Purpose Trust	40,812	--	--	--
Professional Services	621	--	23,591	6,991
Other Expenses	--	--	--	48,445
Tax Pass-Throughs	212	--	--	--
Apportioned Taxes	--	--	--	11,799,183
Interest Expense, Net	(50)	--	--	--
Total Deductions	<u>41,595</u>	<u>11,487,512</u>	<u>1,282,596</u>	<u>12,886,470</u>
Change in Net Position	12,904	1,874,528	(2,289,864)	11,621
Net Position-Beginning of Year	<u>77,088</u>	<u>7,333,456</u>	<u>22,709,580</u>	<u>456,899</u>
Net Position-End of Year	<u>\$ 89,992</u>	<u>\$ 9,207,984</u>	<u>\$ 20,419,716</u>	<u>\$ 468,520</u>











## 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," Statement No. 80, "Blending Requirements for Certain Component Units-An Amendment of GASB Statement No. 14," and Statement No. 84, "Fiduciary Activities," 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. The Board's powers include, but are not limited to, approving the District's budget, levying a tax or assessment upon real property in the District, approving contracts for the District, and appointing County officers to perform additional duties for the District. The District is reported in governmental fund types.

Orange County Housing Authority The governing body of the Authority is the County's governing body. Among its duties, it approves the Authority's budget and policies that govern the administration of 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 (districts) is the County's governing body. It approves the districts' budgets, and approves parcel fees, special assessments and special taxes. The 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. 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

First 5 Orange County First 5 Orange County (formerly Children and Families Commission of Orange County) 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. First 5 Orange County 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 First 5 Orange County, the appointed First 5 Orange County 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 First 5 Orange County, 1505 E. 17th Street, Suite 230, Santa Ana, CA 92705, or by accessing Orange County's website: [ocauditor.gov](http://ocauditor.gov).

## 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 Health) The Board established CalOptima Health in 1993. The governing board of CalOptima Health is comprised of nine voting members and includes two County Board members and 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 D-SNP), and Program of All-Inclusive Care for the Elderly (PACE). CalOptima Health 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 Health, the appointed CalOptima Health members serve at the will of the Board members who appoint them. CalOptima Health will continue until such time as the Board takes action to terminate CalOptima Health. A separate stand-alone annual financial report can be obtained by writing to CalOptima Health, 505 City Parkway West, Orange, CA 92868 or can be accessed via the website <http://wpsso.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 deferred outflows of resources, 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/amortization 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, First 5 Orange County and CalOptima Health, 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, 2023, the County's governmental activities reported restricted net position of \$1,940,918 and is restricted for pension benefits related to the OCERS Investment Account, capital projects, debt service, legally segregated funds restricted for grants and other purposes, and regional park endowment. Restricted Net Position for business-type activities amounted to \$63,614 and is restricted for the use of John Wayne Airport (Airport) and OC Waste & Recycling activities, including passenger facility charges (PFC), landfill closure/postclosure, landfill corrective action, and wetland. At June 30, 2023, the County reported \$30,663 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 424 individual trust and custodial funds for FY 2022-23. 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's 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 21, 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, leases and subscription-based information technology arrangements (SBITAs) 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. 84 establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. 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, 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.
- For the GAAP financial statements, the County recorded an expenditure and other financing source for the period the lease/subscription is initially recognized for the present value of the payments expected to be made during the lease/subscription 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>	\$ 4,730,831	\$ 249,388	\$ 65,066	\$ 172,016
Differences-budget to GAAP:				
Change in unrealized gain(loss) on investment	(1,759)	2,039	733	2,289
Adjustment to report redirected investment income as transfers	--	--	41	--
Adjustment of revenue accruals for 60 day recognition period	18,568	(802)	(764)	--
Adjustment to record Public-Purpose Trust Fund monies as revenue in benefitting fund	36	16	--	--
Adjustment to eliminate intrafund transfers	(16,083)	(40,551)	(1,835)	--
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	7,751	(1,230)	--	--
Revenues and Other Financing Sources for non-budgeted funds are excluded in the Budgetary Comparison Statements	--	--	1,225	--
Recognition of outstanding invoices for OC Animal Care Center	456	--	--	--
Reclassification of Other Revenues to an Expenditure for portion of pension obligation bonds funded by the County Investment Account with OCERS	(10,548)	--	--	--
Reclass ISF financed purchase rental to General Fund	133	--	--	--
Record Lessee/Lessor activities	72,966	525	--	--
Record Subscription Liabilities activities	23,490	--	132	--
<b>Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	<b>\$ 4,825,841</b>	<b>\$ 209,385</b>	<b>\$ 64,598</b>	<b>\$ 174,305</b>
<b>Actual Expenditures and Other Financing Uses from the Budgetary Comparison Statements</b>	<b>\$ 4,691,885</b>	<b>\$ 252,252</b>	<b>\$ 73,445</b>	<b>\$ 295,594</b>
Differences-budget to GAAP:				
Adjustment to report redirected investment income as transfers	--	--	41	--
Adjustment of expenditure accruals for timing differences	(529,170)	368	--	--
Adjustment to eliminate intrafund transfers	(16,083)	(40,551)	(1,835)	--
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	7,751	(1,230)	--	--
Reclassification of Other Revenues to an Expenditure for portion of pension obligation bonds funded by the County Investment Account with OCERS	(10,548)	--	--	--
Reclass ISF financed purchase rental to General Fund	133	--	--	--
Record Lessee/Lessor activities	73,075	19	--	--
Record Subscription Liabilities activities	23,490	--	132	--
<b>Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances</b>	<b>\$ 4,240,533</b>	<b>\$ 210,858</b>	<b>\$ 71,783</b>	<b>\$ 295,594</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 2022-23, 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:



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**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	\$ 1,326	\$ 532	\$ 295	\$ --	\$ --	\$ 2,153
Prepaid costs	849	--	--	--	--	849
Endowment	--	--	--	--	200	200
Total Nonspendable Fund Balance	<u>2,175</u>	<u>532</u>	<u>295</u>	<u>--</u>	<u>200</u>	<u>3,202</u>
<b>Restricted for:</b>						
Public Safety Realignment	284,714	--	--	--	--	284,714
Flood Control District	--	147,750	--	--	--	147,750
Flood Control District-Construction & Maintenance	--	111,004	--	--	--	111,004
Flood Control District-Project Management	--	64,087	--	--	--	64,087
OC Flood Santa Ana River Mainstem/Prado Dam Capital Project	--	125,043	--	--	--	125,043
Building & Safety Operating Reserve	--	--	5,066	--	--	5,066
Motor Vehicle Theft Task Force	--	--	3,112	--	--	3,112
Child Support Program Development	--	--	14,226	--	--	14,226
Clerk Recorder Special Revenue	--	--	12,911	--	--	12,911
Clerk Recorder Operating Reserve	--	--	13,749	--	--	13,749
Sheriff-Coroner Replacement & Maintenance	--	--	21,931	--	--	21,931
Sheriff-Coroner State Criminal Alien Assistance Program	--	--	2,776	--	--	2,776
Excess Public Safety Sales Tax	--	--	9,793	--	--	9,793
CAL-ID System Costs	--	--	60,479	--	--	60,479
Jail Commissary	--	--	4,206	--	--	4,206
Inmate Welfare	--	--	12,173	--	--	12,173
800 MHz Countywide Coordinated Communications System	--	--	2,151	--	--	2,151
Prop 64-Consumer Protection	--	--	5,395	--	--	5,395
Supplemental Law Enforcement Services	--	--	3,509	--	--	3,509
Regional Narcotics Suppression Program	--	--	15,894	--	--	15,894
Other Public Safety Programs	--	--	8,055	--	--	8,055
Mental Health Services Workforce Education & Training	--	--	--	36,484	--	36,484
Mental Health Services Prevention & Early Intervention	--	--	--	60,028	--	60,028
Mental Health Services General	--	--	--	18,612	--	18,612
OC Dana Point Harbor Projects	--	--	--	--	63,648	63,648
Community and Welfare Services	--	--	--	--	124,666	124,666
Low and Moderate Income Housing Program	--	--	--	--	29,528	29,528
Health Care Programs	--	--	--	--	21,093	21,093
Parking Facilities	--	--	--	--	3,856	3,856
Roads	--	--	--	--	155,920	155,920
OC Road-Capital Improvement	--	--	--	--	86,922	86,922
Major Thoroughfare & Bridge Fee Program	--	--	--	--	18,648	18,648
Public Libraries	--	--	--	--	114,974	114,974
OC Parks	--	--	--	--	86,625	86,625
OC Parks-Capital Projects	--	--	--	--	28,005	28,005
County Tidelands-Newport Bay	--	--	--	--	10,495	10,495
Service Areas, Lighting, Maintenance and Assessment Districts	--	--	--	--	31,518	31,518
Other Environmental Management	--	--	--	--	11,164	11,164
Tobacco Settlement Programs	--	--	--	--	23,272	23,272
Opioid Settlement Programs	--	--	--	--	674	674
Housing Programs	--	--	--	--	26,986	26,986
Technological & Capital Acquisitions/Improvements	--	--	--	--	1,870	1,870
Endowment	--	--	--	--	174	174
South OC Public Financing Authority	--	--	--	--	136	136
Teeter Plan Notes	--	--	--	--	26,462	26,462
Capital Facilities Development Corporation	--	--	--	--	23	23
Capital Projects:						
Criminal Justice Facilities Improvement	--	--	--	--	14,581	14,581
Total Restricted Fund Balance	<u>\$ 284,714</u>	<u>\$ 447,884</u>	<u>\$ 195,426</u>	<u>\$ 115,124</u>	<u>\$ 881,240</u>	<u>\$ 1,924,388</u>

**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	\$ 26,140	\$ --	\$ --	\$ --	\$ --	\$ 26,140
Imprest Cash	1,847	--	--	--	45	1,892
Public Safety	40,564	--	--	--	--	40,564
Public Works	3,002	--	--	--	--	3,002
Watershed Programs	3,829	--	--	--	--	3,829
Social Services Programs	5,020	--	--	--	--	5,020
Health Care Programs	622	--	--	--	13,588	14,211
OC CARES Initiative	214,448	--	--	--	--	214,448
Affordable Housing and Support Services	45,678	--	--	--	--	45,678
OC Care Coordination	6,074	--	--	--	--	6,074
Teeter Plan Notes	--	--	--	--	117,160	117,160
Capital Projects:						
Strategic Priorities Capital Projects	125,400	--	--	--	--	125,400
Financial/Procurement/HR Payroll System Upgrade	26,169	--	--	--	--	26,169
OC CARES-Capital and Deferred Maintenance Projects/ADA	22,323	--	--	--	--	22,323
Emergency Medical Services Operating Facility	78,865	--	--	--	--	78,865
Sheriff-Coroner Renovation & Upgrade Projects	24,465	--	--	--	--	24,465
Sheriff-Coroner Maintenance Repair	4,000	--	--	--	--	4,000
Various IT/CAPS+ Upgrade projects	5,711	--	--	--	--	5,711
Veterans Cemetery	19,084	--	--	--	--	19,084
Countywide Projects	--	--	--	--	214,386	214,386
Parking Facilities	--	--	--	--	4,363	4,363
Real Estate Development	--	--	--	--	8,198	8,198
Community and Welfare Services	--	--	--	--	23,012	23,012
Total Assigned Fund Balance	<u>653,241</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>380,752</u>	<u>1,033,993</u>
<b>Unassigned</b>	<u>772,383</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>772,383</u>
Total Unassigned Fund Balance	<u>772,383</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>772,383</u>
<b>Total Fund Balances</b>	<u>\$ 1,712,513</u>	<u>\$ 448,416</u>	<u>\$ 195,721</u>	<u>\$ 115,124</u>	<u>\$ 1,262,192</u>	<u>\$ 3,733,966</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 assigned fund balance includes funding approved by the Board as part of the April 25, 2023 Budget Update. These funds were transferred to other governmental funds in July 2023.

**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. 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, Educational Districts 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 may include money market mutual funds, investment agreements, repurchase agreements, and U.S. Government securities. All investments are measured at fair value. The trustees generally use 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 20, 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 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 19, Retirement Plans for additional information.

I. Capital Assets

Capital assets are defined as assets of a long-term character that are intended to be held or used in operations, such as land, land improvements, structures and improvements, equipment, intangible, intangible right-to-use lease and SBITAs assets, and infrastructure. Infrastructure assets are grouped by categories that include flood channels, roads, bridges, trails, traffic signals, watersheds, 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 assets are recorded at the present value of future lease/subscription payments over the contract/subscription term. In the case of SBITAs, capitalizable initial implementation costs are included as well. The County's capitalization thresholds shown in the following table are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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

I. Capital Assets (Continued)

<u>Asset Type</u>	<u>Capitalization Threshold</u>
Land	\$ 0
Land Improvements	\$150
Structures and Improvements	\$150
Equipment	\$ 5
Intangible:	
Software (Commercially Acquired)	\$ 5
All Other	\$150
Intangible Right-To-Use Asset:	
Lease Equipment	\$10
Lease IT Equipment	\$10
Lease Structure and Improvements	\$ 0
Lease Land	\$ 0
SBITAs	\$10
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 and SBITA assets are amortized over the shorter of lease/subscription term or the estimated useful life of the 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 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
SBITAs	2 to 5 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	2 to 153 years

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

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

I. Capital Assets (Continued)

An 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 or Proprietary Funds' Statement of Net Position. 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's non-cancellable leases with air carriers and concessionaires, OC Waste & Recycling landfill gas lease agreements, and other recreational boating, golf course, retail, restaurants, and commercial operations at County parks and facilities. Under these contracts, the County recognizes a leases receivable and a deferred inflows of resources at the commencement of the lease term in the fund financial statements. The leases receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflows of resources is measured at the value of the leases 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 leases 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 CEO Budget and Finance. 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.

K. Subscription-Based IT Arrangements (SBITA)

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" (GASB Statement No. 96) defines a SBITA as a contract that transfers the right to use another entity's subscription asset for a specific period of time in an exchange or exchange-like transaction. The County has entered into various SBITA agreements, primarily for Software as a Service (SaaS), Platform as a Service (PaaS), and Infrastructure as a Service (IaaS). Under these contracts, the County recognizes a SBITA liability and a SBITA asset (intangible right-to-use SBITA asset) at the commencement of the SBITA term in the government-wide financial statements or Proprietary Funds' Statement of Net Position. The SBITA liability is measured at the present value of payments expected to be made during the SBITA term (less any SBITA incentives). The SBITA asset is measured at the amount of the initial measurement of the SBITA liability, plus any payments made to the vendor at or before the commencement of the SBITA term and any capitalizable initial implementation costs.

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

**K. Subscription-Based IT Arrangements (SBITA) (Continued)**

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

The future SBITA payments are discounted using the interest rate implicit in the SBITA contract. If the interest rate is not available, the County uses its incremental borrowing rate determined by CEO Budget and Finance. The SBITA 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.

**L. Deferred Outflows/Inflows of Resources**

The County reports deferred outflows and inflows of resources in its governmental, proprietary, fiduciary, and government-wide financial statements. Deferred outflows of resources represent a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net assets by the government that is applicable to a future period. Refer to Note 21, Deferred Outflows and Inflows of Resources for a detailed listing of the deferred inflows and outflows of resources the County has recognized.

**M. Self-Insurance**

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

**N. 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

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

**N. Property Taxes (Continued)**

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, 2023 is allocated to and recorded in the corresponding funds for reporting purposes.

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

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

The following are significant dates on the property tax calendar:

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

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

O. 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.

P. Pensions

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

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

At June 30, 2023, the County's net pension liability from OCERS was measured as of December 31, 2022, 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, 2023; 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, 2023.

Q. 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, 2022.

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, 2023, the County's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

R. 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.



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

S. 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 2022-23 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.

T. Effects of New Pronouncements

The following lists recent GASB Pronouncements that have been implemented in FY 2022-23:

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, and all reporting periods thereafter. The County implemented this Statement without any impact to the County.

In March 2020, GASB issued Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.” (GASB Statement No. 94). 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 implemented this Statement in FY 2022-23. Refer to Note 7, Service Concession Arrangements and Note 2, Change in Accounting Principle for additional information.

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 Statement was implemented in FY 2022-23. The effect of the implementation of this standard on beginning net position is disclosed in Note 2, Change in Accounting Principle and the additional disclosures required by this standard are included in Note 14, Subscription-Based Information Technology Arrangements.

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

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 requirements related to the leases, PPPs, and SBITAs, are effective for reporting periods beginning after June 15, 2022. The County implemented this requirement in FY 2022-23 without any impact to the County. 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,

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

T. Effects of New Pronouncements (Continued)

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.

U. 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.

V. 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**

As discussed in the Summary of Significant Accounting Policies’ “Effects of New Pronouncements,” the County implemented GASB Statement No. 94 and GASB Statement No. 96 in the current financial statements, which resulted in the restatement of the following:

Restatement of Statement of Net Position:

	Governmental Activities	Business-Type Activities	CalOptima Health	Total
Net Position at June 30, 2022	\$ 3,448,475	\$ 1,598,452	\$ 1,419,467	\$ 5,046,927
Capital Assets under Service Concession Arrangements Subject to GASB Statement No. 94	25,419	--	--	25,419
Deferred Inflows of Resources under GASB Statement No.94	(25,419)	--	--	(25,419)
Right-to-Use SBITA Assets under GASB Statement No.96	31,210	428	347,722	379,360
SBITA Liabilities under GASB Statement No. 96	(31,210)	(428)	(347,679)	(379,317)
Net position at June 30, 2022, as restated	<u>\$ 3,448,475</u>	<u>\$ 1,598,452</u>	<u>\$ 1,419,510</u>	<u>\$ 5,046,970</u>

**2. CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

Restatement of Proprietary Funds Net Position:

	Airport	OC Waste & Recycling	Total	Governmental Activities-Internal Service Funds
Net Position Proprietary Funds at June 30, 2022	\$ 817,992	\$ 795,823	\$ 1,613,815	\$ 117,650
Right-to-Use SBITA Assets under GASB Statement No.96	20	408	428	3,682
SBITA Liabilities under GASB Statement No. 96	(20)	(408)	(428)	(3,682)
Net Position Proprietary Funds at June 30, 2022, as restated	<u>\$ 817,992</u>	<u>\$ 795,823</u>	<u>\$ 1,613,815</u>	<u>\$ 117,650</u>

Refer to Note 7, Service Concession Arrangements for more information on GASB Statement No. 94. Refer to Note 6, Changes in Capital Assets and Note 14, Subscription-Based Information Technology Arrangements, for additional information on GASB Statement No. 96.

**3. DEFICIT FUND EQUITY**

The Property and Casualty ISF reported a deficit net position balance of \$28,381. 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 elevated insurance premiums on the back of a hard commercial insurance market for the last several years, combined with higher than anticipated claim and settlement costs. 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 Workers' Compensation ISF reported a deficit net position balance of \$5,126. 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 \$8,715 from the previous fiscal year primarily due to stable charges to program participants combined with favorable 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.

The Retiree Medical Plan 115 Trust reported a deficit net position balance of \$61,242. The deficit increased by \$59,955 due to the timing of employer contributions to fund the transition of new and existing employees to the County Health Reimbursement Arrangement Plan (HRA) as part of the restructuring of the Retiree Medical Plan. Refer to Note 20, 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 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. 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. 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).

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 14, 2022, Standard & Poor's (S&P) reaffirmed its highest rating of AAAM Principal Stability Fund Rating (AAAM) on the OCMMF and the OCEMMF, which represents 2.7% of the total OCTP.

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

Pursuant to CGC Sections 27130-27137, the Board has established a Treasury Oversight Committee (TOC) that monitors and reviews the Treasurer's Investment Policy Statement (IPS) annually and also causes an audit of the County Treasury annually to assure compliance. 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.

Cash and investments in OCIF with the Treasurer totaled \$15,212,221 as of June 30, 2023, consisting of \$55,806 in pooled cash, \$14,597,791 in investment securities in OCTP and \$558,624 in the Specific Investments.

Total County cash and investments at fair value as of June 30, 2023, are reported as follows:

Cash:

Imprest Cash	\$	1,959
Pooled Cash for OCTP with Treasurer		55,806
Cash with Trustees		3,851
All other Cash and Timing Differences		(319,609)
Total Cash and Timing Differences		(257,993)

Investments:

Pooled Investments for OCTP with Treasurer		14,597,791
Specific Investments with Treasurer		558,624
Restricted Investments with Trustees		376,658
Total Investments		15,533,073

Component Units Cash and Investments: <sup>(1)</sup>

External-OCERS		20,873,107
External-CalOptima Health		3,025,164
Total Cash and Investments		\$ 39,173,351

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

Governmental Activities	\$	4,221,684
Business-Type Activities		1,117,683
Fiduciary Funds		30,741,420
Component Unit-First 5 Orange County		67,400
Component Unit-CalOptima Health		3,025,164
Total Cash and Investments		\$ 39,173,351

(1) The Cash and Investments are held by the Component Unit and are not with the County Treasurer.

**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 Department of Financial Protection and Innovation. 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

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

##### A. Cash Deposits (Continued)

of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. 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 insurance 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.

##### 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, 2023, the Treasurer was in full compliance with the CGC and the County's IPS for the OCIF. Investments by the Treasurer are stated at fair value and 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, 2023, the OCTP includes approximately 57.50% 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 State Investment Pool

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by 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)**

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.

Fair Value Measurements (Continued)

The following table presents a summary of the County's investments according to the assigned fair value hierarchy level as of June 30, 2023.

	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><u>OCIF-OCTP</u></b>				
U.S. Treasuries	\$ 2,634,663	\$ --	\$ 2,634,663	\$ --
U.S. Government Agencies:				
Federal Farm Credit Bank	1,587,032	--	1,587,032	--
Federal Home Loan Bank Bonds	7,956,020	--	7,956,020	--
Federal National Mortgage Association	332,761	--	332,761	--
Federal Home Loan Mortgage Corporation	303,519	--	303,519	--
Sub-total	<u>12,813,995</u>	<u>--</u>	<u>12,813,995</u>	<u>--</u>
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	1,712,170			
Local Agency Investment Fund	71,626			
<b>Total, OCIF-OCTP</b>	<b><u>\$ 14,597,791</u></b>			
<b><u>OCIF-Specific Investments</u></b>				
U.S. Treasuries	\$ 520,057	\$ --	\$ 520,057	\$ --
U.S. Government Agencies:				
Federal Farm Credit Bank	12,495	--	12,495	--
Federal Home Loan Bank Bonds	6,690	--	6,690	--
Federal National Mortgage Association	14,770	--	14,770	--
Federal Home Loan Mortgage Corporation	4,172	--	4,172	--
Sub-total	<u>558,184</u>	<u>--</u>	<u>558,184</u>	<u>--</u>
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	440			
<b>Total, OCIF-Specific Investments</b>	<b><u>\$ 558,624</u></b>			
<b><u>With Trustees</u></b>				
Exchange-Traded Funds	\$ 164,379	\$ 164,379	\$ --	\$ --
Mutual Funds	77,877	77,877	--	--
Bond Mutual Funds	6,831	6,831	--	--
Sub-total	<u>249,087</u>	<u>249,087</u>	<u>--</u>	<u>--</u>
Investments Not Subject to Fair Value Hierarchy:				
Cash Equivalent	\$ 730			
Money Market Mutual Funds	92,023			
Stable Value Funds	34,818			
<b>Total, With Trustees</b>	<b><u>\$ 376,658</u></b>			

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

B. Investments (Continued)

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, fixed income investments of longer maturities are more sensitive to changes in market interest rates. Declines in the fair value of investments are managed by limiting the length of the maturity of the securities and providing daily and ongoing liquidity in the portfolio. The Treasurer manages its exposure to interest rate risk by carefully matching incoming cash flows and maturing investments to meet expenditures and by maintaining a duration of 1.50 years or less. The duration of OCTP at June 30, 2023 is 0.59 year. The table below shows the maturities distribution of the OCTP as of June 30, 2023.

<b>Maturities</b>	<b>Principal</b>	<b>% of Portfolio</b>
1 day to 30 days	\$ 3,084,899	20.80%
31 days to 180 days	4,292,515	28.93%
181 days to 365 days	3,968,500	26.75%
1 year to 2 years	2,643,105	17.82%
2 years to 3 years	845,000	5.70%
<b>Total</b>	<b>\$ 14,834,019</b>	<b>100.00%</b>

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 table below under Credit Risk. The OCTP at June 30, 2023 has 49.73% of investments maturing in six months or less and 50.27% maturing between six months and three years. As of June 30, 2023, 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.

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

##### B. Investments (Continued)

##### Credit Risk (Continued)

The following table presents a summary of the County's investments by interest rate risk and credit risk at June 30, 2023.

<u>With Treasurer:</u>	Fair Value	Principal	IPS Maximum Maturity	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
<u>OCIF-OCTP</u>						
U.S. Treasuries	\$ 2,634,663	\$ 2,750,000	5 Year	0.177	NA	18.05%
U.S. Government Agencies:						
Federal Home Loan Bank Bonds	7,956,020	8,033,900	5 Year	0.320	AA	54.50%
Federal National Mortgage Association	332,761	344,605	5 Year	0.016	AA	2.28%
Federal Farm Credit Bank	1,587,032	1,610,615	5 Year	0.083	AA	10.87%
Federal Home Loan Mortgage Corporation	303,519	310,000	5 Year	0.008	AA	2.08%
Money Market Mutual Funds	1,712,170	1,712,170	N/A	0.000	AAA	11.73%
Local Agency Investment Fund	71,626	72,729	N/A	0.000	NR	0.49%
	<u>\$ 14,597,791</u>	<u>\$ 14,834,019</u>		<u>0.604 (2)</u>		<u>100.00%</u>

<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	\$ 520,057	\$ 546,400	2/15/2036	0.979	NA	93.10%
U.S. Government Agencies:						
Federal Home Loan Bank Bonds	6,690	6,750	11/16/2028	0.006	AA	1.20%
Federal National Mortgage Association	14,770	15,310	5/15/2029	0.061	AA	2.63%
Federal Farm Credit Bank	12,495	13,131	11/2/2035	0.144	AA	2.24%
Federal Home Loan Mortgage Corporation	4,172	3,500	7/15/2032	0.064	AA	0.75%
Money Market Mutual Funds	440	440	N/A	0.000	AAA	0.08%
	<u>\$ 558,624</u>	<u>\$ 585,531</u>		<u>1.254 (2)</u>		<u>100.00%</u>

<u>With Trustees:</u>	Fair Value	Principal	Maximum Maturity	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
<u>Restricted Investments with Trustees</u>						
Money Market Mutual Funds	\$ 92,023	\$ 92,023	N/A	0.002	AAA	24.44%
Bond Mutual Funds	6,831	6,831	N/A	0.000	Baa	1.81%
Cash Equivalent	730	730	N/A	0.000	NR	0.19%
Exchange-Traded Funds	164,379	164,379	N/A	0.003	NR	43.64%
Mutual Funds	77,877	77,877	N/A	0.002	NR	20.68%
Stable Value Funds	34,818	34,818	N/A	0.001	AA	9.24%
	<u>\$ 376,658</u>	<u>\$ 376,658</u>		<u>0.008 (2)</u>		<u>100.00%</u>

(1) The County obtains credit ratings from S&P, Moody's and Fitch. The rating indicative of the greatest of risk has 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.



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

B. Investments (Continued)

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, 2023, 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, 2023.

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>	<u>Portfolio %</u>
U.S. Government Agencies	Federal Home Loan Bank Bonds	\$ 7,956,020	54.50%
	Federal Farm Credit Bank	1,587,032	10.87%

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).

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, 2023:

**OCIF**

**Statement of Net Position**

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
Net Position Held for Pool Participants	\$ 6,297,063	\$ 8,719,142	\$ 15,016,205
Equity of Internal Pool Participants	\$ 5,866,685	\$ --	\$ 5,866,685
Equity of External Pool Participants	488,842	8,807,438	9,296,280
Undistributed and Unrealized Loss	(58,464)	(88,296)	(146,760)
Total Net Position	\$ 6,297,063	\$ 8,719,142	\$ 15,016,205

**Statement of Changes in Net Position**

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
Net Position at July 1, 2022	\$ 5,994,171	\$ 6,733,366	\$ 12,727,537
Net Changes in Investments by Pool Participants	302,892	1,985,776	2,288,668
Net Position at June 30, 2023	\$ 6,297,063	\$ 8,719,142	\$ 15,016,205

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

**B. Investments (Continued)**

Condensed Financial Statements (Continued)

**External Pool Portion**

**Combining Statement of Fiduciary Net Position**

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
<u>Assets</u>			
Pooled Cash/Investments	\$ 484,854	\$ 8,647,643	\$ 9,132,497
Receivables			
Interest/Dividends	4,016	70,940	74,956
Due from Other Governmental Agencies	--	559	559
Total Assets	<u>488,870</u>	<u>8,719,142</u>	<u>9,208,012</u>
<u>Liabilities</u>			
Due to Other Governmental Agencies	28	--	28
Total Liabilities	<u>28</u>	<u>--</u>	<u>28</u>
<u>Net Position</u>			
Restricted for Pool Participants	488,842	8,719,142	9,207,984
Total Net Position	<u>\$ 488,842</u>	<u>\$ 8,719,142</u>	<u>\$ 9,207,984</u>

**Combining Statement of Changes in Fiduciary Net Position**

	<u>OCIP</u>	<u>OCEIP</u>	<u>Total</u>
<u>Additions:</u>			
Contributions to Pooled Investments	\$ 754,971	\$ 12,403,619	\$ 13,158,590
Other Revenues	--	1,201	1,201
Interest and Investment Income	17,277	193,135	210,412
Net Decrease in the Fair Value of Investments	(4,931)	--	(4,931)
Less: Investment Expense	(141)	(3,091)	(3,232)
Total Additions	<u>767,176</u>	<u>12,594,864</u>	<u>13,362,040</u>
<u>Deductions:</u>			
Distributions from Pooled Investments	878,424	10,609,088	11,487,512
Total Deductions	<u>878,424</u>	<u>10,609,088</u>	<u>11,487,512</u>
Change in Net Position Held in Trust For External Investment Pool	(111,248)	1,985,776	1,874,528
Net Position-Beginning of Year	600,090	6,733,366	7,333,456
Net Position-End of Year	<u>\$ 488,842</u>	<u>\$ 8,719,142</u>	<u>\$ 9,207,984</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.

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

**D. OCERS Investments**

Narratives and tables presented for investments managed by OCERS are taken directly from OCERS' ACFR for the year ended December 31, 2022 (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.

The following table shows the Investment Allocation as of December 31, 2022:

<u>Investment Category</u>	<u>Target Ranges</u>	<u>Actual</u>
Global Public Equity	40-54%	44%
Core Fixed Income	6-16%	8%
Credit	4-10%	7%
Real Assets	8-16%	14%
Private Equity	9-17%	16%
Risk Mitigation	6-14%	9%
Unique Strategies	0-5%	0%
Cash	0-5%	2%
<u>Total</u>		<u>100%</u>

During 2022, no changes were made to the investment allocation.

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, 2022, 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 \$102,700. Deposits held by OCERS' custodial bank are not exposed to custodial credit risk as they are held in a qualified pool trust, separate from the custodial bank assets.

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

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

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

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

###### 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.

As of December 31, 2022, the S&P Global credit ratings of the OCERS' fixed income portfolio were as follows:

Investment Type	Rating as of December 31, 2022											Total		
	AAA	AA	A	BBB	BB	B	CCC	CC	D	N/R	N/A			
Pooled	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 448,419	\$ --	\$ 448,419
U.S. Treasury Notes	--	--	--	--	--	--	--	--	--	--	--	--	285,069	285,069
Corporate Bonds	528	7,499	37,811	178,108	76,168	40,563	10,994	70	--	--	17,234	--	--	368,975
Mortgage-Backed Securities	6,300	302,575	892	469	589	228	138	--	--	--	28,926	5,275	--	345,392
Asset-Backed Securities	12,666	9,419	2,086	3,448	2,122	1,410	1,787	--	982	--	27,984	--	--	61,904
Municipal Bonds	3,838	11,062	8,432	1,845	818	1,031	--	--	--	--	3,539	--	--	30,565
Agencies	--	--	--	--	--	--	--	--	--	--	1,625	--	--	1,625
International	--	1,861	21,691	95,713	34,466	19,449	696	--	--	--	30,915	--	--	204,791
Swaps	--	--	--	--	--	--	--	--	--	--	(1,187)	--	--	(1,187)
<b>Total</b>	<b>\$ 23,332</b>	<b>\$ 332,416</b>	<b>\$ 70,912</b>	<b>\$ 279,583</b>	<b>\$ 114,163</b>	<b>\$ 62,681</b>	<b>\$ 13,615</b>	<b>\$ 70</b>	<b>\$ 982</b>	<b>\$ 557,455</b>	<b>\$ 290,344</b>	<b>\$ 1,745,553</b>	<b>\$ 1,745,553</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 US Universal (82%), and the Bloomberg US Treasury TIPS (18%). As of December 31, 2022, the durations of these indices are 6.32 years and 2.35 years, respectively for a blended duration of 5.61 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.

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

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

##### Interest Rate Risk (Continued)

The interest rate risk schedule presents the duration of fixed income securities by investment category as of December 31, 2022:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Portfolio %</u>	<u>Duration (in Years)</u>
Pooled	\$ 448,419	26%	3.40
U.S. Treasury Notes	285,069	16%	8.51
Corporate Bonds	354,131	20%	5.35
Mortgage-Backed Securities	337,196	19%	4.82
Asset-Backed Securities	52,678	3%	2.76
Municipal Bonds	30,565	2%	8.96
Agencies	1,625	0%	3.04
International	203,988	12%	4.00
<b>No Effective Duration:</b>			
Corporate Bonds	14,844	1%	N/A
Mortgage-Backed Securities	8,196	0%	N/A
Asset-Backed Securities	9,226	1%	N/A
International	803	0%	N/A
Swaps	(1,187)	0%	N/A
<b>Total Fair Value</b>	<b>\$ 1,745,553</b>	<b>100%</b>	
Portfolio Duration			4.99

##### 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, 2022:

<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	\$ 24	\$ 31,705	\$ --	\$ --	\$ 181	\$ --	\$ 31,910
Brazilian Real	--	6,432	--	--	(9)	(446)	5,977
Canadian Dollar	1,479	25,514	130	--	(6)	--	27,117
Colombian Peso	--	--	--	--	(6)	--	(6)
Danish Krone	51	32,104	--	--	(8)	--	32,147
Euro Currency	4,045	346,708	2,024	(1,623)	631	(752)	351,033
Hong Kong Dollar	(74)	25,273	--	--	(3)	--	25,196
Indonesian Rupiah	--	886	--	--	--	--	886
Japanese Yen	812	144,768	25,394	--	(2,738)	(173)	168,063
Mexican Peso	11	--	191	--	(7)	--	195
New Israeli Sheqel	--	--	--	--	(61)	--	(61)
New Zealand Dollar	--	1,275	--	--	3	--	1,278
Norwegian Krone	--	4,063	--	--	10	--	4,073
Polish Zloty	--	--	--	--	(144)	--	(144)
Pound Sterling	(718)	88,555	3,405	--	130	1,055	92,427
Russian Ruble	--	1,514	--	--	--	--	1,514
Singapore Dollar	127	9,453	--	--	51	--	9,631
South African Rand	--	--	--	--	64	--	64
South Korean Won	--	6,330	--	--	--	--	6,330
Swedish Krona	(80)	26,058	--	--	(127)	25	25,876
Swiss Franc	80	44,183	--	--	(327)	197	44,133
Amount Exposed to Foreign Currency Risk	<u>\$ 5,757</u>	<u>\$ 794,821</u>	<u>\$ 31,144</u>	<u>\$ (1,623)</u>	<u>\$ (2,366)</u>	<u>\$ (94)</u>	<u>\$ 827,639</u>

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

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

###### Concentration of Credit Risk

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

###### Concentration of Investments

As of December 31, 2022, 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, 2022, all derivative instruments held by OCERS are considered investments and not hedges for accounting purposes. Any reference to the term hedging in these financial statements references an economic activity and not an accounting method. All gains and losses associated with these activities are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

The table that follows presents the related net appreciation/(depreciation) in fair value, the fair value amounts and the notional amounts of derivative instruments outstanding at December 31, 2022.

Derivative Instruments	Changes in Fair Value		Fair Value at December 31, 2022		Notional <sup>(3)</sup>
	Net Appreciation/ (Depreciation) (4)	Amount <sup>(1)</sup>	Classification	Amount <sup>(2)</sup>	
Commodity Futures Long		\$ 2,794	Cash	\$ --	\$ 1,133
Commodity Futures Short		(318)	Cash	--	--
Credit Default Swaps Bought		2	Cash	--	--
Credit Default Swaps Written		(1,081)	Core Fixed Income	344	35,794
Fixed Income Futures Long		(35,933)	Cash / Core Fixed Income	--	97,307
Fixed Income Futures Short		3,491	Core Fixed Income	--	(38,208)
Fixed Income Options Bought		770	Core Fixed Income	1,043	13,400
Fixed Income Options Written		(2,529)	Core Fixed Income	(3,380)	(135,467)
Foreign Currency Futures Long		(312)	Cash	--	700
FX Forwards		(3,926)	Foreign Currency Forward Contracts	(2,366)	275,870
Index Futures Long		(45,171)	Receivables and Payables	--	1,923
Index Futures Short		3,017	Cash/ Global Public Equity	--	(33)
Pay Fixed Interest Rate Swaps		1,961	Global Public Equity	--	22,632
Receive Fixed Interest Rate Swaps		(3,586)	Core Fixed Income	1,599	59,596
Rights		88	Core Fixed Income	(3,130)	--
Total Return Swaps Bond		(7)	Global Public Equity	--	8,783
Total Return Swaps Equity		(1,076)	Global Public Equity	232	(8,362)
Total		<u>\$ (81,816)</u>		<u>\$ (5,890)</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

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

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

###### Valuation of Derivative Instruments (Continued)

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, 2022. 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, 2022.

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

As of December 31, 2022, 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, 2022 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, N.A.	A+	\$ 12	\$ --	\$ 12
BNP Paribas SA	A+	20	--	20
Citibank N.A.	A+	906	--	906
Credit Event	NR	--	1,977	1,977
Goldman Sachs Bank USA	BBB+	22	--	22
HSBC Bank PLC	A-	67	--	67
JP Morgan Chase Bank, N.A.	A+	896	--	896
Morgan Stanley and Co. International PLC	A-	52	--	52
Morgan Stanley Co Incorporated	A-	--	231	231
Standard Chartered Bank	A+	2	--	2
UBS AG	A+	24	--	24
Total		<u>\$ 2,001</u>	<u>\$ 2,208</u>	<u>\$ 4,209</u>

###### Interest Rate Risk—Derivatives

At December 31, 2022, OCERS is exposed to interest rate risk on its investments in various swap arrangements based on daily interest rates for Brazilian Interbank Deposit Rate (BRCDI), Sterling Overnight Index Rate (SONIA), London Interbank Offered Rate (LIBOR), Latin America largest central depository (CETIP), Secured Overnight Financing Rate (SOFR), 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	\$ 344	\$ --	\$ 370	\$ (17)	\$ (9)
Fixed Income Options Bought	1,043	1,043	--	--	--
Fixed Income Options Written	(3,380)	(3,380)	--	--	--
Pay Fixed Interest Rate Swaps	1,599	37	2	1,097	463
Receive Fixed Interest Rate Swaps	(3,130)	(1,078)	(778)	(805)	(469)
Total Return Swaps Bond	232	232	--	--	--
Total Return Swaps Equity	(232)	(232)	--	--	--
Total	<u>\$ (3,524)</u>	<u>\$ (3,378)</u>	<u>\$ (406)</u>	<u>\$ 275</u>	<u>\$ (15)</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%-2.00%	\$ 43	\$ 3,420
Pay Fixed Interest Swaps	Variable 12-month SOFR	Fixed 1.75%-4.27%	501	6,100
Pay Fixed Interest Swaps	Variable 12-month SONIA	Fixed 0.08%-2.00%	1,055	13,112
Total Pay Fixed Interest Swaps			<u>1,599</u>	
Received Fixed Interest Rate Swaps	Fixed 10.12%-11.84%	Variable 0-month BRCDI	(445)	12,349
Received Fixed Interest Rate Swaps	Fixed 10.21%	Variable 0-month CETIP	(1)	19
Received Fixed Interest Rate Swaps	Fixed 0.65%-1.75%	Variable 6-month EURIB	(801)	7,428
Received Fixed Interest Rate Swaps	Fixed 1.27%	Variable 3-month LIBOR	(1,077)	34,100
Total Received Fixed Interest Rate Swaps	Fixed 1.85%-1.86%	Variable 12-month SOFR	<u>(806)</u>	4,895
Total Interest Rate Swaps			<u>(3,130)</u>	
			<u>\$ (1,531)</u>	

##### Foreign Currency Risk–Derivatives

At December 31, 2022, 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	\$ --	\$ 275	\$ (94)	\$ --	\$ 181
Brazilian Real	--	14	(23)	(446)	(455)
Canadian Dollar	--	2	(8)	--	(6)
Colombian Peso	--	--	(6)	--	(6)
Danish Krone	--	24	(32)	--	(8)
Euro Currency	(1,623)	821	(190)	(752)	(1,744)
Hong Kong Dollar	--	2	(5)	--	(3)
Japanese Yen	--	206	(2,944)	(173)	(2,911)
Mexican Peso	--	--	(7)	--	(7)
New Israeli Sheqel	--	60	(121)	--	(61)
New Zealand Dollar	--	5	(2)	--	3
Norwegian Krone	--	222	(212)	--	10
Polish Zloty	--	--	(144)	--	(144)
Pound Sterling	--	207	(77)	1,055	1,185
Singapore Dollar	--	55	(4)	--	51
South African Rand	--	65	(1)	--	64
Swedish Krona	--	8	(135)	25	(102)
Swiss Franc	--	35	(362)	197	(130)
Total Foreign Currency	<u>\$ (1,623)</u>	<u>\$ 2,001</u>	<u>\$ (4,367)</u>	<u>\$ (94)</u>	<u>\$ (4,083)</u>
U.S. Dollar	<u>(714)</u>	<u>--</u>	<u>--</u>	<u>(1,093)</u>	<u>(1,807)</u>
Total	<u>\$ (2,337)</u>	<u>\$ 2,001</u>	<u>\$ (4,367)</u>	<u>\$ (1,187)</u>	<u>\$ (5,890)</u>

##### Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on the assets of the plan, net of investment expense, was (7.88%). 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, and credit 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 fair value of not



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

D. OCERS Investments (Continued)

Securities Lending (Continued)

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 and is comprised of one liquidity investment pool. As of December 31, 2022, the liquidity pool had an average duration of 96 days and a WAM of 3 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 2022, 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 collateral held as of December 31, 2022 was \$196,261 and \$202,096, respectively.

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

<u>Securities Lent for Cash Collateral</u>	<u>Fair Value of OCERS' Security Lent</u>	<u>Cash Collateral Received</u>	<u>Non-Cash Collateral Received</u>	<u>Total Collateral Received</u>
Global Public Equity	\$ 89,353	\$ 92,649	\$ --	\$ 92,649
Core Fixed Income	75,140	76,936	--	76,936
Credit	31,768	32,511	--	32,511
Total	<u>\$ 196,261</u>	<u>\$ 202,096</u>	<u>\$ --</u>	<u>\$ 202,096</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, 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>Investments by Fair Value Level</b>				
Fixed Income:				
U.S. Fixed Income:				
Pooled	\$ 448,419	\$ --	\$ 448,419	\$ --
U.S. Treasury Notes	285,069	--	285,069	--
Corporate Bonds	368,975	--	368,975	--
Mortgage-Backed Securities	345,392	--	345,392	--
Asset-backed Securities	61,904	--	61,904	--
Municipal Bonds	30,565	--	30,565	--
Agencies	1,625	--	1,625	--
International	204,791	--	204,791	--
Total Fixed Income	1,746,740	--	1,746,740	--
Global Public Equity investments:				
Domestic Equity	5,449,485	503,460	4,946,025	--
International Equity	2,146,589	695,456	1,451,133	--
Emerging Markets Equity	322,121	--	322,121	--
Total Global Public Equity	7,918,195	1,198,916	6,719,279	--
Real Assets:				
Agriculture	46,557	--	--	46,557
Real Estate	11,082	--	--	11,082
Timber	21	--	--	21
Total Real Assets	57,660	--	--	57,660
Other Investments:				
Risk Mitigation	467,049	--	467,049	--
Total Other Investments	467,049	--	467,049	--
Total Investments at Fair Value Level	\$ 10,189,644	\$ 1,198,916	\$ 8,933,068	\$ 57,660

**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	\$ 445,329			
Emerging Markets Equity	589,043			
Total Global Public Equity	<u>1,034,372</u>			
Real Assets:				
Energy	694,444			
Infrastructure	577,643			
Real Estate	1,577,330			
Total Real Assets	<u>2,849,417</u>			
Other Investments:				
Credit (includes private credit)	1,522,987			
Private Equity	3,301,522			
Risk Mitigation	1,290,106			
Unique Strategies	74,365			
Total Other Investments	<u>6,188,980</u>			
Total investments measured at the NAV	<u>\$ 10,072,769</u>			
<b>Investments Derivative Instruments:</b>				
Swaps:				
Interest Rate Swaps	\$ (1,531)	\$ --	\$ (1,531)	\$ --
Credit Default Swaps	344	--	344	--
Options	(2,337)	--	(2,337)	--
Total Investment Derivative Instruments	<u>\$ (3,524)</u>	<u>\$ --</u>	<u>\$ (3,524)</u>	<u>\$ --</u>
Total Investments Measured at Fair Value	<u>\$ 20,258,889</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.

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

Real assets investments at fair value include a variety of real return investments in agriculture, real estate and timber resources, which are held directly. Real estate assets held directly are appraised by independent third-party appraisers in accordance with the Uniform Standards of Professional Appraisal Practice.

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

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

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

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, 2022.

	<u>Fair Value Measured at NAV</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)*</u>	<u>Redemption Notice Period</u>
<b><u>Investments measured at the NAV:</u></b>				
Global Public Equity Investments:				
International Equity	\$ 445,329	\$ --	W	7 days
Emerging Markets Equity	589,043	--	M	30 days
Total equity investments measured at the NAV	<u>1,034,372</u>	<u>--</u>		
Real Assets:				
Agriculture	--	22,451	Q	60 days
Energy	694,444	383,621	N/A	N/A
Infrastructure	577,643	272,190	N/A	N/A
Real Estate	1,577,330	612,515	Q, N/A	7-90 days, N/A
Total real assets measured at the NAV	<u>2,849,417</u>	<u>1,290,777</u>		
Other Investments:				
Credit (includes private credit)	1,522,987	652,551	M, Q, N/A	5-90 days, N/A
Private Equity	3,301,522	1,588,829	N/A	N/A
Risk Mitigation	1,290,106	--	D, W, M, Q	1-75 days
Unique Strategies	74,365	99,831	Q, N/A	60 days, N/A
Total other investments at the NAV	<u>6,188,980</u>	<u>2,341,211</u>		
Total investments measured at the NAV	<u>\$ 10,072,769</u>	<u>\$ 3,631,988</u>		

\* D=Daily, W=Weekly, M=Monthly, Q=Quarterly, N/A=No redemption or frequency period

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.

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 above.

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

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

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

Real assets: Energy consists of 19 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 ten 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 21 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 24 limited partnership funds and one equity fund. 18 of these funds are considered private credit investments, which are closed-end funds and are considered illiquid investments. These investments represent approximately 53% 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 eight 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 help mitigate risk and provide value to the OCERS portfolio. These investments are valued at NAV.

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

E. CalOptima Health Cash and Investments

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

	<b>2023</b>
Current Assets:	
Cash and Cash Equivalents	\$ 771,576
Investments	1,676,736
Board-Designated Assets and Restricted Cash:	
Cash and Cash Equivalents	1,940
Investments	574,612
Restricted Deposit	300
Total	\$ 3,025,164

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

	<b>2023</b>
Board-Designated Assets and Restricted Cash:	
Contingency Reserve Fund	\$ 576,552
Restricted Deposits with DMHC	300
Total	\$ 576,852

Custodial Credit Risk Deposits

Custodial credit risk is the risk that, in the event of a bank failure, CalOptima Health 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, 2023, no deposits were exposed to custodial credit risk, as CalOptima Health has pledged collateral to cover the amounts.

Investments

CalOptima Health 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 Health manages its exposure to decline in fair value from increasing interest rates by matching maturity dates to the extent possible with CalOptima Health's expected cash flow draws. Its investment policy limits maturities to five years, while also staggering maturities. CalOptima Health maintains a low-duration strategy, targeting a portfolio duration of three years or less, with the intent of reducing interest rate risk. Portfolios with low duration are less volatile because they are less sensitive to interest rate changes.

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

**E. CalOptima Health Cash and Investments (Continued)**

Interest Rate Risk (Continued)

As of June 30, 2023, CalOptima Health'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	\$ 652,373	\$ 334,436	\$ 317,937
U.S. Agency Notes	294,565	--	294,565
Corporate Bonds	606,479	151,601	454,878
Asset-Backed Securities	167,709	41,291	126,418
Mortgage-Backed Securities	352,526	24,027	328,499
Municipal Bonds	69,679	26,905	42,774
Supranational	9,707	--	9,707
Commercial Paper	34,825	34,825	--
Certificates of Deposit	48,083	48,083	--
Cash Equivalents	666,834	666,834	--
Cash	7,274	7,274	--
Total	2,910,054	\$ 1,335,276	\$ 1,574,778
Accrued Interest Receivable	15,402		
	<u>\$ 2,925,456</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 Health portfolios are of high credit quality, with relatively short average lives that represent limited prepayment and interest rate exposure risk. CalOptima Health'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, 2023
Asset-Back Securities	\$ 167,709
Mortgage-Backed Securities	352,526
	<u>\$ 520,235</u>

Credit Risk

CalOptima Health'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, 2023, 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	\$ 709,754	N/A	\$ 709,754	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
U.S. Agency Notes	472,402	N/A	472,402	--	--	--	--	--	--	--
Corporate Bonds	610,956	A-	--	48,289	8,241	108,468	189,593	154,798	101,567	--
Asset-Backed Securities	167,997	AA-	--	165,939	2,058	--	--	--	--	--
Mortgage-Backed Securities	355,150	AAA	--	355,150	--	--	--	--	--	--
Municipal Bonds	107,478	A-	--	66,287	26,429	10,728	1,007	1,568	1,459	--
Supranational	9,779	AAA	--	9,779	--	--	--	--	--	--
Certificates of Deposit	48,839	A1/P1	--	48,839	--	--	--	--	--	--
Commercial Paper	435,827	A1/P1	--	420,914	14,913	--	--	--	--	--
Money Market Mutual Funds	7,274	AAA	--	7,274	--	--	--	--	--	--
Total	<u>\$ 2,925,456</u>		<u>\$ 1,182,156</u>	<u>\$ 1,122,471</u>	<u>\$ 51,641</u>	<u>\$ 119,196</u>	<u>\$ 190,600</u>	<u>\$ 156,366</u>	<u>\$ 103,026</u>	

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

##### E. CalOptima Health Cash and Investments (Continued)

###### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of CalOptima Health's investment in a single issuer. CalOptima Health'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. As of June 30, 2023, all holdings complied with the foregoing limitations.

###### Fair Value Measurements

CalOptima Health 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 Health'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 Health'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, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
U.S. Treasury Notes	\$ 652,373	\$ --	\$ --	\$ 652,373
U.S. Agency Notes	--	294,565	--	294,565
Corporate Bonds	--	606,479	--	606,479
Asset-Backed Securities	--	167,709	--	167,709
Mortgage-Backed Securities	--	352,526	--	352,526
Municipal Bonds	--	69,679	--	69,679
Supranational	--	9,707	--	9,707
Commercial Paper	--	34,825	--	34,825
Certificates of Deposits	--	48,083	--	48,083
	<u>\$ 652,373</u>	<u>\$ 1,583,573</u>	<u>\$ --</u>	<u>\$ 2,235,946</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 as follows:



**5. RECEIVABLES (Continued)**

Accounts Receivable

Accounts Receivable had a balance of \$47,870 as of June 30, 2023. Of this amount, \$3,161 is not expected to be collected within the next fiscal year. This primarily consists of \$2,899 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 \$1,265 as of June 30, 2023. Of this amount, \$982 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 the Health Care Agency (HCA) and \$561 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 \$179,881 as of June 30, 2023. Of this amount, \$159,193 is not expected to be received within the next fiscal year. This represents multiple lease agreements, as described in Note 13, Leases.

Service Concession Arrangements Receivable

Service Concession Arrangements Receivable had a balance of \$143,805 as of June 30, 2023. Of this amount, \$141,925 is not expected to be received within the next fiscal year. This represents multiple lease agreements, as described in Note 7, Service Concession Arrangements.

Due from Other Governmental Agencies

Due from Other Governmental Agencies had a balance of \$639,962 as of June 30, 2023. Of this amount, \$116,641 is not expected to be received within the next fiscal year, which primarily consists of \$86,640 which is expected reimbursement of the Santa Ana River Subvention claims that will be submitted to the State Department of Water Resources, \$16,938 for COVID-19 program reimbursements from the Federal Emergency Management Agency (FEMA) and \$12,634, net of an allowance of \$10,527, owed by the State to the County for various mandated cost reimbursements for programs and services the State requires the County to provide. Also, \$429 is for the expected reimbursement of Medi-Cal administrative activities.

Notes Receivable

Notes Receivable had a balance of \$68,708 as of June 30, 2023. Of this amount, \$41,244 is not expected to be received within the next fiscal year. This primarily consists of \$33,867 for loans made to developers to build affordable, low to moderate income, and senior housing. In addition, \$6,378 is for housing loans for Mental Health Services Act (MHSA) programs and \$950 is for loans provided to first time home buyers.

## 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 July 1, 2022, as restated	Increases	Decreases	
Governmental Activities:				
Capital Assets Not Depreciable/Amortizable:				
Land	\$ 838,106	\$ 62,420	\$ (352)	\$ 900,174
Land Use Rights (Permanent)	16,435	247	--	16,682
Construction in Progress	654,949	269,598	(368,971)	555,576
Intangible in Progress	21,725	1,012	(19,321)	3,416
Total Capital Assets Not Depreciable/Amortizable	1,531,215	333,277	(388,644)	1,475,848
Capital Assets, Depreciable/Amortizable:				
Structures and Improvements	1,657,793	251,405	(26,835)	1,882,363
Land Improvements	10,208	35,670	--	45,878
Equipment	509,581	45,050	(56,633)	497,998
Software	159,749	19,202	(979)	177,972
Infrastructure:				
Flood Channels	1,374,867	92,160	(195)	1,466,832
Roads	460,538	11,323	(428)	471,433
Bridges	156,969	4,023	--	160,992
Trails	49,387	26	--	49,413
Traffic Signals	20,602	3,301	--	23,903
Harbors and Beaches	41,238	11,767	(517)	52,488
Right-to-Use Assets:				
Lease Equipment	1,543	2,095	(40)	3,598
Lease IT Equipment	229	31	(1)	259
Lease Structures and Improvements	447,676	71,251	(25,865)	493,062
Lease Land	2,996	--	--	2,996
SBITA	31,210	37,072	--	68,282
Total Capital Assets, Depreciable/Amortizable	4,924,586	584,376	(111,493)	5,397,469
Less Accumulated Depreciation/Amortization For:				
Structures and Improvements	(856,497)	(50,863)	25,725	(881,635)
Land Improvements	(2,026)	(1,703)	--	(3,729)
Equipment	(310,829)	(32,293)	50,010	(293,112)
Software	(124,561)	(12,377)	52	(136,886)
Infrastructure:				
Flood Channels	(423,590)	(19,403)	141	(442,852)
Roads	(229,153)	(17,056)	--	(246,209)
Bridges	(55,582)	(2,921)	--	(58,503)
Trails	(39,672)	(859)	--	(40,531)
Traffic Signals	(13,414)	(568)	--	(13,982)
Harbors and Beaches	(34,714)	(785)	517	(34,982)
Right-to-Use Assets:				
Lease Equipment	(771)	(1,619)	27	(2,363)
Lease IT Equipment	(105)	(105)	--	(210)
Lease Structures and Improvements	(36,917)	(37,301)	3,176	(71,042)
Lease Land	(232)	(232)	--	(464)
SBITA	--	(29,300)	--	(29,300)
Total Accumulated Depreciation/Amortization	(2,128,063)	(207,385)	79,648	(2,255,800)
Total Capital Assets, Depreciable/Amortizable (Net)	2,796,523	376,991	(31,845)	3,141,669
Governmental Activities Total Capital Assets, Net	<u>\$ 4,327,738</u>	<u>\$ 710,268</u>	<u>\$ (420,489)</u>	<u>\$ 4,617,517</u>

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

	Primary Government			Balance June 30, 2023
	Balance July 1, 2022, as restated	Increases	Decreases	
Business-Type Activities:				
Capital Assets Not Depreciable/Amortizable:				
Land	\$ 38,379	\$ --	\$ --	\$ 38,379
Construction in Progress	34,683	63,617	(3,514)	94,786
Intangible in Progress	335	--	(335)	--
Total Capital Assets Not Depreciable/Amortizable	73,397	63,617	(3,849)	133,165
Capital Assets, Depreciable/Amortizable:				
Structures and Improvements	966,956	535	(2,689)	964,802
Land Improvements	611	--	--	611
Equipment	119,075	13,531	(5,092)	127,514
Software	6,957	396	(58)	7,295
Infrastructure	729,676	127	--	729,803
Right-to-Use Assets:				
Lease Equipment	--	62	--	62
SBITA	428	446	--	874
Total Capital Assets, Depreciable/Amortizable	1,823,703	15,097	(7,839)	1,830,961
Less Accumulated Depreciation/Amortization For:				
Structures and Improvements	(442,451)	(29,010)	565	(470,896)
Land Improvements	(47)	(20)	--	(67)
Equipment	(63,573)	(9,839)	4,892	(68,520)
Software	(4,270)	(668)	--	(4,938)
Infrastructure	(461,698)	(16,695)	--	(478,393)
Right-to-Use Assets:				
Lease Equipment	--	(44)	--	(44)
SBITA	--	(396)	--	(396)
Total Accumulated Depreciation/Amortization	(972,039)	(56,672)	5,457	(1,023,254)
Total Capital Assets, Depreciable/Amortizable (Net)	851,664	(41,575)	(2,382)	807,707
Business-Type Activities Total Capital Assets, Net	\$ 925,061	\$ 22,042	\$ (6,231)	\$ 940,872

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

Government Activities:	
General Government	\$ 23,965
Public Protection	67,127
Public Ways and Facilities	32,848
Health and Sanitation	27,325
Public Assistance	24,377
Education	2,521
Recreation and Cultural Services	9,663
Internal Service Funds' Depreciation Expense Allocated to Various Functions	19,559
Total Governmental Activities Depreciation/Amortization Expense	207,385
Business-Type Activities:	
Airport	34,220
OC Waste & Recycling	22,452
Total Business-Type Activities Depreciation/Amortization Expense	56,672
Total Depreciation/Amortization Expense	\$ 264,057

## 7. SERVICE CONCESSION ARRANGEMENTS (SCA)

GASB Statement No. 94 defines the required criteria for which a public-private or public-public partnership arrangement qualifies as a SCA:

- The transferor conveys to the operator the right and related obligation to provide public services through the use and operation of an underlying asset in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility;
- The operator collects and is compensated by fees from third parties;
- The transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and
- The transferor is entitled to significant residual interest in the service utility of the underlying asset at the end of the arrangement.

The County determined that the following arrangements met the criteria of SCAs as set forth in GASB Statement No. 94, where the County is the transferor, and therefore included these arrangements in the County's financial statements.

### Dana Point Harbor

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. 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 leases terms, minimal rent payments and revenue share percentages prevailed. Under the terms of the agreement with DPHPD, the County is committed to reimburse the Lessee \$20,000 for applicable redevelopment costs as certain construction milestones are met. As of June 30, 2023, the County is not liable for any reimbursements.

### Newport Dunes Aquatic Park

On February 16, 1989, and later amended, the County entered into a 50-year agreement with Newport Dunes Partnership for the improvement and operation of the Newport Dunes Aquatic Park, a 102-acre recreational facility owned by the County, which includes a 450-slip marina, a launch ramp, a dry boat storage facility, an RV park, a beach and swimming lagoon, and a restaurant. It also includes an underdeveloped 13-acre parcel. On August 1, 2002, the County consented to the assignment of the original lease from Newport Dunes Partnership to Waterfront Resort Properties, LP and Newport Dunes Marina. In addition, on August 25, 2009, the County agreed to grant the Newport Dunes Marina an option for a new 50-year lease to accommodate development of a 275-room Family Inn by a sublessee, Winsor Newport Dunes LP (Winsor), an affiliate of Winsor Capital Group. The option is exercisable upon the completion of the hotel. In 2015, Winsor pulled out of the construction of the Family Inn, and on December 8, 2015, the Newport Dunes Marina obtained approval from the County for a sublease with Brighton Management, LLC (Brighton), for construction of the Family Inn. However, in 2019 Brighton filed for bankruptcy. Hence, Newport Dunes Marina is currently looking for a developer to build the Family Inn. In April 2020, Waterfront Resort Properties, LP, and Newport Dunes Marina entered into a tolling agreement with the County due to the County State of Emergency, declared March 3, 2020, in connection with

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

the COVID-19 pandemic. All deadlines under the lease were tolled. The tolling period ended on February 28, 2023. After the lease ends, the assets and improvements will return to the County. Under the current agreement, the County receives minimum rent payments and a percentage of the gross receipts generated from the sales, subleases or any other activity permitted under the arrangement. Additionally, the County is required to make annual contributions to a dredging reserve fund in the amount of \$309.

Furthermore, the County entered into several SCA's with third parties or operators to maintain and operate a boat-berthing facility at Lower Newport Bay and various golf courses. The County receives minimal rent payments and a percentage of gross receipts generated from the sales, subleases or any other activity permitted under each arrangement. The County has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as liability for these SCAs.

A summary of the important details for each SCA over the term of their agreements are as follows:

	<b>Date SCA Entered Into</b>	<b>Term of SCA</b>	<b>Expiration of SCA</b>	<b>Minimum Rent Payment Received in FY 2022-23</b>	<b>Revenue Sharing</b>
Dana Point Harbor	10/29/2018	66 yrs	10/29/2084	\$ 1,790	Between 2% and 20% of the gross receipts from the operation of the different components of the Harbor
Newport Dunes Aquatic Park	3/1/1989	53 yrs *	2/9/2042	2,210	Between 5% to 35% of the gross receipts from the operation of the different business areas of the Newport Dunes
Lower Newport Bay	11/1/2015	50 yrs	10/31/2065	76	Agreement does not include revenue sharing
Mile Square Golf Course	7/1/1999	43 yrs *	6/10/2042	850	40% of gross receipts from Green Fees, Driving Range and golf equipment rentals; 15% of gross receipts from golf lessons and 6% from gross receipts from other sales or services performed at the golf course
Mason Regional Park Golf Course	12/1/1996	45 yrs	11/30/2041	409	25% of gross receipts from Green Fees, Driving Range and golf equipment rental; between 5% and 10% of gross receipts from other sales and services performed at the golf course
Green River Golf Club	1/1/2022	20 yrs plus two 10 yr extensions	12/31/2061	60	1.5% of the gross receipts from the operation of the golf course; 3% of gross receipts above \$10,000
				<b>\$ 5,395</b>	

\* Term includes tolling amendment, which extended the term by 3 years

The capital assets that underlie each SCA over the term of the agreement and reported at year ended June 30, 2023, are as follows:

	<b>Land, Land Improvements, Structures &amp; Improvements</b>
Dana Point Harbor	\$ 7,923
Newport Dunes Aquatic Park	18,087
Lower Newport Bay	3,583
Mile Square Golf Course	39,146
Mason Regional Park Golf Course	2,561
Green River Golf Club	19,930
	<b>\$ 91,230</b>

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

The deferred inflows of resources for each SCA for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022, as restated	Additions	Amortization <sup>(1)</sup>	Balance June 30, 2023
<b>SCA Capital Assets <sup>(1)</sup></b>				
Dana Point Harbor	\$ -	\$ 7,869	\$ (127)	\$ 7,742
Newport Dunes Aquatic Park	15,299	-	(765)	14,534
Lower Newport Bay	3,731	-	(87)	3,644
Mile Square Golf Course	6,174	-	(309)	5,865
Mason Regional Park Golf Course	215	-	(11)	204
	<u>\$ 25,419</u>	<u>\$ 7,869</u>	<u>\$ (1,299)</u>	<u>\$ 31,989</u>
<b>Present Value of Installment Payments <sup>(2)</sup></b>				
Dana Point Harbor	\$ 87,095	\$ -	\$ (1,405)	\$ 85,690
Newport Dunes Aquatic Park	30,017	-	(1,533)	28,484
Lower Newport Bay	1,831	-	(42)	1,789
Mile Square Golf Course	11,657	-	(585)	11,072
Mason Regional Park Golf Course	6,008	-	(309)	5,699
Green River Golf Club	1,478	-	(37)	1,441
	<u>138,086</u>	<u>-</u>	<u>(3,911)</u>	<u>134,175</u>
	<u>\$ 163,505</u>	<u>\$ 7,869</u>	<u>\$ (5,210)</u>	<u>\$ 166,164</u>

(1) Amortization is calculated using the straight-line method for the term of the agreement for the SCA.

(2) Present value of installment payments is calculated using discount rates ranging from 2.5% to 4% for the term of each SCA.

## 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, 2023 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	\$ -	\$ 322	\$ 1,560	\$ 59,243	\$ 14	\$ 10	\$ 2,598	\$ 63,747
Flood Control District	5,976	-	-	863	-	37	214	7,090
Other Public Protection	11,760	-	-	3	-	-	5	11,768
Mental Health Services Act	41,152	-	-	-	-	-	-	41,152
Other Governmental Funds	88,262	1,498	1	16,324	-	4	339	106,428
Airport	2,091	10	-	56	-	-	232	2,389
OC Waste & Recycling	8,747	-	-	11	-	-	51	8,809
Internal Service Funds	701	11	-	6	-	-	12	730
Total	<u>\$ 158,689</u>	<u>\$ 1,841</u>	<u>\$ 1,561</u>	<u>\$ 76,506</u>	<u>\$ 14</u>	<u>\$ 51</u>	<u>\$ 3,451</u>	<u>\$ 242,113</u>

Interfund transactions between the Primary Government and Component Unit:

Receivable Entity	Payable Entity	Amount
Primary Government-General Fund	Component Unit-First 5 Orange County	\$ 274
Component Unit-First 5 Orange County	Primary Government-General Fund	310

**8. INTERFUND RECEIVABLES AND PAYABLES (Continued)**

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	\$ 20,000

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

**9. INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2023 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	\$ --	\$ --	\$ 3,755	\$ 157,550	\$ --	\$ --	\$ 4,873	\$ 166,178
Flood Control District	4,194	--	--	355	--	--	320	4,869
Other Public Protection	28,435	--	--	13,244	--	--	65	41,744
Mental Health Services Act	295,490	--	--	--	--	--	--	295,490
Other Governmental Funds	132,512	--	--	160,231	--	66	1,538	294,347
Airport	--	--	--	--	--	--	31	31
OC Waste & Recycling	8,608	--	--	--	--	--	--	8,608
Internal Service Funds	3,607	215	--	41	19	--	--	3,882
<b>Total</b>	<b>\$ 472,846</b>	<b>\$ 215</b>	<b>\$ 3,755</b>	<b>\$ 331,421</b>	<b>\$ 19</b>	<b>\$ 66</b>	<b>\$ 6,827</b>	<b>\$ 815,149</b>

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

- \$56,269 was transferred to Other Governmental Funds for the construction of the James A. Musick and future capital projects
- \$21,964 was transferred to Other Governmental Funds in connection with debt service payments for the CUF, CAS, and CAN facilities
- \$19,370 was transferred to Other Governmental Funds for Countywide IT projects
- \$8,759 was transferred to Other Governmental Funds to finance the County’s 60% share of the Wraparound Program
- \$3,778 was transferred to Internal Service Funds primarily for the purchase of Sheriff-Coroner vehicles
- \$1,729 was transferred to Other Governmental Funds for the maintenance and repair of various Probation Criminal Justice Facilities
- \$1,480 was transferred to Other Public Protection for the purchase, replacement, and maintenance of Sheriff-Coroner equipment

## 9. INTERFUND TRANSFERS (Continued)

### Recurring Transfers (Continued)

- \$1,300 was transferred to Other Governmental Funds to cover expenditures for Sheriff-Coroner construction and facility development projects

#### From Flood Control District

- \$3,137 was transferred to the General Fund for the Watershed Management Program

#### From Other Public Protection

- \$13,150 was transferred to Other Governmental Funds for the Sheriff-Coroner James A. Musick Facility construction
- \$10,237 was transferred to the General Fund to support the Sheriff-Coroner Department's operations
- \$8,493 was transferred to the General Fund to fund various District Attorney funds, such as Prop 64 Consumer Protection Fund, Real Estate Fraud, Orange County Auto Theft Task Force, and Supplemental Law Enforcement Services Fund
- \$7,538 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
- \$1,948 was transferred to the General Fund to cover the shortfall of state and federal revenues over department expenditures in Child Support Services

#### From Mental Health Services Act

- \$295,490 was transferred to the General Fund to cover the qualifying Prop 63 MHSA expenditures

#### From Other Governmental Funds

- \$61,202 was transferred to Other Governmental Funds for Sheriff-Coroner capital projects
- \$52,087 was transferred to the General Fund to fund various County programs as follows:
  - \$27,682 for the County's Wraparound Program
  - \$8,584 for the Homeless Emergency Aid Program and Crisis Stabilization Program
  - \$7,787 for Environmental Health program
  - \$6,164 for Emergency Medical Services
  - \$1,870 for health disaster preparedness and the Center for Disease Control pandemic flu costs
- \$34,274 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

- \$7,668 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

- \$45,752 was transferred to Other Governmental Funds for permanent supportive housing
- \$1,460 was transferred to Other Governmental Funds for Social Services Agency Leased Facilities to cover shortfall at the end of the lease term

#### From Flood Control District

- \$1,056 was transferred to the General Fund in connection with debt service payments for the CAS facility



**9. INTERFUND TRANSFERS (Continued)**

Non-Recurring Transfers(Continued)

From Other Governmental Funds

- \$91,006 was transferred to Other Governmental Funds for the purchase of Sheriff-Coroner’s Bell Building and land
- \$25,000 was transferred to the General Fund to increase contingency reserves per Board action
- \$6,265 was transferred to the General Fund for Central Utility Facility’s maintenance projects
- \$4,375 was transferred to Other Governmental Funds for construction of the Garden Grove Navigation Center to provide temporary housing to adults experiencing homelessness
- \$4,228 was transferred to the General Fund to redirect interest back to the earning fund
- \$2,536 was transferred to the General Fund for the loan repayment for the construction of the new animal shelter
- \$2,168 was transferred to Other Governmental Funds to move System Coordination Services from HCA to CEO
- \$1,745 was transferred to the General Fund to reimburse CEO Real Estate for costs
- \$1,405 was transferred to the General Fund to pay for eligible expenses under the National Opioid Settlement.
- \$1,206 was transferred to Internal Service Funds to cover costs for data services
- \$1,000 was transferred to Other Governmental Funds to implement and administer Resolution Funding Grant program to help with the homelessness and encampment site at Talbert Regional Park

From Internal Service Funds

- \$2,442 was transferred to the General Fund for the countywide installation of the VoIP phone system

**10. SHORT-TERM OBLIGATIONS**

Taxable Pension Obligation Bonds, 2022 Series A

On January 13, 2022, the County issued Taxable Pension Obligation Bonds, 2022 Series A (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 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. The County repaid in full the outstanding balance of the bonds on April 28, 2023.

Description	Balance July 1, 2022	Issuances & Discount/ Premium Amortization	Retirements	Balance June 30, 2023	Amounts Due within One Year
<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)	\$ --	\$ --
<b>Total</b>	<b>\$ 521,784</b>	<b>\$ --</b>	<b>\$ (521,784)</b>	<b>\$ --</b>	<b>\$ --</b>

## 11. LONG-TERM OBLIGATIONS

### Legal Debt Margin

The County's legal debt limit for the year was \$9,170,431. 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, 2023, the outstanding principal amount, including the premium of the Series 2016 Bonds, and interest were \$52,042 and \$16,185 respectively.

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, 2023, the outstanding principal amount, including the premium of the Series 2017 Bonds, and interest were \$164,962 and \$95,950, 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, 2023, the outstanding principal amount, including the premium of the Series 2018 Bonds, and interest were \$208,177 and \$140,890, respectively.

The County's payment obligation commenced on August 5, 2022 when the building's Certificate of Substantial Completion was 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, began 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.

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

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

#### 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. For the year ended June 30, 2023, the total debt service principal and interest paid were \$6,750 and \$2,832, respectively. The 2019 Bonds were 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 could exercise any remedies available under the bond indentures and under state and federal law.

On February 16, 2023, the Airport executed the in-substance defeasance of the 2019A and 2019B Bonds, for the outstanding principal and interest balances of \$53,260 and \$7,662, respectively. The Airport defeased its bonds due to the availability of federal relief aid and available PFC collections eligible to fund the defeasance. The Airport deposited \$58,479 in an irrevocable escrow fund, and the amounts were invested in State and Local Government Series (SLGS) securities to be used solely for satisfying scheduled debt service payments of the defeased debt through and including July 1, 2027. As a result, the beginning fiscal year principal balance of \$60,010, including the \$6,180 premium, of the 2019A and 2019B Bonds, totaling \$66,190, is no longer reported as a liability in the Airport's financial statements. Additionally, in accordance with GASB Statement No. 86, "Certain Debt Extinguishment Issues", the Airport recognized a loss on the defeasance of \$1,189. As of June 30, 2023, the outstanding balance of the defeased bonds was \$60,922.

### **Fiscal Year 2022-23 Debt Obligation Activity**

During FY 2022-23, the following events concerning County debt obligations occurred.

### **Revenue Bonds Payable**

#### Lease Revenue Bonds, Series 2022

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, with an interest rate coupon of 5%. 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. As of June 30, 2023, the outstanding principal amount, including the premium of the Series 2022 Bonds, and interest were \$95,725 and \$76,314, respectively.

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.

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

**Fiscal Year 2022-23 Debt Obligation Activity (Continued)**

**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.

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 June 30, 2023, the outstanding principal amount of the Teeter Plan Obligation Notes was \$82,308 and the authorized, unused available commitment under the First Amendment to Amended and Restated Note Purchase and Reimbursement Agreement was \$67,692.

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

**Schedule of Long-Term Debt Obligations, Fiscal Year 2022-23**

The table below summarizes the revenue bonds and direct placement obligations outstanding and related activity for the year ended June 30, 2023.

<u>Description</u>	<u>Balance July 1, 2022</u>	<u>Loans/Debt Issuances and Discount/ Premium Amortization</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due within One Year</u>
<b><u>Governmental Activities:</u></b>					
<b><u>Revenue Bonds:</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 2022-23 Principal and Interest: \$4,486					
FY 2022-23 Total Pledged Revenues: \$4,492					
Maturing in installments through April 1, 2036	\$ 54,820	\$ (513)	\$ (2,265)	\$ 52,042	\$ 2,969
<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; Plus Premium: \$22,940					
FY 2022-23 Principal and Interest: \$9,979					
Maturing in installments through June 1, 2047	168,670	(618)	(3,090)	164,962	3,967
<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; Plus Premium: \$26,599					
FY 2022-23 Principal and Interest: \$12,920					
Maturing in installments through June 1, 2048	212,304	(492)	(3,635)	208,177	4,418
<b><u>South Orange County Public Financing Authority</u></b>					
<b><u>Lease Revenue Bonds, Series 2022</u></b>					
<b><u>(County of Orange Sheriff-Coroner Facility)</u></b>					
Date issued: July 26, 2022					
Interest Rate: 5.00%					
Original Amount: \$83,375					
FY 2022-23 Interest: \$3,532					
FY 2022-23 Total Pledged Revenues: \$81					
Maturing in installments through June 1, 2052	--	95,725	--	95,725	1,419
<b>Subtotal-Revenue Bonds</b>	<u>435,794</u>	<u>94,102</u>	<u>(8,990)</u>	<u>520,906</u>	<u>12,773</u>

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

**Schedule of Long-Term Debt Obligations, Fiscal Year 2022-23 (Continued)**

Description	Balance July 1, 2022	Loans/Debt Issuances and Discount/ Premium Amortization	Retirements	Balance June 30, 2023	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: July 14, 2021					
Interest Rate: .43% Taxable Fixed Rate					
Original Amount: \$79,978					
FY 2022-23 Principal and Interest: \$79,994					
Maturing on July 18, 2022					
	\$ 79,978	\$ --	\$ (79,978)	\$ --	\$ --
Date of Issuance: July 18, 2022					
Interest Rate: 3.46% Taxable Fixed Rate					
Original Amount: \$82,308					
FY 2022-23 Interest: \$2,769					
FY 2022-23 Total Pledged Revenues: \$8,658					
Maturing on July 17, 2023					
	--	82,308	--	82,308	82,308
<b>Subtotal-Direct Placement Obligations</b>	<u>79,978</u>	<u>82,308</u>	<u>(79,978)</u>	<u>82,308</u>	<u>82,308</u>
<b>Subtotal-Governmental Activities</b>	<u>515,772</u>	<u>176,410</u>	<u>(88,968)</u>	<u>603,214</u>	<u>95,081</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 2022-23 Principal and Interest: \$60,922					
Maturing in installments through July 1, 2030					
	66,190	--	(66,190)	--	--
<b>Subtotal-Business-Type Activities</b>	<u>66,190</u>	<u>--</u>	<u>(66,190)</u>	<u>--</u>	<u>--</u>
<b>Total</b>	<u>\$ 581,962</u>	<u>\$ 176,410</u>	<u>\$ (155,158)</u>	<u>\$ 603,214</u>	<u>\$ 95,081</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				Total
	Revenue Bonds		Direct Placement Obligations		
	Principal	Interest	Principal	Interest	
2024	\$ 10,780	\$ 22,115	\$ 82,308	\$ 111	\$ 115,314
2025	11,320	21,576	--	--	32,896
2026	11,885	21,009	--	--	32,894
2027	12,480	20,415	--	--	32,895
2028	13,100	19,791	--	--	32,891
2029-2033	76,016	88,444	--	--	164,460
2034-2038	87,820	67,670	--	--	155,490
2039-2043	96,475	45,543	--	--	142,018
2044-2048	111,765	20,275	--	--	132,040
2049-2052	19,525	2,500	--	--	22,025
Total	451,166	329,338	82,308	111	862,923
Add: Premium/(Discount)	69,740	--	--	--	69,740
<b>Total</b>	<b>\$ 520,906</b>	<b>\$ 329,338</b>	<b>\$ 82,308</b>	<b>\$ 111</b>	<b>\$ 932,663</b>

**Changes in Long-Term Liabilities**

Long-term liability activities, for the year ended June 30, 2023, were as follows:

	Balance July 1, 2022, as restated	Additions	Reductions	Balance June 30, 2023	Due within One Year
<b>Governmental Activities:</b>					
Revenue Bonds	\$ 376,781	\$ 83,375	\$ (8,990)	\$ 451,166	\$ 10,780
Teeter Plan Notes (Direct Placement)	79,978	82,308	(79,978)	82,308	82,308
Add: Premium/(Discount) on Bonds Payable	59,013	12,350	(1,623)	69,740	1,993
Total, Net	515,772	178,033	(90,591)	603,214	95,081
<b>Other Long-Term Liabilities: *</b>					
Compensated Employee Absences Payable	177,397	172,015	(174,832)	174,580	115,534
Financed Purchase Liability	30,633	732	(10,411)	20,954	10,513
Insurance Claims Payable	250,023	156,671	(144,000)	262,694	70,699
Estimated Liability-Litigation and Claims	21,392	855	(21,392)	855	755
Intangible Assets Obligations Payable	3,584	133	(1,569)	2,148	1,203
Lease Liability ***	426,957	73,377	(51,352)	448,982	27,341
Subscription Liability ***	31,210	31,901	(30,318)	32,793	16,949
Total Other Long-Term Liabilities	941,196	435,684	(433,874)	943,006	242,994
<b>Total Long-Term Liabilities **</b>					
<b>For Governmental Activities</b>	<b>\$ 1,456,968</b>	<b>\$ 613,717</b>	<b>\$ (524,465)</b>	<b>\$ 1,546,220</b>	<b>\$ 338,075</b>

\* Includes amount of \$8,879 for Financed Purchase Liability, \$127 for Lease Liability, and \$6,132 for Subscription Liability from an Internal Service Fund.

\*\* The total long-term liabilities do not include Net Pension Liability or Net OPEB Liability. Refer to Note 19 for additional information on the Net Pension Liability and Note 20 for the Net OPEB Liability.

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

## 11. LONG-TERM OBLIGATIONS (Continued)

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

	Balance July 1, 2022, as restated	Additions	Reductions	Balance June 30, 2023	Due within One Year
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue Bonds	\$ 60,010	\$ --	\$ (60,010)	\$ --	\$ --
Add: Premium (Discount) on Bonds Payable	6,180	--	(6,180)	--	--
Total Bonds Payable, Net	<u>66,190</u>	<u>--</u>	<u>(66,190)</u>	<u>--</u>	<u>--</u>
Other Long-Term Liabilities:					
Compensated Employee Absences Payable	3,967	3,692	(4,148)	3,511	2,473
Financed Purchase Liability	663	--	(332)	331	331
Landfill Site Closure/Postclosure Liabilities*	189,376	17,820	(3,391)	203,805	3,391
Pollution Remediation Obligation**	13,620	--	(4,471)	9,149	612
Intangible Assets Obligations Payable	324	--	(146)	178	89
Lease Liability ****	--	62	(35)	27	27
Subscription Liability ****	428	403	(311)	520	295
Total Other Long-Term Liabilities	<u>208,378</u>	<u>21,977</u>	<u>(12,834)</u>	<u>217,521</u>	<u>7,218</u>
<b>Total Long-Term Liabilities ***</b>					
<b>For Business-Type Activities</b>	<u>\$ 274,568</u>	<u>\$ 21,977</u>	<u>\$ (79,024)</u>	<u>\$ 217,521</u>	<u>\$ 7,218</u>

\* Refer to Note 15 for additional information regarding the increase in Landfill Site Closure/Post Closure Liabilities.

\*\* Refer to Note 18 for additional information regarding the decrease in Pollution Remediation Obligation.

\*\*\* The total long-term liabilities do not include Net Pension Liability or Net OPEB Liability. Refer to Note 19 for additional information on the Net Pension Liability and Note 20 for Net OPEB Liability.

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

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, 2023 is \$178,091. The County's policy permits employees to accrue vacation, compensatory time, and sick leave benefits. Employees are entitled to be paid compensated time, and in some cases annual leave, 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



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

### **Special Assessment District Bonds (Continued)**

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.

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, 2023, amounted to \$566,170.

## **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, 2023, there were 11 series of bonds outstanding with an aggregate principal amount payable of \$55,646.

### **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 2022-23 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, 2023, the NDAPP bonds were paid off and the outstanding principal amount, including the premium of the SAH bonds and remaining interest was \$1,406 and \$33, 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 is currently engaged in noncancelable leases with various vendors as a lessee for the intangible right-to-use lease 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. As of June 30, 2023, the right-to-use asset balance is \$499,977.

In FY 2022-23, the discount rate applied to new or modified leases is 4%. The County recognized \$27,559 and \$13,551 in principal and interest payments. The County also incurred \$9 in fees for the early termination of a building lease. The lease liability at June 30, 2023 is \$449,009.

As of July 1, 2022, the County was engaged in a sublease transaction with Orange County Royale Convalescent Hospital, where a building was leased to HCA and HCA leased a portion of that building to Royale Health Care Center. On March 24, 2023, Orange County Convalescent Hospital sold the building to 1030 Warner Ave Propco, LLC, and signed an Assignment and Assumption of Master Lease. As a result of this transaction, the County recognized a gain of \$5,859 and a right-to-use lease asset ending balance of \$10,596 at June 30, 2023.

<b>Governmental Activities</b>	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
Right-to-Use Assets				
Lease Equipment	\$ 1,543	\$ 2,095	\$ (40)	\$ 3,598
Lease IT Equipment	229	31	(1)	259
Lease Structures and Improvements	447,676	71,251	(25,865)	493,062
Lease Land	2,996	--	--	2,996
<b>Total Right-to-Use Assets</b>	<b>452,444</b>	<b>73,377</b>	<b>(25,906)</b>	<b>499,915</b>
Less Amortization				
Lease Equipment	(771)	(1,619)	27	(2,363)
Lease IT Equipment	(105)	(105)	--	(210)
Lease Structures and Improvements	(36,917)	(37,301)	3,176	(71,042)
Lease Land	(232)	(232)	--	(464)
<b>Total Amortization</b>	<b>(38,025)</b>	<b>(39,257)</b>	<b>3,203</b>	<b>(74,079)</b>
<b>Total Lease Assets, Net of Amortization</b>	<b>\$ 414,419</b>	<b>\$ 34,120</b>	<b>\$ (22,703)</b>	<b>\$ 425,836</b>
<b>Business-Type Activities</b>	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
Right-to-Use Assets				
Lease Equipment	\$ --	\$ 62	\$ --	\$ 62
<b>Total Right-to-Use Assets</b>	<b>--</b>	<b>62</b>	<b>--</b>	<b>62</b>
Less Amortization				
Lease Equipment	--	(44)	--	(44)
<b>Total Amortization</b>	<b>--</b>	<b>(44)</b>	<b>--</b>	<b>(44)</b>
<b>Total Lease Assets, Net of Amortization</b>	<b>\$ --</b>	<b>\$ 18</b>	<b>\$ --</b>	<b>\$ 18</b>
<b>Governmental &amp; Business-Type Activities</b>	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
Total Lease Assets	\$ 452,444	\$ 73,439	\$ (25,906)	\$ 499,977
Total Amortization	(38,025)	(39,301)	3,203	(74,123)
<b>Total Net Right-to-Use Assets</b>	<b>\$ 414,419</b>	<b>\$ 34,138</b>	<b>\$ (22,703)</b>	<b>\$ 425,854</b>

**13. LEASES (Continued)**

Lessee (Continued)

The future principal and interest payments as of June 30, 2023 are as follows:

<u>Fiscal Year Ended June 30</u>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 27,341	\$ 14,150	\$ 27	\$ --
2025	24,572	13,306	--	--
2026	23,662	12,579	--	--
2027	27,196	11,777	--	--
2028	28,008	10,907	--	--
2029-2033	121,011	42,202	--	--
2034-2038	80,225	25,756	--	--
2039-2043	68,733	14,041	--	--
2044-2048	44,012	3,496	--	--
2049-2052	4,222	59	--	--
Total	<u>\$ 448,982</u>	<u>\$ 148,273</u>	<u>\$ 27</u>	<u>\$ --</u>

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 leases receivables are held primarily by the Other Governmental Funds, and business-type activities leases receivables are held by the Airport and OC Waste & Recycling.

In FY 2022-23, the discount rate applied to new or modified leases is 4%. The County recognized \$18,777 and \$5,463 in principal and interest cash receipts. In addition \$4,027 was recognized as lease variable revenue based on lessee performance and changes in consumer price index (CPI). The leases receivable ending balance is \$179,881 at June 30, 2023.

As of July 1, 2022, the County subleased a building to Royale Health Care Center. On March 24, 2023, Royale Health Care Center sold its operations to 1030 Warner Ave Propco, LLC, and signed an Assignment and Assumption of Master Lease. As a result of this transaction, the County recognize a gain of \$244 and a leases receivable ending balance of \$9,311 at June 20, 2023.

<b>Governmental Activities</b>	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
	<b>July 1, 2022</b>			<b>June 30, 2023</b>
Leases Receivable				
Structures & Improvements	\$ 10,932	\$ 9,720	\$ (15,612)	\$ 5,040
Land	99,074	21,698	(49,784)	70,988
Total Leases Receivable	<u>\$ 110,006</u>	<u>\$ 31,418</u>	<u>\$ (65,396)</u>	<u>\$ 76,028</u>
<b>Business-Type Activities</b>	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
	<b>July 1, 2022</b>			<b>June 30, 2023</b>
Leases Receivable				
Structures & Improvements	\$ 7,540	\$ --	\$ (931)	\$ 6,609
Land	108,234	2,133	(13,123)	97,244
Total Leases Receivable	<u>\$ 115,774</u>	<u>\$ 2,133</u>	<u>\$ (14,054)</u>	<u>\$ 103,853</u>

**13. LEASES (Continued)**

Lessor (Continued)

**Governmental & Business-Type Activities**

Total Leases Receivable	\$ 259,331
Total FY 22-23 Payments	(18,777)
Total FY 22-23 Adjustments/Terminations	<u>(60,673)</u>
Leases Receivable Balance	<u><u>\$ 179,881</u></u>

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

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 5,300	\$ 2,697	\$ 14,491	\$ 2,963
2025	5,357	2,472	14,949	2,520
2026	5,300	2,267	15,422	2,063
2027	4,967	2,062	15,895	1,591
2028	3,875	1,896	15,663	1,111
2029-2033	17,458	7,417	22,196	1,515
2034-2038	10,117	4,727	1,479	820
2039-2043	5,860	3,331	2,240	483
2044-2048	2,417	2,591	1,518	95
2049-2053	2,034	2,196	--	--
2054-2058	1,847	1,873	--	--
2059-2063	2,114	1,576	--	--
2064-2068	2,457	1,232	--	--
2069-2073	2,792	838	--	--
2074-2078	3,243	387	--	--
2079-2082	890	18	--	--
Total	<u>\$ 76,028</u>	<u>\$ 37,580</u>	<u>\$ 103,853</u>	<u>\$ 13,161</u>

Regulated Leases

In accordance with GASB Statement No. 87, certain lease agreements, 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 inflows of resources is not recognized for these leases. 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 \$66,365 for the year ended June 30, 2023, of which \$35,120, 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.

**13. LEASES (Continued)**

Regulated Leases (Continued)

*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 \$10,278 for the year ended June 30, 2023, of which \$2,357, 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 August 31, 2026, and on December 18, 2012, the lease was extended to August 31, 2036. Revenue from ground rent totaled \$510 for the year ended June 30, 2023, 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 \$29 for the year ended June 30, 2023, 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. On October 1, 2023, the lease was extended to September 30, 2033. Revenue from rent totaled \$278 for the year ended June 30, 2023, paid in twelve monthly installments.

Future minimum lease payments to be received as of June 30, 2023 are as follows:

<u>Year Ending June 30</u>	<u>Fixed-Base</u>	<u>Limited Use</u>		<u>Hydrant Fueling</u>	<u>Security</u>	<u>Total</u>
	<u>Operation Lease</u>	<u>General Aviation</u>	<u>Facility Lease</u>	<u>Facilities Lease</u>	<u>Services Lease</u>	
2024	\$ 8,182	\$ 509		\$ 27	\$ 327	\$ 9,045
2025	8,182	509		27	352	9,070
2026	7,673	509		27	365	8,574
2027	7,164	509		27	379	8,079
2028	7,164	509		27	394	8,094
2029-2033	31,685	2,546		69	2,215	36,515
2034-2038	22,031	1,619		--	121	23,771
2039-2043	22,031	--		--	--	22,031
2044-2048	22,031	--		--	--	22,031
2049-2053	20,936	--		--	--	20,936
2054-2058	7,257	--		--	--	7,257
Total	\$ 164,336	\$ 6,710		\$ 204	\$ 4,153	\$ 175,403

**13. LEASES (Continued)**

Regulated Leases (Continued)

Under the agreements with the airlines, they may have exclusive use of certain space and facilities of the terminals 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	Breeze	298
A	Delta	3,182
A	WestJet	474
B	Alaska	3,083
B	United	11,687
C	Allegiant	603
C	Frontier	605
C	Southwest	10,460
C	Spirit	810
	Total	<u>43,000</u>

**14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

The County entered into noncancelable SBITAs with various vendors for the intangible right-to-use SBITA assets. The SBITA 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 2022-23 an initial right-to-use SBITA asset balance of \$31,638, increases of \$37,518 due to new SBITAs, and amortization of \$29,696, for a right-to-use asset balance of \$39,460, net of amortization at June 30, 2023.

In FY 2022-23, the discount rate applied to SBITAs is 4%. Using this discount rate, the County recognized in FY 2022-23 an initial SBITA liability of \$31,638, increases of \$32,304 due to new SBITAs, principal SBITA payments of \$30,629, and interest SBITA payments of \$603. In addition, \$2,233 was recognized as SBITA variable payment based on performance. The principal SBITA payments reduced the SBITA liability to \$33,313 at June 30, 2023.

	<u>Balance July 1, 2022, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
<b>Governmental Activities</b>				
Right-to-Use SBITA Assets	\$ 31,210	\$ 37,072	\$ --	\$ 68,282
Total Right-to-Use SBITA Assets	31,210	37,072	--	68,282
Less Amortization	--	(29,300)	--	(29,300)
Total Amortization	--	(29,300)	--	(29,300)
Total Right-to-Use SBITA Assets, net of amortization	<u>\$ 31,210</u>	<u>\$ 7,772</u>	<u>\$ --</u>	<u>\$ 38,982</u>

**14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) (Continued)**

	Balance July 1, 2022, as restated	Increases	Decreases	Balance June 30, 2023
<b>Business-Type Activities</b>				
Right-to-Use SBITA Assets	\$ 428	\$ 446	\$ --	\$ 874
Total Right-to-Use SBITA Assets	428	446		874
Less Amortization	--	(396)	--	(396)
Total Amortization	--	(396)	--	(396)
Total Right-to-Use SBITA Assets, net of amortization	<u>\$ 428</u>	<u>\$ 50</u>	<u>\$ --</u>	<u>\$ 478</u>

	Balance July 1, 2022, as restated	Increases	Decreases	Balance June 30, 2023
<b>Governmental &amp; Business-Type Activities</b>				
Total Right-to-Use SBITA Assets	\$ 31,638	\$ 37,518	\$ --	\$ 69,156
Total Amortization	--	(29,696)	--	(29,696)
Total Net Right-to-Use SBITA Assets	<u>\$ 31,638</u>	<u>\$ 7,822</u>	<u>\$ --</u>	<u>\$ 39,460</u>

The future principal and interest payments as of June 30, 2023 are as follows:

<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>
2024	\$ 16,949	\$ 1,083	\$ 295	\$ 18
2025	11,221	661	225	6
2026	3,212	180	--	--
2027	1,411	51	--	--
Total	<u>\$ 32,793</u>	<u>\$ 1,975</u>	<u>\$ 520</u>	<u>\$ 24</u>

**15. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS**

State laws and regulations require OC Waste & Recycling to place final covers on its landfill sites when the landfills stop accepting waste, and to perform certain postclosure maintenance and monitoring functions at the site for a minimum of 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date each respective landfill stops accepting waste, OC Waste & Recycling 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, 2023 was \$203,805. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (39.81% for FRB, 92.14% for Olinda Alpha and 24.36% 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 \$191,666 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and

**15. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS (Continued)**

postclosure care in 2022 dollars (using the 2022 inflation factor of 1.070). 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, 2023, a total of \$103,840 has been set aside for estimated closure and postclosure costs and is included in the accompanying Statement of Net Position as Restricted Pooled Cash and Investments-Closure and Postclosure Care Costs.

Regulations governing solid waste management are promulgated by government agencies on the federal, state and local levels. These regulations address the design, construction, operation, maintenance, closure and postclosure maintenance of various types of facilities, acceptable and prohibited waste types, and inspection, permitting, environmental monitoring and solid waste recycling requirements. Regulations at both the state and federal levels could impose retroactive liability, particularly with respect to cleanup activities relating to any landfill site ever operated by the County, whether or not owned by the County. Refer to Note 18, Pollution Remediation, for additional discussion regarding pollution remediation liabilities.

**16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

**Encumbrances**

The County has established a procedure for encumbering appropriations for purchase orders, contracts, and other commitments authorizing delivery of merchandise or rendering of services. An encumbrance system reduces the possibility of commitments being made in excess of budgeted appropriations due to the lag time between issuance of purchase orders, contracts, and other obligations, and the actual provision of services or goods and subsequent receipt of invoices and billings from the vendors and contractors. Depending on the source(s) of funding, encumbrances are reported as part of restricted or assigned fund balance on the governmental funds balance sheet. In accordance with GASB Statement No. 54, the County's total significant encumbrances for governmental funds in the aggregate are reported at June 30, 2023, as follows:

General Fund	\$	67,917
Flood Control District		64,815
Other Public Protection		4,806
Other Governmental Funds		110,651
Total Encumbrances for Governmental Funds	<u>\$</u>	<u>248,189</u>



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

**Construction Commitments**

At June 30, 2023, 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:

<u>Project Title</u>	<u>Significant Commitments</u>
Governmental Activities:	
General Fund	
Sheriff Bell Building-Electrical Services	\$ 5,000
Central Utility Facility-Replacement of Steam & Condensate Lines to Jail/Intake Release Center	4,672
Telecommunications Technology	1,975
Purchase of Heavy Equipment for Facilities Operations	1,083
Harbor Patrol Bureau-Purchase and Repair of Boats/Boat Equipment	1,038
	<u>13,768</u>
Flood Control District	
East Garden Grove-Wintersburg Channel Bridges at Warner Ave, Springdale St, Edwards St	18,527
Huntington Beach and Talbert Channels Rehabilitation Project	3,342
Prado Dam Project	3,151
Santa Ana Gardens Channel Bikeway Extension Phases 2-4	2,598
Santa Ana Delhi Channel-Backbay, University to Mesa Dr	2,000
East Garden Grove-Wintersburg Channel U/S Warner	1,977
Laguna Canyon Channel Replacement Woodland to Canyon Frontage Road	1,680
Santa Ana River Parkway Extension	1,124
	<u>34,399</u>
Other Public Protection	
Purchase of Fireboat	1,478
Purchase of Cellular Equipment	1,373
	<u>2,851</u>
Other Governmental Funds	
Civic Center Master Plan Phase III	5,771
Coyote Creek Channel Segment O	4,520
Los Alamitos/Rossmoor Library-Tenant Enhancements HVAC & Roof	3,230
El Toro Emergency Medical Facility	2,578
Trabuco Creek Road Stabilization	2,371
Adult Re-entry Facility	2,187
Probation Youth Transition Center	2,158
Trabuco Canyon Bridge 55C-008 Replacement	2,067
HCA 17th St at El Toro Feasibility	1,846
Manchester Office Building-Replace Building Automation System Controls	1,372
Jail Facilities ADA Compliance Upgrade	1,302
Jail Security Electronic Control Systems Upgrade	1,246
Loma Ridge Emergency Generators Replacement	1,223
Gates-Building Generator Replacement	1,135
Gates-Building Variable Air Volume Boxes Phase III Replacement	1,114
County Operations Center-Building B 1st Floor Remodel & HVAC	1,001
	<u>35,121</u>
Internal Service Funds	
Purchase of Various Vehicles	12,404
	<u>12,404</u>

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

**Construction Commitments (Continued)**

Project Title	Significant Commitments
Business-Type Activities:	
Airport	
Facility Accessibility Improvements for Terminal Phase II	\$ 3,619
Design and Build of Aircraft Rescue and Fire Fighting Vehicle	1,647
	5,266
OC Waste & Recycling	
Frank R. Bowerman Phase VIII-A1 Groundwater Protection & Stockpile Project	35,135
Frank R. Bowerman Sewer Line and Water Treatment System	8,422
Prima Fee Booth Replacement	4,007
Various Heavy Equipment Purchases for Olinda Alpha/North Regional Landfill	2,807
Various Heavy Equipment Purchases for Prima/South Regional Landfill	2,122
	52,493
Total Commitments	\$ 156,302

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 \$1,053,008 for the entire Santa Ana River Project. As of June 30, 2023, the OCFCD has expended about \$759,743 on the entire Santa Ana River Project.

The construction of Seven Oaks Dam and most channel improvements in Riverside, San Bernardino, and Orange counties have been completed. The relocation and protection of State Route (SR) 71 adjacent to Prado Dam (a joint OCFCD and Caltrans project) and construction to raise the Prado Dam embankments and install new outlet gates is complete. Landscaping along the Santa Ana River in Orange County was completed in May 2010. Design for the construction of interior dikes in the Prado Dam reservoir, and for improvements to the spillway are also ongoing. The COE completed construction of National Housing Tract Dike and Sewage Treatment Plant in 2008. Landscaping for these dikes began in September 2009 and were completed in June 2011. Several environmental mitigation studies and restoration/preservation projects are underway in all three counties. All property right acquisitions for the Seven Oaks Dam and along the lower Santa Ana River in Orange County up to Weir Canyon Road are completed. The Green River Golf Course was acquired in September 2006. This property is required for construction of protection along SR-91 and nearby mobile homes, open space/recreation mitigation, and to accommodate increased flooding when the Prado Dam outlet gates are constructed and operational. The first phase of SR-91 protection (Reach 9 Phase 2B Project) was completed in September 2014. The second phase (Reach 9 Phase 3) started construction in January 2014 and was completed in March 2015. As continuation to the ongoing Reach 9 Project, the COE determined that bank improvements needed to continue east on the south side of the Santa Ana River along SR-91. As such, the

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

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

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 and was completed 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, 2023, OCFCD has submitted \$446,556 in claims, and received \$436,332 in reimbursements. An additional \$6,185 in claims to DWR and \$20,320 reimbursement to DWR are in the process of being prepared for submittal to the DWR. Of the total amount outstanding, \$6,185 was reported as deferred inflows of resources at the fund level and recognized as revenue and \$20,320 was reported as due to other governmental agencies and recognized as expense 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 separable 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 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, 2023, OCFCD has submitted \$46,706 in claims, and received \$5,710 in reimbursements. An additional \$47,514 in claims is in the process of being prepared for submittal to the Department of the Army. Of the total amount outstanding, \$80,476 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 the Department of the Army, 100% of the eligible expenditures can be paid, subject to available funding. The Bipartisan Budget Act 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 October 2023.

## **17. SELF-INSURANCE**

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; unemployment; salary continuance; and providing health benefits to employees, retirees and their dependents. The County has chosen to establish ISFs where assets are set aside for claim settlements and judgments associated with such losses.

The Workers' Compensation ISF addresses the risks related to employee injury through its Safety Program, which is responsible for injury and illness prevention. The Workers' Compensation program ensures that all benefits are properly provided and administers the contract for the third-party workers' compensation claims administration. Workers' compensation claims are self-funded up to \$20,000.

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

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 \$30,000 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 3.00% in the Workers' Compensation ISF and 2.00% 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, productive hours, 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).

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 2021-22	\$ 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	166,787	72,437	704	10,095	250,023
Claims and Changes in Estimates	47,145	34,009	1,322	74,195	156,671
Claim Payments	<u>(40,165)</u>	<u>(28,667)</u>	<u>(1,263)</u>	<u>(73,905)</u>	<u>(144,000)</u>
Unpaid Claims, End of FY 2022-23	<u>\$ 173,767</u>	<u>\$ 77,779</u>	<u>\$ 763</u>	<u>\$ 10,385</u>	<u>\$ 262,694</u>

**18. POLLUTION REMEDIATION**

GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," requires state and local governments to disclose to the public information about the financial impact of environmental cleanup and identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. The County has identified several environmental sites at the Airport and OC Waste & Recycling for which a pollution remediation liability has been recorded in the County's financial statements. The following describes the nature of the obligating events and the estimated liability as they relate to the Airport and OC Waste & Recycling.

John Wayne Airport (Airport)

In 1988, the Airport was named as a responsible party in a cleanup and abatement order (CAO) issued by the Regional Water Quality Control Board (RWQCB). The CAO identified four sites on Airport property as having chemical impacts to soil and groundwater. Site investigation and remedial action activities were completed, and in 2003, the RWQCB issued No Further Action letters to the Airport for the sites except the Old Fuel Farm site.

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, 2023, the Airport has a liability of \$994 based on management's assessment and the results of the consultant's evaluation of potential remediation costs. The liability is not expected to decrease until active remediation begins or a closure plan is accepted by the RWQCB.

In 1995, the Airport entered into a Memorandum of Understanding (MOU) with one of its fixed-base operators (FBO) lessees to address the remediation of the Old Fuel Farm. The FBO was identified as the operator of the site and the other responsible party. The lessee agreed to be obligated to pay 50% of the remediation costs associated with the Old Fuel Farm site. Reported in the Proprietary Funds Statement of Net Position as part of accounts receivable, the total expected recovery for the Old Fuel Farm site is \$256 as of June 30, 2023.

The estimated pollution remediation obligation as of June 30, 2023, is:

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

## 18. POLLUTION REMEDIATION (Continued)

### 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, 2023, after deducting actual pollution remediation expenses incurred during fiscal year 2023 is \$8,155.

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 cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation is \$7. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$25.

Lane Road Former Refuse Disposal Station The site, located in the City of Irvine, California and owned by NGP Realty Sub, L.P. and others, was leased and operated by the County as a refuse disposal facility from 1961 until its closure in 1964. An investigation revealed that landfill gas was present above regulatory limits in close proximity to residential housing units. The LEA issued a Notice and Order to the property owner requiring them to remedy the landfill gas exceedances, and to control potential offsite migration of landfill gases. In response to the LEA's Notice and Order, a claim was filed with CEO Risk Management. The County entered into a Settlement Agreement with the property owner in 2005. Per terms of that Settlement Agreement, the County funded the construction of a landfill gas collection and control system, including a carbon treatment element, for the eastern portion of the site. After verification that the system was operating as planned, the County assumed ownership of the system and responsibility for its operation, maintenance and monitoring in 2008. Also in 2008, it was discovered that landfill gas was elevated in the northern portion of the site. Pursuant to the Settlement Agreement, the County designed and constructed an upgrade and enhancement to the existing landfill gas system to control landfill gas migration on the northern portion of the site.

Based on engineering estimates and existing contracts for the operation and maintenance of other similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 25 years from beginning of the obligation date, then will most likely either no longer be required or will be converted to a passive system. The cost for the operation, maintenance and monitoring of the system was highest in the first full year of operation when the carbon canisters needed more regular replacement. For each subsequent year of operation, the cost will be reduced due to less frequent carbon swapping and due to anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation is \$303. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$606.

## 18. POLLUTION REMEDIATION (Continued)

### OC Waste & Recycling (Continued)

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 \$116. The remaining obligation for landfill gas remediation at the San Joaquin site over the anticipated operational period is \$231.

Forster Former Refuse Disposal Station The site, located in the City of San Juan Capistrano (San Juan Capistrano), California, was formerly leased and operated as a refuse disposal station by the County from 1958 to 1976. The current owner, Advanced Group 99-SJ, is proposing a change in land use for the property and has notified the County of its position that the County is responsible for re-closure of the site to meet current commercial and redevelopment requirements. The County disputes responsibility for site development related costs. In early 2010, San Juan Capistrano approved the proposed project and certified the Environmental Impact Report (EIR). The EIR was a subject of a citizen's referendum that ultimately resulted in affirmation of the proposed project. Subsequent to San Juan Capistrano approval of the proposed development plan, Advanced Group 99-SJ and the County entered into negotiations to resolve issues related to environmental responsibility at the site. These negotiations resulted in a settlement agreement and release of claims, brought about by a threat of litigation over the CEQA approvals. The settlement and release will permit the development of the site, with monies paid by the County for environmental controls to be installed at the site, an operation and maintenance fund and for environmental insurance, subject to conditions such as obtaining grading permits for the site for its actual development. In exchange, indemnification and environmental releases were provided by the developer to the County.

The obligation by the County for environmental infrastructure and controls at the site as agreed upon in the Settlement Agreement is \$7,500. The entire sum is anticipated to be released within five years from the approval of the project grading permits, but is dependent upon actions by the owner and regulatory approvals for the project. The County will continue to incur additional costs for work related to the County's current obligation to monitor the groundwater underlying the site. This responsibility will be transferred to the site owner upon completion of one of the settlement agreement milestones, but due to the uncertainty of specific timing, the County is unable to fully estimate the remaining ground water obligations as of June 30, 2023.

The remaining balance for landfill gas remediation at the Forster site is \$3,000 as of June 30, 2023. 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-

**18. POLLUTION REMEDIATION (Continued)**

OC Waste & Recycling (Continued)

Yorba Refuse Disposal Station (Continued)

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 \$186. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$4,293 as of June 30, 2023.

The estimated pollution remediation obligation as of June 30, 2023 is:

Cannery Former Refuse Disposal Station	\$	25
Lane Road Former Refuse Disposal Station		606
San Joaquin Former Refuse Disposal Station		231
Forster Former Refuse Disposal Station		3,000
Yorba Refuse Disposal Station		4,293
OC Waste & Recycling Pollution Remediation Obligation	<u>\$</u>	<u>8,155</u>

**19. RETIREMENT PLANS**

The County participates in a number of pension plans. The OCERS plan and Extra-Help Defined Benefit plan are cost-sharing multiple-employer defined benefit pension plans. The County of Orange 401(a) and County of Orange 1.62% at 65 Retirement 401(a) plans are defined contribution plans. A summary of pension amounts for the County's defined benefit plans at June 30, 2023 is presented below:

	OCERS	Extra-Help Defined Benefit Plan	Total
Deferred Outflows of Resources Related to Pension	\$ 1,288,672	\$ 240	\$ 1,288,912
Net Pension Liability	4,469,948	1,174	4,471,122
Deferred Inflows of Resources Related to Pension	120,775	-	120,775
Pension Expense	580,232	98	580,330

For further information on the deferred outflows/inflows of resources related to pension refer to Note 21, Deferred Outflows and Inflows of Resources.



## 19. RETIREMENT PLANS (Continued)

### 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 elected County Treasurer-Tax Collector 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, First 5 Orange County, 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 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.

## 19. RETIREMENT PLANS (Continued)

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

#### Benefits Provided (Continued)

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 141 retirees (of which 138 are County retirees) who retired on or before April 1, 1980, and their survivors receive the STAR COLA. The STAR COLA benefits are excluded from the actuarial valuation and are funded annually through current employer contributions. Benefits are considered immaterial to the plan.

Contributions: In accordance with various Board resolutions, the County's funding policy is to make periodic contributions to OCERS in amounts such that, when combined with employee contributions and investment income, will fully provide for member benefits by the time they retire. Covered employees are required to contribute a percentage of their annual compensation to OCERS as a condition of employment. Base employee contributions are calculated using a formula defined in the Retirement Law. The California Supreme Court's 1997 Ventura decision stated that, for the purpose of calculating pension benefits, "final compensation" means not only base salaries, but also other components. The County employee contributions under current contracts are calculated on base salary, eligible premium pay, and some categories of overtime as defined in the 1997 Ventura decision.

Employer contributions are based on what is needed to properly fund the system. The law, however, does allow employers and employees to negotiate some variation in who pays the contributions. OCERS' responsibility is to make certain the total required contribution is paid, regardless of how the employers and employees share the cost. For FY 2022-23, employer's contributions for funding purpose, as a percentage of covered payrolls, were 40.82% for General members, 63.25% for Safety-Law Enforcement members and 56.85% for Safety-Probation members, as determined by the December 31, 2020, actuarial valuation. The County's total contribution to OCERS for the year ended June 30, 2023 was \$591,307.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: At June 30, 2023, the County reported a liability of \$4,469,948 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined using actuarial valuation results. At December 31, 2022, the County's proportion was 82.92%, which was a decrease of 16.94% from its proportion measured as of December 31, 2021.

**19. RETIREMENT PLANS (Continued)**

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

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)**

For the year ended June 30, 2023, the County recognized pension expense of \$580,232. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	Airport	OC Waste & Recycling	Total
<b>Deferred Outflows of Resources Related to Pension per Actuarial Studies</b>				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 764,546	\$ 7,284	\$ 8,458	\$ 780,288
Difference Between Expected and Actual Experience	83,660	724	872	85,256
Changes of Assumptions	79,762	662	1,121	81,545
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	16,209	139	184	16,532
<b>Deferred Outflows of Resources Related to Pension - Employer Contributions after Measurement date</b>	<u>318,862</u>	<u>2,153</u>	<u>4,036</u>	<u>325,051</u>
<b>Total Deferred Outflows of Resources Related to Pension</b>	<b><u>\$ 1,263,039</u></b>	<b><u>\$ 10,962</u></b>	<b><u>\$ 14,671</u></b>	<b><u>\$ 1,288,672</u></b>
<b>Deferred Inflows of Resources Related to Pension per Actuarial Studies</b>				
Difference Between Expected and Actual Experience	\$ 53,302	\$ 727	\$ 1,098	\$ 55,127
Changes of Assumptions	58,417	689	849	59,955
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,589	47	57	5,693
<b>Total Deferred Inflows of Resources Related to Pension</b>	<b><u>\$ 117,308</u></b>	<b><u>\$ 1,463</u></b>	<b><u>\$ 2,004</u></b>	<b><u>\$ 120,775</u></b>

\$325,051 reported as deferred outflows or 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, 2024. For further information on the deferred outflows and inflows of resources related to pension refer to Note 21, Deferred Outflows and Inflows of Resources.

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, 2023, \$144,682 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, 2023, the County did not utilize funds available in the County Investment Account to pay a portion of the prepayment.

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:	
2024	\$ (62,058)
2025	118,402
2026	262,797
2027	521,276
2028	2,429
<b>Total</b>	<b><u>\$ 842,846</u></b>

**19. RETIREMENT PLANS (Continued)**

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

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

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

According to paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expenses. The 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 13 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. The difference is not material to the County's financial statements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage adding expected inflation and deducting expected investment expenses and a risk margin.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<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%	

**19. RETIREMENT PLANS (Continued)**

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

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:  
 The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County’s proportionate share of the net pension liability	\$ 7,074,862	\$ 4,469,948	\$ 2,345,200

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, 2023, the plan consists of 11 active plan participants, 150 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).

**19. RETIREMENT PLANS (Continued)**

**County Administered Plans (Continued)**

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

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, 2023 using actual benefit payments for FY 2022-23. In both the 2021 valuation and the 2023 roll forward calculations the actuarial assets are valued at fair 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 \$8,130. For the year ended June 30, 2023, the County and six (6) cost-sharing agencies contributed \$160. The County’s proportionate share of the contribution was \$157.

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: Empower is the record keeper for the investments. The plan has stated its assets at fair value based on information provided by Empower Retirement.

Discount Rate: For the year ended June 30, 2023, the annual money-weighted rate of return on the Plan’s investments, net of pension plan investment expense, was 7.04%. 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, 2023 were as follows:

Total Pension Liability	\$	5,165
Plan’s Fiduciary Net Position		(3,962)
Plan’s Net Pension Liability	\$	1,203
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		76.73%

**19. RETIREMENT PLANS (Continued)**

**County Administered Plans (Continued)**

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

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

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, 2023. The County's proportionate share of the June 30, 2023 net pension liability is \$1,174. 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, 2023, the County recognized pension expense of \$98. At June 30, 2023, the County reported deferred outflows of resources of \$240, which represents the aggregated net difference between projected and actual earnings on plan investments.

	<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	\$ 235	\$ 1	\$ 4	\$ 240
<b>Total Deferred Outflows of Resources Related to Pension</b>	<b>\$ 235</b>	<b>\$ 1</b>	<b>\$ 4</b>	<b>\$ 240</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:	
2024	\$ 60
2025	46
2026	146
2027	(12)
<b>Total</b>	<b>\$ 240</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	\$ 1,331	\$ 1,203	\$ 1,088
County's proportionate share	\$ 1,306	\$ 1,174	\$ 1,068

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

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

#### **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 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, 2023, there were 7,680 participants with a balance in the plan, with 1,616 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 \$1,008. As of June 30, 2023, total plan assets were \$10,852.

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



**19. RETIREMENT PLANS (Continued)**

**County Administered Plans (Continued)**

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

Plan Description (Continued)

individual contributions and investment return. As of June 30, 2023, the plan had 600 participants with a balance in the plan, with 283 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 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, 2023, were \$1,420 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. A small percentage of participants self-direct. As of June 30, 2023, total plan assets were \$22,179.

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 PEPPRA of 2013. PEPPRA 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. PEPPRA 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 PEPPRA 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,

**19. RETIREMENT PLANS (Continued)**

**County Administered Plans (Continued)**

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

Plan Description (Continued)

exclusive of overtime. If the employee leaves employment with the County prior to the vesting period, the employee will only be entitled to the employee contributions to the plan.

Funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the early or normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2023, the plan had 6,333 participants with a balance in the plan, with 4,994 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, 2023, were \$6,208 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. A small percentage of participants self-direct. As of June 30, 2023, total plan assets were \$29,282.

Administrative Cost: There is an annual administrative fee of 0.16% charged to participants (at a monthly rate of 0.013%), which is capped for account balances at \$125. Each month participant fees are based on the average daily balance of their account(s) over a 30-day period and are reflected on participants' quarterly statements. No employer-level fees are charged for the plan.

**19. RETIREMENT PLANS (Continued)**

**County Administered Plans (Continued)**

**Condensed Financial Statements**

In lieu of separately issued financial statements for the County administered retirement funds, condensed financial statements are presented below as of and for the fiscal year ended June 30, 2023:

**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	\$ 557	\$ 554	\$ 1	\$ 1	\$ 1
Cash and Cash Equivalents	1	--	--	1	--
Restricted Cash and Investments					
Restricted Investments with Trustee	65,333	3,404	10,817	22,121	28,991
Receivables:					
Interest Receivable	4	4	--	--	--
Due from Other Governmental Agencies	380	--	34	56	290
Total Assets	<u>66,275</u>	<u>3,962</u>	<u>10,852</u>	<u>22,179</u>	<u>29,282</u>
<b><u>Net Position</u></b>					
Restricted for Pension	66,275	3,962	10,852	22,179	29,282
Total Net Position	<u>\$ 66,275</u>	<u>\$ 3,962</u>	<u>\$ 10,852</u>	<u>\$ 22,179</u>	<u>\$ 29,282</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	\$ 7,788	\$ 160	\$ --	\$ 1,420	\$ 6,208
Employee	1,008	--	1,008	--	--
Interest and Investment Income	18	18	--	--	--
Net Increase in the Fair Value of Investments	5,488	235	204	1,966	3,083
Less: Investment Expense	(93)	(4)	(10)	(25)	(54)
Total Additions	<u>14,209</u>	<u>409</u>	<u>1,202</u>	<u>3,361</u>	<u>9,237</u>
<b>Deductions:</b>					
Benefits Paid to Participants	3,316	404	963	1,655	294
Total Deductions	<u>3,316</u>	<u>404</u>	<u>963</u>	<u>1,655</u>	<u>294</u>
Change in Net Position	10,893	5	239	1,706	8,943
Net Position at Beginning of Year	55,382	3,957	10,613	20,473	20,339
Net Position at End of Year	<u>\$ 66,275</u>	<u>\$ 3,962</u>	<u>\$ 10,852</u>	<u>\$ 22,179</u>	<u>\$ 29,282</u>

**20. OTHER POSTEMPLOYMENT BENEFITS**

**County of Orange Retiree Medical Plan**

Plan Description: The County of Orange Fourth 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, 2022.

Plan Membership: As of June 30, 2023, 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, First 5 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 2022 was \$24.63 (absolute dollars) per year of County service, and the maximum base monthly Grant was \$615.75 (absolute dollars). The base number for calendar year 2023 is \$25.37 (absolute dollars) per year of County service, and the maximum monthly Grant is \$634.25 (absolute dollars). The amount of the Grant is netted against the monthly health plan premium and/or reimburses Medicare premiums paid by the retiree for retiree and dependent coverage with the retiree obligated to pay the remaining balance. In no case shall the Grant exceed the actual cost to a retiree for the Qualified Health Plan and Medicare premiums.

The plan was amended in 2007. Certain plan provisions were changed as of effective dates that varied by labor group. The Grant is reduced by 50% once the retiree becomes Medicare Parts A and B eligible. Retirees who were age 65 and/or Medicare Parts A and B eligible on the effective date are not subject to the Medicare reduction. For employees retiring after the effective date, the Grant is reduced or increased by 7.5% based on the employee's age at retirement, such that the Grant is reduced 7.5% for each year under age 60 and increased by 7.5% for each year of age worked after age 60 up to age 70. Safety employees and disability retirements are exempt from the age adjustment.

The base number for the Grant is adjusted annually based on a formula defined in the Retiree Medical Plan document with a maximum increase/decrease of 3%. Surviving dependents of a deceased employee or retiree eligible for the Grant are entitled to receive 50% of the Grant that the employee/retiree was eligible to receive.

In addition to the Grant, the Retiree Medical Plan provides a frozen lump sum payment to terminated employees

**20. 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 premium 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 with less than ten years of credited service as of the effective date, and to supplement the frozen grants for current employees with at least ten years of credited service as of the effective date.

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.

**20. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

Benefits Provided (Continued)

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:

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.

On December 20, 2022, the Board approved restructuring of the Retiree Medical Plan for the following labor groups: Orange County Employees Association (OCEA), Orange County Managers Association (OCMA) International Union of Operating Engineers (IUOE), Teamsters, and unrepresented employees effective June 16, 2023. The Orange County Superior Courts, Orange County Public Law Library, OCERS, First 5 Orange County, Orange County Cemetery District, and the Orange County Local Agency Formation Commission also approved participation in the restructured Retiree Medical Plan.

The restructuring effective June 16, 2023, eliminates the Grant for new employees, freezes the Grant for existing employees, and transitions new and existing employees to the County Health Reimbursement Arrangement (HRA) Plan with the option for existing employees as of June 15, 2023, to place the value of their Grant in the County HRA Plan in lieu of receiving the Grant at retirement.

As of June 16, 2023, the Grant will be frozen for existing employees and they will not accrue additional service hours towards eligibility for the Grant. All employees with one or more years of credited service as of June 15, 2023, shall be eligible for the frozen Grant. The annual COLA and age adjustment (+/- 7.5%) will be eliminated. New employees as of June 16, 2023, will not be eligible for the Grant.

Existing employees as of June 15, 2023, who have accrued at least one full year of qualified credited service under the Plan Document may choose not to receive the frozen Grant and instead have \$855 (absolute value) for each full year of credited qualified service deposited into the employee's HRA account. Any employee who elects to receive the frozen Grant shall be subject to the 25 year cap; however, they shall be credited \$855 (absolute value) per each full year of eligible service beyond the 25 year cap in their HRA account (e.g., a 30 year employee would have \$855 (absolute value) for each of the 5 years over the 25 year cap deposited into their HRA account, and at retirement receive a frozen Grant based on 25 years of service).

**20. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

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 includes only the Grant and Lump Sum benefit. The blended rates benefit are 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, 1.3% for AOCDS, 2.7% for law enforcement management, 3.3% for the Probation Department safety personnel, 1.8% 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, 2022, the total Plan contributions were \$46,389. The County's contribution was \$42,188 (90.94%), Superior Court was \$3,716 (8.01%), OCERS was \$328 (0.71%), First 5 Orange County was \$40 (0.09%), Law Library was \$39 (0.08%), Cemetery District was \$60 (0.13%), and LAFCO was \$18 (0.04%). The County's contribution for the fiscal year ended June 30, 2023 was \$43,336.

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.

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, 2023 were as follows:

Collective OPEB Liability	\$ 689,935
Collective Plan's Fiduciary Net Position	(391,478)
Collective Net OPEB Liability	<u>\$ 298,457</u>
 Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	  56.74%

The Collective OPEB Liability of \$689,935 includes \$539,027 for the Grant and Lump Sum benefits and \$150,908 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 72.63%.

**20. 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)**

The Collective Plan Fiduciary Net Position reflects a reduction for an amount payable (\$59,975) for the assets moved to the HRA for eligible General employees who chose not to receive the frozen Grant in the Plan restructure effective June 16, 2023, or for those who chose to receive the frozen Grant and have greater than 25 years of service. The amount of assets payable were adjusted for the timing difference between the measurement date and the expected date the assets were to be moved to the HRA.

At June 30, 2023, the County reported a liability of \$271,417 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of December 31, 2022, 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 2022 share of employer contributions to the OPEB plan relative to the projected contributions of all participating employers. At December 31, 2022, the County's proportion was 90.94%, which was an increase of 0.02% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the County recognized OPEB expense of \$12,114. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB 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 OPEB per Actuarial Studies</b>				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	\$ 21,793	\$ 192	\$ 222	\$ 22,207
Changes of Assumptions	5,446	47	57	5,550
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,651	23	27	2,701
Employer Contributions after Measurement Date	22,094	185	237	22,516
<b>Total Deferred Outflows of Resources Related to OPEB</b>	<b><u>\$ 51,984</u></b>	<b><u>\$ 447</u></b>	<b><u>\$ 543</u></b>	<b><u>\$ 52,974</u></b>
<b>Deferred Inflows of Resources Related to OPEB per Actuarial Studies</b>				
Difference Between Expected and Actual Experience	\$ 31,739	\$ 274	\$ 331	\$ 32,344
Changes of Assumptions	8,015	71	83	8,169
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,478	30	35	3,543
<b>Total Deferred Inflows of Resources Related to OPEB</b>	<b><u>\$ 43,232</u></b>	<b><u>\$ 375</u></b>	<b><u>\$ 449</u></b>	<b><u>\$ 44,056</u></b>

Deferred outflow of resources of \$22,516 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 21, 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:



**20. 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:		
2024	\$	(7,583)
2025		(3,610)
2026		(840)
2027		5,780
2028		(5,216)
Thereafter		<u>(2,129)</u>
Total	\$	<u><u>(13,598)</u></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 100%, determined by employee group and Grant service at retirement, based on the April 2019 participation study and individual Grant elections of the applicable General employees from the restructuring effective June 16, 2023.

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.

**20. 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:

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic 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%
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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (7.88%). 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	\$ 361,121	\$ 298,457	\$ 243,976
County's proportionate share	\$ 328,404	\$ 271,417	\$ 221,872

**20. 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 (Continued): 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	\$ 281,014	\$ 298,457	\$ 318,443
County’s proportionate share	\$ 255,554	\$ 271,417	\$ 289,592

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.

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.

On May 12, 2015, the Board approved the restructuring of the Retiree Medical Plan and establishment of a Defined Contribution Plan HRA for employees represented by OCAA effective July 8, 2016. The HRA replaces the Retiree Medical Plan for all active attorney employees.

**20. 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.

On December 20, 2022, the Board approved the restructuring of the Retiree Medical Plan and establishment of a Defined Contribution Plan HRA for employees represented by OCEA, OCMA, IUOE, Teamsters, and unrepresented employees effective June 16, 2023. The Orange County Superior Courts, Orange County Public Law Library, OCERS, First 5 Orange County, Orange County Cemetery District, and the Orange County Local Agency Formation Commission also approved participation in the restructured Retiree Medical Plan. The HRA replaces the Retiree Medical Plan for new employees and supplements the current employees' frozen service hour accruals for the Grant.

Existing employees as of June 15, 2023 who have accrued at least one full year of qualified credited service under the Retiree Medical Plan Document may choose not to receive the frozen Grant and instead have \$855 (absolute value) for each full year of credited qualified service deposited into the employee's HRA account. The HRA assets for this group of employees are expected to be transferred by September 2023.

As of June 30, 2023, the plan had 3,485 active and 2,102 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 contributed 4.5% of base salary each pay period starting on July 1, 2022 and increased to 5% starting on January 13, 2023.

**20. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**County of Orange Health Reimbursement Arrangement (HRA) (Continued)**

Funding Policy (Continued)

As of pay period beginning June 16, 2023, for employees represented by OCEA, OCMA, IUOE, Teamsters, unrepresented employees and employees of Orange County Superior Courts, Orange County Public Law Library, OCERS, First 5 Orange County, Orange County Cemetery District, and the Orange County Local Agency Formation Commission, the employer will contribute \$60 (absolute value) per pay period.

Contributions from employees who elected the HRA rather than the Frozen Grant will be defaulted to the MissionSquare PLUS fund. Once contributed, employees may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the HRA. A small percentage of participants self-direct. It is anticipated that these contributions will be made approximately in September 2023.

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. Total contributions for the fiscal year ended June 30, 2023 were \$16,826 by the County and \$815 by the employees. As of June 30, 2023, the value of the HRA assets was \$220,937.

Administrative Cost: Prior to April 1, 2019, annual administrative fees included a plan asset fee of 0.40% and an annual account fee of \$80 (absolute dollars). Beginning on April 1, 2019, the administrative fee was reduced to 0.195% with no annual account fee. Each quarter, 25% of the fees are assessed to participant accounts and are reflected on participants' quarterly statements. No employer-level fees are charged for the Plan.

**20. 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, 2023:

<u>Statement of Fiduciary Net Position</u>	Total	Orange County Employees Retirement System-401(h)*	Retiree Medical Plan 115 Trust *	Health Reimbursement Arrangement Plan
<b>Assets</b>				
Pooled Cash/Investments	\$ 3,406	\$ --	\$ 3,349	\$ 57
Cash/Cash Equivalents	9,152	9,152	--	--
Securities Lending Collateral	4,494	4,494	--	--
Restricted Cash and Investments				
Restricted Investments with Trustee	669,407	450,105	--	219,302
Investments Receivable	3,487	3,487	--	--
Interest/Dividends Receivable	15	--	15	--
Other Receivables	175	175	--	--
Due from Other Governmental Agencies	1,578	--	--	1,578
Total Assets	<u>691,714</u>	<u>467,413</u>	<u>3,364</u>	<u>220,937</u>
<b>Liabilities</b>				
Accounts Payable	64,520	4,545	59,975	--
Salaries and Employee Benefits Payable	10,232	5,601	4,631	--
Investment Obligations	4,547	4,547	--	--
Total Liabilities	<u>79,299</u>	<u>14,693</u>	<u>64,606</u>	<u>--</u>
<b>Net Position</b>				
Restricted for OPEB Benefits	612,415	452,720	(61,242)	220,937
Total Net Position	<u>\$ 612,415</u>	<u>\$ 452,720</u>	<u>\$ (61,242)</u>	<u>\$ 220,937</u>
<u>Statement of Changes in Fiduciary Net Position</u>	Total	Orange County Employees Retirement System-401(h)*	Retiree Medical Plan 115 Trust *	Health Reimbursement Arrangement Plan
Additions:				
Employer Contributions	\$ 63,215	\$ 41,652	\$ 4,737	\$ 16,826
Employee Contributions	1,052	237	--	815
Interest and Investment Income	11,377	11,289	82	6
Net Increase (Decrease) in the Fair Value of Investments	(22,757)	(46,439)	--	23,682
Securities Lending Income Gross Earnings	98	98	--	--
Less: Investment Expense	(3,791)	(3,413)	(4)	(374)
Total Additions	<u>49,194</u>	<u>3,424</u>	<u>4,815</u>	<u>40,955</u>
Deductions:				
Benefits Paid to Participants	109,316	37,013	64,770	7,533
Administrative Expense	23	23	--	--
Total Deductions	<u>109,339</u>	<u>37,036</u>	<u>64,770</u>	<u>7,533</u>
Change in Net Position	(60,145)	(33,612)	(59,955)	33,422
Net Position-Beginning of Year	672,560	486,332	(1,287)	187,515
Net Position-End of Year	<u>\$ 612,415</u>	<u>\$ 452,720</u>	<u>\$ (61,242)</u>	<u>\$ 220,937</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 12/31/22 in accordance with the plan year.

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

The deferred outflows/inflows of resources amounts included on the government-wide Statement of Net Position and the Proprietary Funds Statement of Net Position are comprised of deferred outflows/inflows of resources related to pension, deferred outflows/inflows of resources related to OPEB, deferred inflows of resources for leases and service concession arrangements (SCA). The deferral of resources related to leases and SCAs is the difference between the guaranteed installment payments and contractual commitments. For SCAs, there is an additional deferred inflows of resources recorded in relation to the capital assets built or improved by the operator that will revert to the County at the end of the agreement. 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. Deferred outflows/inflows of resources included in the statement of net position, governmental activities and business-type activities as of June 30, 2023, are described as follows:

**Government-wide  
Statement of Net Position**

	Governmental Activities	Business- Type Activities	Total	First 5 OC	CalOptima Health
<b>Deferred Outflows of Resources:</b>					
Pension	\$ 1,263,274	\$ 25,638	\$ 1,288,912	\$ 1,355	\$ 24,373
OPEB	51,984	990	52,974	116	1,596
<b>Total Government-Wide Deferred Outflows of Resources</b>	<b>\$ 1,315,258</b>	<b>\$ 26,628</b>	<b>\$ 1,341,886</b>	<b>\$ 1,471</b>	<b>\$ 25,969</b>
<b>Deferred Inflows of Resources:</b>					
Pension	\$ 117,308	\$ 3,467	\$ 120,775	\$ 689	\$ 3,388
OPEB	43,232	824	44,056	41	7,788
Service Concession Arrangements	166,164	--	166,164	--	--
Leases	73,844	100,886	174,730	--	--
<b>Total Government-Wide Deferred Inflows of Resources</b>	<b>\$ 400,548</b>	<b>\$ 105,177</b>	<b>\$ 505,725</b>	<b>\$ 730</b>	<b>\$ 11,176</b>

**Proprietary Funds  
Statement of Net Position**

	Airport	OC Waste & Recycling	Total	Governmental Activities-Internal Service Funds
<b>Deferred Outflows of Resources:</b>				
Pension	\$ 10,963	\$ 14,675	\$ 25,638	\$ 14,300
OPEB	447	543	990	680
<b>Total Proprietary Funds Deferred Outflows of Resources</b>	<b>\$ 11,410</b>	<b>\$ 15,218</b>	<b>\$ 26,628</b>	<b>\$ 14,980</b>
<b>Deferred Inflows of Resources:</b>				
Pension	\$ 1,463	\$ 2,004	\$ 3,467	\$ 2,370
OPEB	375	449	824	570
Leases	93,980	6,906	100,886	22
<b>Total Proprietary Funds Deferred Inflows of Resources</b>	<b>\$ 95,818</b>	<b>\$ 9,359</b>	<b>\$ 105,177</b>	<b>\$ 2,962</b>

**21. 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, 2023, as well as the portion of the lease and SCA 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	\$ 170,969	\$ 86,393	\$ 2,240	\$ 30,413	\$ 290,015
Senate Bill 90 Mandated Claims, Net	12,634	--	--	--	12,634
Property Taxes	9,731	1,989	--	--	11,720
Other	6,433	75	--	2,411	8,919
Total Unavailable Revenue	<u>199,767</u>	<u>88,457</u>	<u>2,240</u>	<u>32,824</u>	<u>323,288</u>
Leases	9,311	23,633	--	40,878	73,822
Service Concession Arrangements	--	1,441	--	132,734	134,175
<b>Total Governmental Funds Deferred Inflows of Resources</b>	<b><u>\$ 209,078</u></b>	<b><u>\$ 113,531</u></b>	<b><u>\$ 2,240</u></b>	<b><u>\$ 206,436</u></b>	<b><u>\$ 531,285</u></b>

**22. CONTINGENCIES**

Estimated Liability for Litigation and Claims

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued and at this time an estimate cannot be made. For information regarding claim payments and unpaid claims balance for self-insurance claims, refer to Note 17, Self-Insurance.

Federal Assistance

On August 17, 2021, the Airport received an allocation of \$33,582 from the Airport Rescue Grants under the American Rescue Plan Act. This grant can be used to reimburse the Airport for allowable costs incurred from January 20, 2020 to August 16, 2025. During the year ended June 30, 2023, the Airport recognized grant revenue of \$30,586. The grant balance was \$2,996 as of June 30, 2023.

**23. SUBSEQUENT EVENTS**

The following events occurred subsequent to June 30, 2023:

Teeter Plan Notes: On July 14, 2023, the County paid \$41,208 of its \$82,308 taxable Teeter Plan Obligation Notes, Series B utilizing accumulated base taxes. On July 17, 2023, the Teeter Plan Notes were issued for \$89,004 in taxable Teeter Plan Obligation Notes, Series B, to refund the outstanding balance of \$41,100 and to finance the purchase of \$47,904 in delinquent property tax receivables. The Teeter Plan Notes issued on July 17, 2023, 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 Plan Notes may be issued from time to time by the County provided that the total principal amount of Teeter Plan Notes outstanding at any one time shall not exceed \$150,000.



**23. SUBSEQUENT EVENTS (Continued)**

The County paid \$18,200 on September 15, 2023, and \$15,017 on November 17, 2023, of its \$89,004 Teeter Plan Notes utilizing accumulated base taxes. The Teeter Plan Notes mature on July 30, 2024, and bear a variable interest rate.

Withdrawal of County from Orange County Power Authority (OCPA): On December 20, 2022, the Board voted to withdraw from the OCPA for a variety of reasons, including concerns over OCPA's financial status and its rate structure for unincorporated residents. This withdrawal became effective at the beginning of the following fiscal year, or July 1, 2023. Pursuant to the Joint Powers Agreement, the County is responsible for non-mitigatable costs incurred on the County's behalf. While OCPA has made various demands against the County, including its most recent demand in July 2023, for \$913, the County does not agree that any amount is owed, since the power procured by OCPA on the County's behalf can be sold at a significant profit to OCPA.

CARE Act: CARE Court connects a person struggling with untreated mental illness, and often co-occurring substance use challenges, with a court-ordered Care Plan for up to 24 months. Each plan is managed by a care team within the Health Care Agency (HCA) and can include clinically prescribed, individualized interventions with several supportive services, medication, and a housing plan. The client-centered approach also includes the Public Defender to help individuals make self-directed care decisions in addition to their full clinical team. HCA went live with CARE court on October 01, 2023. HCA expended \$42 in CARE Court start-up costs of the \$7,185 CARE funding received in FY 2022-23. The remainder of the CARES funds received will be expended in FY 2023-24.

Orange County Treasurer's Pool: On November 1, 2023, the Orange County Treasurer's Pool (OCTP) received the highest credit rating of AA+ from Fitch Ratings (Fitch). This is the first time that the OCTP has been rated by an independent rating agency and provides independent oversight to the pool participants of the highest underlying credit quality of the pool's investments. Fitch also assigned a Fund Market Risk Sensitivity Rating of 'S1' denoting a very low sensitivity to market risk and changes in interest rates.







**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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportion of the net pension liability	82.92%	99.86%	84.21%	81.27%	79.39%
County's proportionate share of the net pension liability	\$ 4,469,948	\$ 2,047,343	\$ 3,547,851	\$ 4,124,932	\$ 4,919,675
Covered payroll <sup>(2)</sup>	\$ 1,420,176	\$ 1,375,892	\$ 1,404,516	\$ 1,313,952	\$ 1,272,895
County's proportionate share of the net pension liability as a percentage of its covered payroll <sup>(2)</sup>	<u>314.75%</u>	<u>148.80%</u>	<u>252.60%</u>	<u>313.93%</u>	<u>386.49%</u>
Plan fiduciary net position as a percentage of the total pension liability <sup>(4)</sup>	78.51%	91.45%	81.69%	76.67%	70.03%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 539,755	\$ 511,496	\$ 481,791	\$ 440,042	\$ 419,159
Contributions in relation to the actuarially determined contribution	<u>591,307</u>	<u>557,225</u>	<u>513,799</u>	<u>475,676</u>	<u>440,634</u>
Contribution excess	<u>\$ (51,552)</u>	<u>\$ (45,729)</u>	<u>\$ (32,009)</u>	<u>\$ (35,634)</u>	<u>\$ (21,475)</u>
Covered payroll <sup>(2) (5)</sup>	\$ 1,351,874	\$ 1,398,034	\$ 1,390,204	\$ 1,359,234	\$ 1,293,424
Contributions as a percentage of covered payroll	43.74%	39.86%	36.96%	35.00%	34.07%

(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.

Required Supplemental Information  
(Dollar Amounts in Thousands)

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
80.46%	77.91%	76.83%	76.68%	County's proportion of the net pension liability
\$ 3,984,401	\$ 4,044,638	\$ 4,391,967	\$ 3,897,223	County's proportionate share of the net pension liability
\$ 1,247,616	\$ 1,200,243	\$ 1,118,395	\$ 1,198,458	Covered payroll <sup>(2)</sup>
<u>319.36%</u>	<u>336.98%</u>	<u>392.70%</u>	<u>325.19%</u>	County's proportionate share of the net pension liability as a percentage of its covered payroll <sup>(2)</sup>
74.93%	71.16%	67.10%	69.42%	Plan fiduciary net position as a percentage of the total pension liability <sup>(4)</sup>

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
\$ 401,323	\$ 386,138	\$ 358,103	\$ 340,626	Actuarially determined contribution
433,098	405,494	411,426	397,044	Contributions in relation to the actuarially determined contribution
<u>\$ (31,775)</u>	<u>\$ (19,356)</u>	<u>\$ (53,323)</u>	<u>\$ (56,418)</u>	Contribution excess
\$ 1,260,255	\$ 1,223,930	\$ 1,159,319	\$ 1,158,427	Covered payroll <sup>(2) (5)</sup>
34.37%	33.13%	35.49%	34.27%	Contributions as a percentage of covered payroll

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

**Schedule of County's Proportionate Share of the Net Pension Liability <sup>(2)</sup>**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's proportion of the net pension liability	98.12%	98.12%	98.12%	98.12%	98.12%
County's proportionate share of the net pension liability (asset)	\$ 1,174	\$ 1,337	\$ (149)	\$ 440	\$ 1,382
Covered payroll <sup>(1)</sup>	\$ 2,806	\$ 2,938	\$ 3,169	\$ 3,613	\$ 3,906
County's proportionate share of the net pension liability as a percentage of its covered payroll <sup>(1)</sup>	<u>41.82%</u>	<u>45.51%</u>	<u>(4.71%)</u>	<u>12.18%</u>	<u>35.38%</u>
Plan fiduciary net position as a percentage of the total pension liability	76.73%	74.30%	103.06%	92.18%	81.06%

**Schedule of Collective Plan Contributions**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 160	\$ 160	\$ 114	\$ 114	\$ 555
Contributions in relation to the actuarially determined contribution	160	160	114	114	565
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10)</u>
Covered payroll <sup>(1)</sup>	\$ 2,806	\$ 2,938	\$ 3,169	\$ 3,613	\$ 3,906
Contributions as a percentage of covered payroll	5.70%	5.45%	3.60%	3.16%	14.46%

**Schedule of County Contributions**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 157	\$ 157	\$ 112	\$ 112	\$ 544
Contributions in relation to the actuarially determined contribution	157	157	112	112	554
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10)</u>
Covered payroll <sup>(1)</sup>	\$ 2,806	\$ 2,938	\$ 3,169	\$ 3,613	\$ 3,906
Contributions as a percentage of covered payroll	5.59%	5.34%	3.53%	3.10%	14.19%

(1) The numbers for 2014 and 2015 were for covered-employee payroll, prior to GASB Statement No. 82 implementation.

(2) 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.

Required Supplemental Information  
(Dollar Amounts in Thousands)

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
98.12%	98.12%	98.12%	98.12%	County's proportion of the net pension liability
\$ 1,962	\$ 1,995	\$ 2,845	\$ 3,163	County's proportionate share of the net pension liability (asset)
\$ 4,298	\$ 4,725	\$ 1,747	\$ 1,829	Covered payroll <sup>(1)</sup>
<u>45.65%</u>	<u>42.22%</u>	<u>162.85%</u>	<u>172.94%</u>	County's proportionate share of the net pension liability as a percentage of its covered payroll <sup>(1)</sup>
76.76%	76.24%	65.89%	61.35%	Plan fiduciary net position as a percentage of the total pension liability

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
\$ 555	\$ 784	\$ 784	\$ 421	\$ 421	Actuarially determined contribution
545	784	784	421	421	Contributions in relation to the actuarially determined contribution
<u>\$ 10</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	Contribution deficiency (excess)
\$ 4,298	\$ 4,725	\$ 1,747	\$ 1,829	\$ 1,876	Covered payroll <sup>(1)</sup>
12.68%	16.59%	44.88%	23.02%	22.44%	Contributions as a percentage of covered payroll

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
\$ 545	\$ 769	\$ 769	\$ 413	\$ 421	Actuarially determined contribution
535	769	769	413	421	Contributions in relation to the actuarially determined contribution
<u>\$ 10</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	Contribution deficiency (excess)
\$ 4,298	\$ 4,725	\$ 1,747	\$ 1,829	\$ 1,876	Covered payroll <sup>(1)</sup>
12.45%	16.28%	44.02%	22.58%	22.44%	Contributions as a percentage of covered payroll



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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total Pension Liability</b>					
Service cost	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	243	241	274	362	411
Changes of benefit terms	--	--	--	--	--
Difference between expected and actual experience	--	154	--	(879)	--
Changes of assumptions	--	714	--	(90)	--
Benefit payments, including refunds of member contributions	(404)	(749)	(1,040)	(1,101)	(1,572)
Net change in total pension liability	(161)	360	(766)	(1,708)	(1,161)
Total Pension Liability-beginning	5,326	4,966	5,732	7,440	8,601
<b>Total Pension Liability-ending (a)</b>	<u>\$ 5,165</u>	<u>\$ 5,326</u>	<u>\$ 4,966</u>	<u>\$ 5,732</u>	<u>\$ 7,440</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 160	\$ 160	\$ 114	\$ 114	\$ 565
Contributions-member	--	--	--	--	--
Net investment income (loss)	249	(572)	760	239	436
Investment Expense	--	--	--	--	(7)
Benefit payments, including refunds of member contributions	(404)	(749)	(1,040)	(1,101)	(1,572)
Administrative expense <sup>(1)</sup>	--	--	--	--	--
Other	--	--	--	1	7
Net change in Plan Fiduciary Net Position	5	(1,161)	(166)	(747)	(571)
Plan Fiduciary Net Position-beginning	3,957	5,118	5,284	6,031	6,602
Plan Fiduciary Net Position-ending (b)	<u>\$ 3,962</u>	<u>\$ 3,957</u>	<u>\$ 5,118</u>	<u>\$ 5,284</u>	<u>\$ 6,031</u>
<b>Plan Net Pension Liability-ending (a)-(b)</b>	<u>\$ 1,203</u>	<u>\$ 1,369</u>	<u>\$ (152)</u>	<u>\$ 448</u>	<u>\$ 1,409</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	76.73%	74.30%	103.06%	92.18%	81.06%
<b>Covered payroll <sup>(2)</sup></b>	\$ 2,806	\$ 2,938	\$ 3,169	\$ 3,613	\$ 3,906
<b>Plan Net Pension Liability as a percentage of covered <sup>(2)</sup> payroll</b>	42.87%	46.60%	(4.80%)	12.40%	36.07%

**Schedule of Investment Returns**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actual money-weighted rate of return, net of investment expense	7.04%	12.89%	16.38%	4.56%	6.90%

(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.

Required Supplemental Information  
(Dollar Amounts in Thousands)

2018	2017	2016	2015	2014	
					<b>Total Pension Liability</b>
\$ --	\$ --	\$ --	\$ --	\$ --	Service cost
448	436	435	271	282	Interest
--	--	--	--	--	Changes of benefit terms
(127)	--	73	--	--	Difference between expected and actual experience
480	--	73	--	--	Changes of assumptions
(762)	(372)	(424)	(522)	(695)	Benefit payments, including refunds of member contributions
39	64	157	(251)	(413)	Net change in total pension liability
8,562	8,498	8,341	8,592	9,005	Total Pension Liability-beginning
<u>\$ 8,601</u>	<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>
\$ 545	\$ 784	\$ 784	\$ 421	\$ 421	Contributions-employer
--	--	--	--	--	Contributions-member
295	527	123	17	15	Net investment income (loss)
(7)	(5)	(4)	--	--	Investment Expense
(762)	(372)	(428)	(522)	(695)	Benefit payments, including refunds of member contributions
--	--	--	--	--	Administrative expense <sup>(1)</sup>
3	(5)	7	--	--	Other
74	929	482	(84)	(259)	Net change in Plan Fiduciary Net Position
6,528	5,599	5,117	5,201	5,460	Plan Fiduciary Net Position-beginning
<u>\$ 6,602</u>	<u>\$ 6,528</u>	<u>\$ 5,599</u>	<u>\$ 5,117</u>	<u>\$ 5,201</u>	Plan Fiduciary Net Position-ending (b)
<u>\$ 1,999</u>	<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>
76.76%	76.24%	65.89%	61.35%	60.53%	<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>
\$ 4,298	\$ 4,725	\$ 1,747	\$ 1,829	\$ 1,876	<b>Covered payroll <sup>(2)</sup></b>
46.51%	43.05%	165.94%	176.27%	180.76%	<b>Plan Net Pension Liability as a percentage of covered <sup>(2)</sup> payroll</b>

2018	2017	2016	2015	2014	
4.53%	8.51%	2.22%	0.35%	0.26%	Actual money-weighted rate of return, net of investment expense

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

**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



**Orange County Retiree Medical Plan**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 14,426	\$ 15,397	\$ 14,912
Interest	51,443	52,018	50,385
Changes of benefit terms	(75,495)	--	--
Difference between expected and actual experience	-	(41,074)	--
Changes of assumptions	-	8,321	--
Benefit payments, including refunds of member contributions	(41,808)	(42,002)	(42,911)
Net change in Total OPEB Liability	<u>(51,434)</u>	<u>(7,340)</u>	<u>22,386</u>
Total OPEB Liability-beginning	741,369	748,709	726,322
<b>Total OPEB Liability-ending (a)</b>	<u><u>\$ 689,935</u></u>	<u><u>\$ 741,369</u></u>	<u><u>\$ 748,708</u></u>
<b>Plan Fiduciary Net Position</b>			
Changes of benefit terms	\$ (59,975)	\$ -	\$ -
Contributions-employer	46,389	45,402	45,989
Contributions-employee	237	235	208
Net investment income (loss)	(38,387)	66,778	40,847
Benefit payments, including refunds of member contributions	(41,808)	(42,002)	(42,911)
Administrative expense	(23)	(24)	(22)
Net change in Plan Fiduciary Net Position	<u>(93,567)</u>	<u>70,389</u>	<u>44,111</u>
Plan Fiduciary Net Position-beginning	485,045	414,656	370,545
<b>Plan Fiduciary Net Position-ending (b)</b>	<u><u>\$ 391,478</u></u>	<u><u>\$ 485,045</u></u>	<u><u>\$ 414,656</u></u>
<b>Plan Net OPEB Liability-ending (a)-(b)</b>	<u><u>\$ 298,457</u></u>	<u><u>\$ 256,324</u></u>	<u><u>\$ 334,052</u></u>
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	56.74%	65.43%	55.38%
<b>Covered payroll <sup>(1)</sup></b>	\$ 1,499,572	\$ 1,453,302	\$ 1,426,003
<b>Plan Net OPEB Liability as a percentage of covered payroll</b>	19.90%	17.64%	23.43%

**Schedule of Investment Returns**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actual money-weighted rate of return, net of investment expense	(7.88%)	16.67%	11.22%

(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.

2019	2018	2017	
\$ 16,501	\$ 15,982	\$ 15,479	<b>Total OPEB Liability</b>
50,298	48,442	46,589	Service cost
5,508	--	--	Interest
(10,635)	--	--	Changes of benefit terms
(17,535)	--	--	Difference between expected and actual experience
(39,719)	(37,118)	(35,111)	Changes of assumptions
4,418	27,306	26,957	Benefit payments, including refunds of member contributions
721,904	694,598	667,641	Net change in Total OPEB Liability
\$ 726,322	\$ 721,904	\$ 694,598	Total OPEB Liability-beginning
			<b>Total OPEB Liability-ending (a)</b>
			<b>Plan Fiduciary Net Position</b>
\$ -	\$ -	\$ -	Changes of benefit terms
58,807	54,229	60,721	Contributions-employer
505	2,103	2,193	Contributions-employee
43,720	(5,746)	34,217	Net investment income
(39,719)	(37,118)	(35,111)	Benefit payments, including refunds of member contributions
(20)	(21)	(22)	Administrative expense
63,293	13,447	61,998	Net change in Plan Fiduciary Net Position
307,252	293,805	231,807	Plan Fiduciary Net Position-beginning
\$ 370,545	\$ 307,252	\$ 293,805	<b>Plan Fiduciary Net Position-ending (b)</b>
\$ 355,777	\$ 414,652	\$ 400,793	<b>Plan Net OPEB Liability-ending (a)-(b)</b>
			<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>
51.02%	42.56%	42.30%	
\$ 1,368,521	\$ 1,346,440	\$ 1,313,217	<b>Covered payroll <sup>(1)</sup></b>
26.00%	30.80%	30.52%	<b>Plan Net OPEB Liability as a percentage of covered payroll</b>
<b>2019</b>	<b>2018</b>	<b>2017</b>	
14.81%	(1.31%)	14.74%	Actual money-weighted rate of return, net of investment expense

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net OPEB liability	90.94%	90.92%	91.43%
County's proportionate share of the net OPEB liability	\$ 271,417	\$ 233,049	\$ 305,411
Covered payroll <sup>(1)</sup>	\$ 1,373,815	\$ 1,331,656	\$ 1,306,964
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>19.76%</u>	<u>17.50%</u>	<u>23.37%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	56.74%	65.43%	55.38%

**Schedule of Collective Plan Contributions**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 46,906	\$ 50,102	\$ 48,525
Contributions in relation to the actuarially determined contribution	46,389	45,402	45,989
Contribution deficiency (excess)	<u>\$ 517</u>	<u>\$ 4,700</u>	<u>\$ 2,536</u>
Covered payroll <sup>(1)</sup>	\$ 1,499,572	\$ 1,453,302	\$ 1,426,003
Contributions as a percentage of covered payroll	3.09%	3.12%	3.23%

**Schedule of County Contributions**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 42,425	\$ 45,930	\$ 44,577
Contributions in relation to the actuarially determined contribution	43,336	42,373	39,393
Contribution deficiency (excess)	<u>\$ (911)</u>	<u>\$ 3,557</u>	<u>\$ 5,184</u>
Covered payroll <sup>(2)</sup>	\$ 1,404,551	\$ 1,353,522	\$ 1,310,629
Contributions as a percentage of covered payroll	3.09%	3.13%	3.01%

(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.

<u>2019</u>	<u>2018</u>	<u>2017</u>	
92.31%	91.78%	90.84%	County's proportion of the net OPEB liability
328,412	\$ 380,581	\$ 364,071	County's proportionate share of the net OPEB liability
1,254,780	\$ 1,234,558	\$ 1,203,106	Covered payroll <sup>(1)</sup>
<u>26.17%</u>	<u>30.83%</u>	<u>30.26%</u>	County's proportionate share of the net OPEB liability as a percentage of its covered payroll
51.02%	42.56%	42.30%	Plan fiduciary net position as a percentage of the total OPEB liability

<u>2019</u>	<u>2018</u>	<u>2017</u>	
\$ 50,037	\$ 52,554	\$ 47,006	Actuarially determined contribution
58,807	54,229	60,721	Contributions in relation to the actuarially determined contribution
<u>\$ (8,770)</u>	<u>\$ (1,675)</u>	<u>\$ (13,715)</u>	Contribution deficiency (excess)
\$ 1,368,521	\$ 1,346,440	\$ 1,313,217	Covered payroll <sup>(1)</sup>
4.30%	4.03%	4.62%	Contributions as a percentage of covered payroll

<u>2020</u>	<u>2019</u>	<u>2018</u>	
\$ 45,698	\$ 48,101	\$ 42,716	Actuarially determined contribution
50,466	52,349	46,005	Contributions in relation to the actuarially determined contribution
<u>\$ (4,768)</u>	<u>\$ (4,248)</u>	<u>\$ (3,289)</u>	Contribution deficiency (excess)
\$ 1,293,186	\$ 1,254,706	\$ 1,220,638	Covered payroll <sup>(2)</sup>
3.90%	4.17%	3.77%	Contributions as a percentage of covered payroll



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

**Notes to Schedule**

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

Valuation date	June 30, 2021
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Level percent of pay
Amortization period	13-year average fixed period for 2022/23
Asset valuation method	Investment gains/losses spread over 5-year.
Discount rate	7.00%
General inflation	2.50%
Grant increases	AFSCME: lesser of 5% and Medical Trend Non-AFSCME: lesser of 3% and Medical Trend
Medical Trend	Non-medicare-6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser)-5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser)-4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Mortality	OCERS 2017-19 Experience Study
Mortality improvement	Mortality projected fully generational with Society of Actuaries Scale MP-2019







**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 restricted 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, restricted for the Library, 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.

Opioid Settlement

This fund is used to administer the allocation and use of the County's participation in the National Opioid Settlements. The money received in this fund consists of allocations received from current and future judgements and settlements for opioid remediation activity to combat the effects of the opioid epidemic.

**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.

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. On July 26, 2022, SOCPFA issued the Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility) to finance the acquisition and construction of certain improvements to a new facility for the Sheriff-Coroner department.

**CAPITAL PROJECTS FUNDS**

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

Criminal Justice Facilities

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

Countywide Capital Projects Non-General Fund

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

Capital Facilities Development Corporation Construction

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

**PERMANENT FUND**

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

Regional Park Endowment

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



**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

	Special Revenue			
	Total Nonmajor Governmental Funds	Parking Facilities	Service Areas, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
<b>ASSETS</b>				
Pooled Cash/Investments	\$ 1,304,039	\$ 8,101	\$ 6,774	\$ 20,116
Imprest Cash Funds	45	--	--	--
Restricted Cash and Investments with Trustee	62,716	--	45,450	--
Deposits In-Lieu of Cash	2,369	--	--	1,992
Receivables				
Accounts	3,057	--	--	253
Taxes	29,144	--	20	--
Interest/Dividends	5,717	52	37	111
Deposits	278	--	--	--
Leases	42,077	--	--	9,929
Service Concession Arrangements	142,328	--	--	--
Allowance for Uncollectible Receivables	(218)	(3)	--	--
Due from Other Funds	76,506	927	--	--
Due from Other Governmental Agencies	65,625	251	--	48
Notes Receivable, Net	68,708	--	--	--
Total Assets	<u>\$ 1,802,391</u>	<u>\$ 9,328</u>	<u>\$ 52,281</u>	<u>\$ 32,449</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 41,429	\$ 369	\$ 18,821	\$ --
Retainage Payable	2,838	1	--	--
Salaries and Employee Benefits Payable	4,264	17	--	--
Interest Payable	253	--	--	--
Deposits from Others	52,283	--	546	15
Due to Other Funds	106,428	520	154	1,786
Due to Component Unit	1	--	--	--
Due to Other Governmental Agencies	39,343	202	1,233	--
Unearned Revenue	66,924	--	--	1,992
Advances from Other Funds	20,000	--	--	--
Total Liabilities	<u>333,763</u>	<u>1,109</u>	<u>20,754</u>	<u>3,793</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue-Intergovernmental Revenues	30,413	--	--	--
Unavailable Revenue-Property Taxes	2,411	--	9	--
Related to Service Concession Arrangements	132,734	--	--	--
Related to Leases	40,878	--	--	9,294
Total Deferred Inflows of Resources	<u>206,436</u>	<u>--</u>	<u>9</u>	<u>9,294</u>
<b>FUND BALANCES</b>				
Nonspendable	200	--	--	--
Restricted	881,240	3,856	31,518	11,164
Assigned	380,752	4,363	--	8,198
Total Fund Balances	<u>1,262,192</u>	<u>8,219</u>	<u>31,518</u>	<u>19,362</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,802,391</u>	<u>\$ 9,328</u>	<u>\$ 52,281</u>	<u>\$ 32,449</u>

Special Revenue				
Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor	
\$ 33,776	\$ 231,114	\$ 133,245	\$ 56,233	<b>ASSETS</b>
--	45	--	--	Pooled Cash/Investments
--	--	--	--	Imprest Cash Funds
--	--	359	18	Restricted Cash and Investments with Trustee
--	705	1,431	139	Deposits In-Lieu of Cash
--	--	1,639	--	Receivables
--	1,115	709	316	Accounts
--	--	--	--	Taxes
--	--	32,148	--	Interest/Dividends
--	--	47,833	94,495	Deposits
--	--	--	--	Leases
--	8,232	980	--	Service Concession Arrangements
--	4,222	175	--	Allowance for Uncollectible Receivables
--	41,192	--	--	Due from Other Funds
<u>\$ 33,776</u>	<u>\$ 286,625</u>	<u>\$ 218,519</u>	<u>\$ 151,201</u>	Due from Other Governmental Agencies
				Notes Receivable, Net
				Total Assets
				 <b>LIABILITIES</b>
\$ --	\$ 189	\$ 4,491	\$ 23	Accounts Payable
--	--	1,113	1	Retainage Payable
--	81	1,506	--	Salaries and Employee Benefits Payable
--	--	--	--	Interest Payable
--	4	3,371	384	Deposits from Others
10,504	51,137	2,425	1,455	Due to Other Funds
--	--	--	--	Due to Component Unit
--	33,563	52	--	Due to Other Governmental Agencies
--	53,201	642	--	Unearned Revenue
--	--	--	--	Advances from Other Funds
<u>10,504</u>	<u>138,175</u>	<u>13,600</u>	<u>1,863</u>	Total Liabilities
				 <b>DEFERRED INFLOWS OF RESOURCES</b>
--	727	(538)	--	Unavailable Revenue-Intergovernmental Revenues
--	--	1,704	--	Unavailable Revenue-Property Taxes
--	--	47,044	85,690	Related to Service Concession Arrangements
--	--	31,584	--	Related to Leases
<u>--</u>	<u>727</u>	<u>79,794</u>	<u>85,690</u>	Total Deferred Inflows of Resources
				 <b>FUND BALANCES</b>
--	--	--	--	Nonspendable
23,272	124,666	125,125	63,648	Restricted
--	23,057	--	--	Assigned
<u>23,272</u>	<u>147,723</u>	<u>125,125</u>	<u>63,648</u>	Total Fund Balances
<u>\$ 33,776</u>	<u>\$ 286,625</u>	<u>\$ 218,519</u>	<u>\$ 151,201</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>ASSETS</b>				
Pooled Cash/Investments	\$ 2,682	\$ 116,237	\$ 48,655	\$ 297,948
Imprest Cash Funds	--	--	--	--
Restricted Cash and Investments with Trustee	--	--	--	--
Deposits In-Lieu of Cash	--	--	--	--
Receivables				
Accounts	--	104	--	122
Taxes	--	1,023	--	--
Interest/Dividends	15	617	84	1,625
Deposits	--	--	--	278
Leases	--	--	--	--
Service Concession Arrangements	--	--	--	--
Allowance for Uncollectible Receivables	--	--	--	(78)
Due from Other Funds	127	137	10	1,188
Due from Other Governmental Agencies	--	--	482	18,577
Notes Receivable, Net	26,790	--	--	--
Total Assets	<u>\$ 29,614</u>	<u>\$ 118,118</u>	<u>\$ 49,231</u>	<u>\$ 319,660</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ --	\$ 434	\$ --	\$ 3,041
Retainage Payable	--	8	--	310
Salaries and Employee Benefits Payable	--	1,328	--	938
Interest Payable	--	--	--	--
Deposits from Others	11	--	--	47,952
Due to Other Funds	27	640	11,061	2,807
Due to Component Unit	--	--	1	--
Due to Other Governmental Agencies	48	1	2,426	1,803
Unearned Revenue	--	35	1,041	463
Advances from Other Funds	--	--	--	--
Total Liabilities	<u>86</u>	<u>2,446</u>	<u>14,529</u>	<u>57,314</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue-Intergovernmental Revenues	--	--	21	856
Unavailable Revenue-Property Taxes	--	698	--	--
Related to Service Concession Arrangements	--	--	--	--
Related to Leases	--	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>698</u>	<u>21</u>	<u>856</u>
<b>FUND BALANCES</b>				
Nonspendable	--	--	--	--
Restricted	29,528	114,974	21,093	261,490
Assigned	--	--	13,588	--
Total Fund Balances	<u>29,528</u>	<u>114,974</u>	<u>34,681</u>	<u>261,490</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,614</u>	<u>\$ 118,118</u>	<u>\$ 49,231</u>	<u>\$ 319,660</u>

<u>Special Revenue</u>			<u>Debt Service</u>		
Orange County Housing Authority	Other Governmental Resources	Opioid Settlement Funds	Teeter Plan Notes		
					<b><u>ASSETS</u></b>
\$ 15,044	\$ 1,870	\$ 11,629	\$ 105,680		Pooled Cash/Investments
--	--	--	--		Imprest Cash Funds
16,854	--	--	253		Restricted Cash and Investments with Trustee
--	--	--	--		Deposits In-Lieu of Cash
303	--	--	--		Receivables
--	--	--	26,462		Accounts
82	--	--	695		Taxes
--	--	--	--		Interest/Dividends
--	--	--	--		Deposits
--	--	--	--		Leases
(137)	--	--	--		Service Concession Arrangements
7	--	--	--		Allowance for Uncollectible Receivables
1,601	--	15,123	10,827		Due from Other Funds
726	--	--	--		Due from Other Governmental Agencies
<u>\$ 34,480</u>	<u>\$ 1,870</u>	<u>\$ 26,752</u>	<u>\$ 143,917</u>		Notes Receivable, Net
					Total Assets
					<b><u>LIABILITIES</u></b>
\$ 976	\$ --	\$ --	\$ 42		Accounts Payable
--	--	--	--		Retainage Payable
394	--	--	--		Salaries and Employee Benefits Payable
--	--	--	253		Interest Payable
--	--	--	--		Deposits from Others
6,123	--	1,405	--		Due to Other Funds
--	--	--	--		Due to Component Unit
1	--	--	--		Due to Other Governmental Agencies
--	--	9,550	--		Unearned Revenue
--	--	--	--		Advances from Other Funds
<u>7,494</u>	<u>--</u>	<u>10,955</u>	<u>295</u>		Total Liabilities
					<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>
--	--	15,123	--		Unavailable Revenue-Intergovernmental Revenues
--	--	--	--		Unavailable Revenue-Property Taxes
--	--	--	--		Related to Service Concession Arrangements
--	--	--	--		Related to Leases
<u>--</u>	<u>--</u>	<u>15,123</u>	<u>--</u>		Total Deferred Inflows of Resources
					<b><u>FUND BALANCES</u></b>
--	--	--	--		Nonspendable
26,986	1,870	674	26,462		Restricted
--	--	--	117,160		Assigned
<u>26,986</u>	<u>1,870</u>	<u>674</u>	<u>143,622</u>		Total Fund Balances
					Total Liabilities, Deferred Inflows of Resources, and Fund Balances
<u>\$ 34,480</u>	<u>\$ 1,870</u>	<u>\$ 26,752</u>	<u>\$ 143,917</u>		

**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**

	<u>Debt Service</u>		<u>Capital Projects</u>
	<u>Capital Facilities Development Corporation</u>	<u>South OC Public Financing Authority</u>	<u>Criminal Justice Facilities</u>
<b><u>ASSETS</u></b>			
Pooled Cash/Investments	\$ --	\$ --	\$ 33,654
Imprest Cash Funds	--	--	--
Restricted Cash and Investments with Trustee	23	136	--
Deposits In-Lieu of Cash	--	--	--
Receivables			
Accounts	--	--	--
Taxes	--	--	--
Interest/Dividends	--	--	257
Deposits	--	--	--
Leases	--	--	--
Service Concession Arrangements	--	--	--
Allowance for Uncollectible Receivables	--	--	--
Due from Other Funds	--	--	10,228
Due from Other Governmental Agencies	--	--	14,185
Notes Receivable, Net	--	--	--
Total Assets	<u>\$ 23</u>	<u>\$ 136</u>	<u>\$ 58,324</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ --	\$ --	\$ 8,475
Retainage Payable	--	--	1,138
Salaries and Employee Benefits Payable	--	--	--
Interest Payable	--	--	--
Deposits from Others	--	--	--
Due to Other Funds	--	--	26
Due to Component Unit	--	--	--
Due to Other Governmental Agencies	--	--	14
Unearned Revenue	--	--	--
Advances from Other Funds	--	--	20,000
Total Liabilities	<u>--</u>	<u>--</u>	<u>29,653</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable Revenue-Intergovernmental Revenues	--	--	14,090
Unavailable Revenue-Property Taxes	--	--	--
Related to Service Concession Arrangements	--	--	--
Related to Leases	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>14,090</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	--	--	--
Restricted	23	136	14,581
Assigned	--	--	--
Total Fund Balances	<u>23</u>	<u>136</u>	<u>14,581</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23</u>	<u>\$ 136</u>	<u>\$ 58,324</u>

Capital Projects		Permanent		
Countywide Capital Projects Non- General Fund	Capital Facilities Development Corporation Construction		Regional Park Endowment	
				<b><u>ASSETS</u></b>
\$ 180,909	\$ --		\$ 372	Pooled Cash/Investments
--	--		--	Imprest Cash Funds
--	--		--	Restricted Cash and Investments with Trustee
--	--		--	Deposits In-Lieu of Cash
--	--		--	Receivables
--	--		--	Accounts
--	--		--	Taxes
--	--		2	Interest/Dividends
--	--		--	Deposits
--	--		--	Leases
--	--		--	Service Concession Arrangements
--	--		--	Allowance for Uncollectible Receivables
54,670	--		--	Due from Other Funds
134	--		--	Due from Other Governmental Agencies
--	--		--	Notes Receivable, Net
<b>\$ 235,713</b>	<b>\$ --</b>		<b>\$ 374</b>	Total Assets
				<b><u>LIABILITIES</u></b>
\$ 4,568	\$ --		\$ --	Accounts Payable
267	--		--	Retainage Payable
--	--		--	Salaries and Employee Benefits Payable
--	--		--	Interest Payable
--	--		--	Deposits from Others
16,358	--		--	Due to Other Funds
--	--		--	Due to Component Unit
--	--		--	Due to Other Governmental Agencies
--	--		--	Unearned Revenue
--	--		--	Advances from Other Funds
21,193	--		--	Total Liabilities
				<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>
134	--		--	Unavailable Revenue-Intergovernmental Revenues
--	--		--	Unavailable Revenue-Property Taxes
--	--		--	Related to Service Concession Arrangements
--	--		--	Related to Leases
134	--		--	Total Deferred Inflows of Resources
				<b><u>FUND BALANCES</u></b>
--	--		200	Nonspendable
--	--		174	Restricted
214,386	--		--	Assigned
214,386	--		374	Total Fund Balances
				Total Liabilities, Deferred Inflows of Resources, and Fund Balances
<b>\$ 235,713</b>	<b>\$ --</b>		<b>\$ 374</b>	

**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	\$ 189,789	\$ --	\$ 849	\$ --
Licenses, Permits, and Franchises	958	--	--	--
Fines, Forfeitures, and Penalties	12,215	--	--	--
Use of Money and Property	78,419	12,573	2,242	3,963
Intergovernmental	570,918	950	112,484	5,005
Charges for Services	41,913	62	11	537
Other	37,314	9	--	58
<b>Total Revenues</b>	<u>931,526</u>	<u>13,594</u>	<u>115,586</u>	<u>9,563</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government	94,763	--	92,621	696
Public Protection	70	--	--	--
Public Ways and Facilities	92,556	10,146	677	979
Health and Sanitation	371	--	--	35
Public Assistance	263,232	--	--	--
Education	58,206	--	--	--
Recreation and Cultural Services	148,586	--	--	--
Capital Outlay	270,615	856	5	219
<b>Debt Service</b>				
Principal Retirement	90,188	--	--	145
Interest	25,281	--	--	122
<b>Total Expenditures</b>	<u>1,043,868</u>	<u>11,002</u>	<u>93,303</u>	<u>2,196</u>
<b>Excess (Deficit) of Revenues     Over Expenditures</b>	(112,342)	2,592	22,283	7,367
<b>Other Financing Sources (Uses)</b>				
Transfers In	331,421	49	125	355
Transfers Out	(294,347)	(405)	(5)	(2,695)
Debt Issued	165,683	--	--	--
Premium on Debt Issued	12,350	--	--	--
Leases Issued	367	--	--	--
Subscriptions Issued	542	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<u>216,016</u>	<u>(356)</u>	<u>120</u>	<u>(2,340)</u>
<b>Net Change in Fund Balances</b>	103,674	2,236	22,403	5,027
Fund Balances-Beginning of Year	1,158,518	5,983	9,115	14,335
Fund Balances-End of Year	<u>\$ 1,262,192</u>	<u>\$ 8,219</u>	<u>\$ 31,518</u>	<u>\$ 19,362</u>

Special Revenue			
Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor
\$ --	\$ --	\$ 116,542	\$ --
--	714	242	--
--	--	523	--
825	3,795	18,345	13,654
--	39,284	1,400	--
--	3,152	12,994	89
31,091	246	579	5
31,916	47,191	150,625	13,748
11	--	--	--
--	70	--	--
--	--	--	--
--	--	--	--
--	26,629	--	--
--	--	--	--
--	--	137,761	10,825
--	42	12,683	--
--	19	229	--
--	--	248	--
11	26,760	150,921	10,825
31,905	20,431	(296)	2,923
11	63,277	1,033	--
(34,997)	(40,781)	(328)	--
--	--	--	--
--	--	--	--
--	--	127	--
--	33	--	--
(34,986)	22,529	832	--
(3,081)	42,960	536	2,923
26,353	104,763	124,589	60,725
\$ 23,272	\$ 147,723	\$ 125,125	\$ 63,648

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
Premium on Debt Issued
Leases Issued
Subscriptions Issued
Total Other Financing Sources (Uses)
Net Change in Fund Balances
Fund Balances-Beginning of Year
Fund Balances-End of Year



**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (Continued)  
NONMAJOR GOVERNMENTAL FUNDS**

	Special Revenue			
	Housing Asset	OC Public Libraries	Health Care Programs	Roads
<b>Revenues</b>				
Taxes	\$ --	\$ 72,398	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--	2
Fines, Forfeitures, and Penalties	--	8	6,144	2
Use of Money and Property	267	2,765	1,604	7,098
Intergovernmental	--	909	2,148	116,980
Charges for Services	--	607	1,179	23,155
Other	29	4,959	2	233
<b>Total Revenues</b>	<u>296</u>	<u>81,646</u>	<u>11,077</u>	<u>147,470</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government	--	--	--	--
Public Protection	--	--	--	--
Public Ways and Facilities	--	--	--	80,754
Health and Sanitation	--	--	335	--
Public Assistance	405	--	--	--
Education	--	58,206	--	--
Recreation and Cultural Services	--	--	--	--
Capital Outlay	--	2,068	--	10,633
<b>Debt Service</b>				
Principal Retirement	--	410	--	213
Interest	--	197	--	1
<b>Total Expenditures</b>	<u>405</u>	<u>60,881</u>	<u>335</u>	<u>91,601</u>
<b>Excess (Deficit) of Revenues   Over Expenditures</b>	(109)	20,765	10,742	55,869
<b>Other Financing Sources (Uses)</b>				
Transfers In	--	66	118	5
Transfers Out	--	--	(18,080)	(932)
Debt Issued	--	--	--	--
Premium on Debt Issued	--	--	--	--
Leases Issued	--	218	--	22
Subscriptions Issued	--	509	--	--
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>793</u>	<u>(17,962)</u>	<u>(905)</u>
<b>Net Change in Fund Balances</b>	(109)	21,558	(7,220)	54,964
Fund Balances-Beginning of Year	29,637	93,416	41,901	206,526
Fund Balances-End of Year	<u>\$ 29,528</u>	<u>\$ 114,974</u>	<u>\$ 34,681</u>	<u>\$ 261,490</u>

Supplemental Information  
(Dollar Amounts in Thousands)

Special Revenue			Debt Service		
Orange County Housing Authority	Other Governmental Resources	Opioid Settlement Funds	Teeter Plan Notes		
\$	\$	\$	\$		Revenues
--	--	--	--		Taxes
--	--	--	--		Licenses, Permits, and Franchises
--	--	--	4,728		Fines, Forfeitures, and Penalties
352	50	214	4,223		Use of Money and Property
236,769	--	2,047	--		Intergovernmental
--	127	--	--		Charges for Services
69	--	--	3		Other
<u>237,190</u>	<u>177</u>	<u>2,261</u>	<u>8,954</u>		Total Revenues
					Expenditures
					Current
--	1	--	296		General Government
--	--	--	--		Public Protection
--	--	--	--		Public Ways and Facilities
--	--	1	--		Health and Sanitation
236,198	--	--	--		Public Assistance
--	--	--	--		Education
--	--	--	--		Recreation and Cultural Services
11	--	--	--		Capital Outlay
					Debt Service
204	--	--	79,978		Principal Retirement
1	--	--	2,785		Interest
<u>236,414</u>	<u>1</u>	<u>1</u>	<u>83,059</u>		Total Expenditures
					Excess (Deficit) of Revenues
776	176	2,260	(74,105)		Over Expenditures
					Other Financing Sources (Uses)
--	1	1	--		Transfers In
--	(33)	(1,587)	(25,000)		Transfers Out
--	--	--	82,308		Debt Issued
--	--	--	--		Premium on Debt Issued
--	--	--	--		Leases Issued
--	--	--	--		Subscriptions Issued
<u>--</u>	<u>(32)</u>	<u>(1,586)</u>	<u>57,308</u>		Total Other Financing Sources (Uses)
776	144	674	(16,797)		Net Change in Fund Balances
26,210	1,726	--	160,419		Fund Balances-Beginning of Year
<u>\$ 26,986</u>	<u>\$ 1,870</u>	<u>\$ 674</u>	<u>\$ 143,622</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
<b>Revenues</b>			
Taxes	\$ --	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--
Fines, Forfeitures, and Penalties	--	--	810
Use of Money and Property	95	88	1,372
Intergovernmental	--	--	44,530
Charges for Services	--	--	--
Other	--	--	7
Total Revenues	95	88	46,719
<b>Expenditures</b>			
<b>Current</b>			
General Government	--	1,138	--
Public Protection	--	--	--
Public Ways and Facilities	--	--	--
Health and Sanitation	--	--	--
Public Assistance	--	--	--
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	--	--	198,077
<b>Debt Service</b>			
Principal Retirement	6,725	2,265	--
Interest	16,174	5,753	--
Total Expenditures	22,899	9,156	198,077
Excess (Deficit) of Revenues Over Expenditures	(22,804)	(9,068)	(151,358)
<b>Other Financing Sources (Uses)</b>			
Transfers In	17,479	4,485	168,386
Transfers Out	--	(91,006)	(66)
Debt Issued	--	83,375	--
Premium on Debt Issued	--	12,350	--
Leases Issued	--	--	--
Subscriptions Issued	--	--	--
Total Other Financing Sources (Uses)	17,479	9,204	168,320
Net Change in Fund Balances	(5,325)	136	16,962
Fund Balances-Beginning of Year	5,348	--	(2,381)
Fund Balances-End of Year	\$ 23	\$ 136	\$ 14,581

Capital Projects		Permanent		
Countywide Capital Projects Non- General Fund	Capital Facilities Development Corporation Construction	Regional Park Endowment		
\$	\$	\$	\$	Revenues
--	--	--	--	Taxes
--	--	--	--	Licenses, Permits, and Franchises
--	--	--	--	Fines, Forfeitures, and Penalties
4,638	245	11	11	Use of Money and Property
8,412	--	--	--	Intergovernmental
--	--	--	--	Charges for Services
24	--	--	--	Other
<u>13,074</u>	<u>245</u>	<u>11</u>	<u>11</u>	Total Revenues
				Expenditures
				Current
--	--	--	--	General Government
--	--	--	--	Public Protection
--	--	--	--	Public Ways and Facilities
--	--	--	--	Health and Sanitation
--	--	--	--	Public Assistance
--	--	--	--	Education
--	--	--	--	Recreation and Cultural Services
36,518	9,503	--	--	Capital Outlay
--	--	--	--	Debt Service
--	--	--	--	Principal Retirement
--	--	--	--	Interest
<u>36,518</u>	<u>9,503</u>	<u>--</u>	<u>--</u>	Total Expenditures
				Excess (Deficit) of Revenues Over Expenditures
(23,444)	(9,258)	11	11	Other Financing Sources (Uses)
				Transfers In
76,030	--	--	--	Transfers Out
(78,432)	--	--	--	Debt Issued
--	--	--	--	Premium on Debt Issued
--	--	--	--	Leases Issued
--	--	--	--	Subscriptions Issued
<u>(2,402)</u>	<u>--</u>	<u>--</u>	<u>--</u>	Total Other Financing Sources (Uses)
(25,846)	(9,258)	11	11	Net Change in Fund Balances
240,232	9,258	363	363	Fund Balances-Beginning of Year
<u>\$ 214,386</u>	<u>\$ --</u>	<u>\$ 374</u>	<u>\$ 374</u>	Fund Balances-End of Year

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023  
(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE

	* Original Budget	* Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Parking Facilities</b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 6,011	\$ 6,011	\$ 6,868	\$ 857
Intergovernmental	--	--	305	305
Charges for Services	143	143	62	(81)
Other	--	--	5	5
Transfers In	618	618	49	(569)
Total Revenues and Other Financing Sources	<u>6,772</u>	<u>6,772</u>	<u>7,289</u>	<u>517</u>
<b>Expenditures and Other Financing Uses</b>				
Public Ways and Facilities:				
Parking Facilities	6,956	6,956	5,584	1,372
Total Expenditures and Other Financing Uses	<u>6,956</u>	<u>6,956</u>	<u>5,584</u>	<u>1,372</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(184)	(184)	1,705	<u>\$ 1,889</u>
Fund Balances-Beginning of Year	2,717	2,717	2,717	
Fund Balances-End of Year	<u>\$ 2,533</u>	<u>\$ 2,533</u>	<u>\$ 4,422</u>	
<b>Service Area, Lighting, Maintenance, and Assessment Districts</b>				
<b>Revenues and Other Financing Sources</b>				
Taxes	\$ 770	\$ 769	\$ 849	\$ 80
Use of Money and Property	13	98	2,221	2,123
Intergovernmental	3	3	3	--
Charges for Services	11	11	11	--
Transfers In	125	121,725	112,606	(9,119)
Total Revenues and Other Financing Sources	<u>922</u>	<u>122,606</u>	<u>115,690</u>	<u>(6,916)</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
CFD 2017-1 RMV (Village of Esencia) Construction	2,994	3,561	3,532	29
CFD 2021-1 RMV (Rianda) Construction Fund	--	121,600	89,084	32,516
Special Assessment-Top of the World Improvement	16	16	5	11
Public Ways and Facilities:				
County Service Area No. 13-La Mirada	27	27	13	14
County Service Area No. 22-East Yorba Linda	156	156	153	3
North Tustin Landscaping and Lighting Assessment District	3,808	3,809	522	3,287
Total Expenditures and Other Financing Uses	<u>7,001</u>	<u>129,169</u>	<u>93,309</u>	<u>35,860</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(6,079)	(6,563)	22,381	<u>\$ 28,944</u>
Fund Balances-Beginning of Year	9,210	9,210	9,210	
Fund Balances-End of Year	<u>\$ 3,131</u>	<u>\$ 2,647</u>	<u>\$ 31,591</u>	
<b>Other Environmental Management</b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 551	\$ 598	\$ 3,330	\$ 2,732
Intergovernmental	4,735	4,734	5,005	271
Charges for Services	185	649	537	(112)
Other	--	--	58	58
Transfers In	360	360	355	(5)
Total Revenues and Other Financing Sources	<u>5,831</u>	<u>6,341</u>	<u>9,285</u>	<u>2,944</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Survey Monument Preservation	119	119	58	61
Real Estate Development Program	2,780	5,340	3,600	1,740
Health and Sanitation				
Air Quality Improvement	297	297	134	163
Public Ways and Facilities:				
El Toro Improvement Fund	5,848	5,848	1,098	4,750
Total Expenditures and Other Financing Uses	<u>9,044</u>	<u>11,604</u>	<u>4,890</u>	<u>6,714</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(3,213)	(5,263)	4,395	<u>\$ 9,658</u>
Fund Balances-Beginning of Year	14,551	14,551	14,551	
Fund Balances-End of Year	<u>\$ 11,338</u>	<u>\$ 9,288</u>	<u>\$ 18,946</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	\$ 28,098	\$ 28,697	\$ 31,091	\$ 2,394
Total Revenues and Other Financing Sources	<u>28,098</u>	<u>28,697</u>	<u>31,091</u>	<u>2,394</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Orange County Tobacco Settlement Fund	46,769	55,033	34,275	20,758
Total Expenditures and Other Financing Uses	<u>46,769</u>	<u>55,033</u>	<u>34,275</u>	<u>20,758</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(18,671)	(26,336)	(3,184)	<u>\$ 23,152</u>
Fund Balances-Beginning of Year	26,337	26,337	26,337	
Fund Balances-End of Year	<u>\$ 7,666</u>	<u>\$ 1</u>	<u>\$ 23,153</u>	
<b><u>Community and Welfare Services</u></b>				
<b>Revenues and Other Financing Sources</b>				
Licenses, Permits, and Franchises	\$ 895	\$ 895	\$ 714	\$ (181)
Use of Money and Property	792	792	4,144	3,352
Intergovernmental	64,984	72,083	42,169	(29,914)
Charges for Services	3,258	3,258	3,152	(106)
Other	3,370	170	246	76
Transfers In	44,031	371,903	328,528	(43,375)
Total Revenues and Other Financing Sources	<u>117,330</u>	<u>449,101</u>	<u>378,953</u>	<u>(70,148)</u>
<b>Expenditures and Other Financing Uses</b>				
Public Protection:				
OC Animal Care Center Donations	300	420	167	253
OC Animal Shelter Construction Fund	2,749	2,749	2,535	214
Public Assistance:				
CalHome Program Reuse Fund	4,386	4,386	2	4,384
Care Coordination Fund	14,506	51,824	10,013	41,811
County Executive Office-Single Family Housing	3,515	3,515	3,002	513
Dispute Resolution Program	974	974	563	411
Domestic Violence Program	1,354	1,354	797	557
Facilities Development and Maintenance	12,827	12,827	7,059	5,768
In-Home Support Services Public Authority	3,228	3,228	2,223	1,005
MHSA Housing Fund	12,964	52,964	4,054	48,910
OC CARES Fund	--	214,449	--	214,449
OC Housing	52,566	92,328	14,496	77,832
SSA Donations and Fees	818	918	782	136
SSA Leased Facilities	289	3,064	3,064	--
SSA Wraparound	25,872	25,872	16,864	9,008
Strategic Priority Affordable Housing	262	262	98	164
Workforce Innovation and Opportunity Act	16,564	16,491	6,651	9,840
Total Expenditures and Other Financing Uses	<u>153,174</u>	<u>487,625</u>	<u>72,370</u>	<u>415,255</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(35,844)	(38,524)	306,583	<u>\$ 345,107</u>
Fund Balances-Beginning of Year	107,278	107,278	107,278	
Fund Balances-End of Year	<u>\$ 71,434</u>	<u>\$ 68,754</u>	<u>\$ 413,861</u>	
<b><u>OC Parks</u></b>				
<b>Revenues and Other Financing Sources</b>				
Taxes	\$ 109,931	\$ 109,931	\$ 116,745	\$ 6,814
Licenses, Permits, and Franchises	234	234	242	8
Fines, Forfeitures, and Penalties	36	36	523	487
Use of Money and Property	11,142	11,142	17,373	6,231
Intergovernmental	3,677	3,677	1,383	(2,294)
Charges for Services	11,471	11,371	12,994	1,623
Other	453	453	579	126
Transfers In	19,055	20,155	8,715	(11,440)
Total Revenues and Other Financing Sources	<u>155,999</u>	<u>156,999</u>	<u>158,554</u>	<u>1,555</u>
<b>Expenditures and Other Financing Uses</b>				
Recreation and Cultural Services:				
County Tidelands-Newport Bay	8,029	8,529	5,761	2,768
OC Parks	159,482	182,482	138,625	43,857
OC Parks Capital	39,813	39,813	14,188	25,625
Total Expenditures and Other Financing Uses	<u>207,324</u>	<u>230,824</u>	<u>158,574</u>	<u>72,250</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(51,325)	(73,825)	(20)	<u>\$ 73,805</u>
Fund Balances-Beginning of Year	125,123	125,123	125,123	
Fund Balances-End of Year	<u>\$ 73,798</u>	<u>\$ 51,298</u>	<u>\$ 125,103</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	\$ 2	\$ 2	\$ --	\$ (2)
Use of Money and Property	2,997	2,997	4,507	1,510
Charges for Services	70	70	89	19
Other	22	22	5	(17)
Total Revenues and Other Financing Sources	3,091	3,091	4,601	1,510
<b>Expenditures and Other Financing Uses</b>				
Recreation and Cultural Services:				
OC Dana Point Harbor	14,764	16,512	10,824	5,688
Total Expenditures and Other Financing Uses	14,764	16,512	10,824	5,688
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(11,673)	(13,421)	(6,223)	\$ 7,198
Fund Balances-Beginning of Year	61,679	61,679	61,679	
Fund Balances-End of Year	\$ 50,006	\$ 48,258	\$ 55,456	
<b>Housing Asset</b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ 50	\$ 50	\$ 256	\$ 206
Other	--	--	29	29
Total Revenues and Other Financing Sources	50	50	285	235
<b>Expenditures and Other Financing Uses</b>				
Public Assistance:				
Orange County Development Agency Housing Asset	10,471	10,471	404	10,067
Total Expenditures and Other Financing Uses	10,471	10,471	404	10,067
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(10,421)	(10,421)	(119)	\$ 10,302
Fund Balances-Beginning of Year	29,677	29,677	29,677	
Fund Balances-End of Year	\$ 19,256	\$ 19,256	\$ 29,558	
<b>OC Public Libraries</b>				
<b>Revenues and Other Financing Sources</b>				
Taxes	\$ 68,297	\$ 68,197	\$ 72,524	\$ 4,327
Fines, Forfeitures, and Penalties	12	12	8	(4)
Use of Money and Property	385	385	2,659	2,274
Intergovernmental	612	612	893	281
Charges for Services	415	415	607	192
Other	584	584	4,959	4,375
Transfers In	10,000	10,600	2,065	(8,535)
Total Revenues and Other Financing Sources	80,305	80,805	83,715	2,910
<b>Expenditures and Other Financing Uses</b>				
Education:				
OC Public Libraries	85,840	86,340	59,630	26,710
OC Public Libraries-Capital	12,983	12,983	2,693	10,290
Total Expenditures and Other Financing Uses	98,823	99,323	62,323	37,000
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(18,518)	(18,518)	21,392	\$ 39,910
Fund Balances-Beginning of Year	94,678	94,678	94,678	
Fund Balances-End of Year	\$ 76,160	\$ 76,160	\$ 116,070	

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

Supplemental Information  
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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>Health Care Programs</b>				
<b>Revenues and Other Financing Sources</b>				
Fines, Forfeitures, and Penalties	\$ 7,923	\$ 7,923	\$ 6,145	\$ (1,778)
Use of Money and Property	200	200	368	168
Intergovernmental	5,124	21,344	1,778	(19,566)
Charges for Services	900	900	1,179	279
Other	250	250	2	(248)
Transfers In	770	770	104	(666)
Total Revenues and Other Financing Sources	<u>15,167</u>	<u>31,387</u>	<u>9,576</u>	<u>(21,811)</u>
<b>Expenditures and Other Financing Uses</b>				
Health and Sanitation:				
Bioterrorism Center for Disease Control	4,530	5,151	1,870	3,281
Emergency Medical Services	7,662	7,662	6,166	1,496
HCA Interest Bearing Purpose Restricted Revenues	2,576	20,576	1,752	18,824
HCA Purpose Restricted Revenues	7,310	7,421	7,421	--
HCA Realignment	2,100	2,100	--	2,100
Medi-Cal Administrative Activities Targeted Case Management	654	654	360	294
Total Expenditures and Other Financing Uses	<u>24,832</u>	<u>43,564</u>	<u>17,569</u>	<u>25,995</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(9,665)	(12,177)	(7,993)	<u>\$ 4,184</u>
Fund Balances-Beginning of Year	42,866	42,866	42,866	
Fund Balances-End of Year	<u>\$ 33,201</u>	<u>\$ 30,689</u>	<u>\$ 34,873</u>	
<b>Roads</b>				
<b>Revenues and Other Financing Sources</b>				
Licenses, Permits, and Franchises	\$ --	\$ --	\$ 2	\$ 2
Fines, Forfeitures, and Penalties	2	2	2	--
Use of Money and Property	1,231	1,231	6,580	5,349
Intergovernmental	130,666	130,666	116,788	(13,878)
Charges for Services	32,890	32,890	23,667	(9,223)
Other	36,310	36,360	211	(36,149)
Transfers In	12,204	12,204	12,110	(94)
Total Revenues and Other Financing Sources	<u>213,303</u>	<u>213,353</u>	<u>159,360</u>	<u>(53,993)</u>
<b>Expenditures and Other Financing Uses</b>				
Public Ways and Facilities:				
Foothill Circulation Phasing Plan	555	555	123	432
Major Thoroughfare & Bridge Fee Program	6,344	6,344	1,240	5,104
OC Road	91,524	92,524	68,726	23,798
OC Road-Capital Improvement Projects	111,571	119,822	33,166	86,656
South County Roadway Improve Prog (SCRIP)	7,000	7,000	2,049	4,951
Total Expenditures and Other Financing Uses	<u>216,994</u>	<u>226,245</u>	<u>105,304</u>	<u>120,941</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(3,691)	(12,892)	54,056	<u>\$ 66,948</u>
Fund Balances-Beginning of Year	212,595	212,595	212,595	
Fund Balances-End of Year	<u>\$ 208,904</u>	<u>\$ 199,703</u>	<u>\$ 266,651</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	\$ 67	\$ 67	\$ 375	\$ 308
Intergovernmental	274,990	274,990	236,784	(38,206)
Other	115	115	69	(46)
Transfers In	6,000	11,917	5,917	(6,000)
Total Revenues and Other Financing Sources	281,172	287,089	243,145	(43,944)
<b>Expenditures and Other Financing Uses</b>				
Public Assistance:				
Orange County Housing Authority	288,289	288,289	236,223	52,066
Orange County Housing Authority-Operating Reserve	9,818	15,735	191	15,544
Total Expenditures and Other Financing Uses	298,107	304,024	236,414	67,610
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(16,935)	(16,935)	6,731	\$ 23,666
Fund Balances-Beginning of Year	26,335	26,335	26,335	
Fund Balances-End of Year	\$ 9,400	\$ 9,400	\$ 33,066	
<b>Other Governmental Resources</b>				
<b>Revenues and Other Financing Sources</b>				
Use of Money and Property	\$ --	\$ 5	\$ 14	\$ 9
Charges for Services	130	130	127	(3)
Total Revenues and Other Financing Sources	130	135	141	6
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Assessor Property Characteristic	180	180	--	180
Remittance Processing Equipment Replacement	33	38	--	38
Total Expenditures and Other Financing Uses	213	218	--	218
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(83)	(83)	141	\$ 224
Fund Balances-Beginning of Year	1,734	1,734	1,734	
Fund Balances-End of Year	\$ 1,651	\$ 1,651	\$ 1,875	
<b>Opioid Settlement Funds</b>				
<b>Revenues and Other Financing Sources</b>				
Other	\$ --	\$ 3,364	\$ 11,596	\$ 8,232
Total Revenues and Other Financing Sources	--	3,364	11,596	8,232
<b>Expenditures and Other Financing Uses</b>				
Health and Sanitation:				
Orange County Opioid Settlement Fund	--	3,364	1,405	1,959
Total Expenditures and Other Financing Uses	--	3,364	1,405	1,959
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	--	--	10,191	\$ 10,191
Fund Balances-Beginning of Year	--	--	--	
Fund Balances-End of Year	\$ --	\$ --	\$ 10,191	

\* 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><u>Teeter Plan Notes</u></b>				
<b>Revenues and Other Financing Sources</b>				
Fines, Forfeitures, and Penalties	\$ 7,400	\$ 7,400	\$ 10,348	\$ 2,948
Use of Money and Property	500	500	3,518	3,018
Other	--	--	3	3
Bond Issuance Proceeds	130,978	130,978	82,308	(48,670)
Total Revenues and Other Financing Sources	<u>138,878</u>	<u>138,878</u>	<u>96,177</u>	<u>(42,701)</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Teeter Series A Debt Service	138,878	138,878	108,059	30,819
Total Expenditures and Other Financing Uses	<u>138,878</u>	<u>138,878</u>	<u>108,059</u>	<u>30,819</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	--	--	(11,882)	<u>\$ (11,882)</u>
Fund Balances-Beginning of Year	157,150	157,150	157,150	
Fund Balances-End of Year	<u>\$ 157,150</u>	<u>\$ 157,150</u>	<u>\$ 145,268</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	\$ 697	\$ 697	\$ 836	\$ 139
Use of Money and Property	175	175	1,243	1,068
Intergovernmental	66,548	66,937	47,611	(19,326)
Other	--	--	7	7
Transfers In	73,175	182,301	168,386	(13,915)
Total Revenues and Other Financing Sources	<u>140,595</u>	<u>250,110</u>	<u>218,083</u>	<u>(32,027)</u>
<b>Expenditures and Other Financing Uses</b>				
Public Protection:				
Criminal Justice Facilities Accumulated Capital Outlay	7,714	8,216	3,406	4,810
Sheriff-Coroner Construction and Facility Development	159,998	279,117	216,574	62,543
Total Expenditures and Other Financing Uses	<u>167,712</u>	<u>287,333</u>	<u>219,980</u>	<u>67,353</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(27,117)	(37,223)	(1,897)	\$ 35,326
Fund Balances-Beginning of Year	37,223	37,223	37,223	
Fund Balances-End of Year	<u>\$ 10,106</u>	<u>\$ --</u>	<u>\$ 35,326</u>	
<b><u>Countywide Capital Projects Non-General Fund</u></b>				
<b>Revenues and Other Financing Sources</b>				
Intergovernmental	\$ 28,050	\$ 34,577	\$ 8,432	\$ (26,145)
Other	--	--	24	24
Transfers In	109,648	412,481	336,152	(76,329)
Total Revenues and Other Financing Sources	<u>137,698</u>	<u>447,058</u>	<u>344,608</u>	<u>(102,450)</u>
<b>Expenditures and Other Financing Uses</b>				
General Government:				
Countywide Capital Projects Non-General	283,183	592,573	108,213	484,360
Countywide IT Projects Non-General	14,343	37,298	2,695	34,603
Total Expenditures and Other Financing Uses	<u>297,526</u>	<u>629,871</u>	<u>110,908</u>	<u>518,963</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(159,828)	(182,813)	233,700	\$ 416,513
Fund Balances-Beginning of Year	240,699	240,699	240,699	
Fund Balances-End of Year	<u>\$ 80,871</u>	<u>\$ 57,886</u>	<u>\$ 474,399</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	\$ 2	\$ 2	\$ 9	\$ 7
Total Revenues and Other Financing Sources	2	2	9	7
<b>Expenditures and Other Financing Uses</b>				
Recreation and Cultural Services:				
Limestone Regional Park Mitigation Maintenance Endowment	--	2	--	2
Total Expenditures and Other Financing Uses	--	2	--	2
Excess (Deficit) of Revenues and Other Financing Sources				
Over Expenditures and Other Financing Uses	2	--	9	\$ 9
Fund Balances-Beginning of Year	212	212	212	
Fund Balances-End of Year	\$ 214	\$ 212	\$ 221	

\* 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	\$ 348,239	\$ 24,560	\$ 6,267	\$ 87	\$ 173,110
Cash/Cash Equivalents	2,196	404	--	--	1,792
Imprest Cash Funds	8	--	--	--	--
Receivables					
Accounts	624	275	268	2	--
Interest/Dividends	1,775	146	--	--	899
Leases	17	--	--	--	--
Allowance for Uncollectible Receivables	(107)	--	--	--	--
Due from Other Funds	3,451	370	--	--	203
Due from Other Governmental Agencies	288	50	--	--	--
Inventory of Materials and Supplies	199	--	--	--	--
Total Current Assets	<u>356,690</u>	<u>25,805</u>	<u>6,535</u>	<u>89</u>	<u>176,004</u>
Noncurrent Assets					
Leases Receivable	6	--	--	--	--
Capital Assets					
Not Depreciable/Amortizable	3,058	--	--	--	--
Depreciable/Amortizable, Net	80,864	19	--	--	32
Total Capital Assets	<u>83,922</u>	<u>19</u>	<u>--</u>	<u>--</u>	<u>32</u>
Total Noncurrent Assets	<u>83,928</u>	<u>19</u>	<u>--</u>	<u>--</u>	<u>32</u>
Total Assets	<u>440,618</u>	<u>25,824</u>	<u>6,535</u>	<u>89</u>	<u>176,036</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>14,980</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,048</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	12,067	454	--	--	1,061
Retainage Payable	80	--	--	--	--
Salaries and Employee Benefits Payable	1,139	--	--	--	128
Due to Other Funds	730	7	--	--	11
Due to Other Governmental Agencies	607	--	--	--	--
Insurance Claims Payable	70,699	10,385	--	--	36,016
Compensated Employee Absences Payable	1,427	--	--	--	161
Financed Purchase Liability	3,833	--	--	--	--
Lease Liability	115	--	--	--	--
Subscription Liability	2,322	--	--	--	10
Total Current Liabilities	<u>93,019</u>	<u>10,846</u>	<u>--</u>	<u>--</u>	<u>37,387</u>
Noncurrent Liabilities					
Insurance Claims Payable	191,995	--	--	--	137,751
Compensated Employee Absences Payable	895	--	--	--	66
Financed Purchase Liability	5,046	--	--	--	--
Lease Liability	12	--	--	--	--
Subscription Liability	3,810	--	--	--	121
Net Pension Liability	40,452	--	--	--	7,952
Net OPEB Liability	3,314	--	--	--	1,191
Total Noncurrent Liabilities	<u>245,524</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>147,081</u>
Total Liabilities	<u>338,543</u>	<u>10,846</u>	<u>--</u>	<u>--</u>	<u>184,468</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<u>2,962</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>742</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	68,055	19	--	--	(99)
Unrestricted	46,038	14,959	6,535	89	(5,027)
Total Net Position (Deficit)	<u>\$ 114,093</u>	<u>\$ 14,978</u>	<u>\$ 6,535</u>	<u>\$ 89</u>	<u>\$ (5,126)</u>

Supplemental Information  
(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology	
					<b>ASSETS</b>
					Current Assets
\$ 4,558	\$ 54,475	\$ 50,984	\$ 1,404	\$ 32,794	Pooled Cash/Investments
--	--	--	--	--	Cash/Cash Equivalents
--	5	--	--	3	Imprest Cash Funds
--	4	55	--	20	Receivables
27	301	246	7	149	Accounts
--	--	--	--	17	Interest/Dividends
--	--	(55)	--	(52)	Leases
--	218	1,976	4	680	Allowance for Uncollectible Receivables
--	--	2	95	141	Due from Other Funds
--	--	199	--	--	Due from Other Governmental Agencies
<u>4,585</u>	<u>55,003</u>	<u>53,407</u>	<u>1,510</u>	<u>33,752</u>	Inventory of Materials and Supplies
					Total Current Assets
--	--	--	--	6	Noncurrent Assets
--	--	--	1,967	1,091	Leases Receivable
--	218	39,618	3,137	37,840	Capital Assets
--	<u>218</u>	<u>39,618</u>	<u>5,104</u>	<u>38,931</u>	Not Depreciable/Amortizable
--	218	39,618	5,104	38,937	Depreciable/Amortizable, Net
<u>4,585</u>	<u>55,221</u>	<u>93,025</u>	<u>6,614</u>	<u>72,689</u>	Total Capital Assets
--	<u>941</u>	<u>4,283</u>	<u>824</u>	<u>4,884</u>	Total Noncurrent Assets
					Total Assets
					<b>DEFERRED OUTFLOWS OF RESOURCES</b>
					<b>LIABILITIES</b>
					Current Liabilities
359	2,180	507	104	7,402	Accounts Payable
--	--	--	79	1	Retainage Payable
--	83	381	82	465	Salaries and Employee Benefits Payable
--	12	345	16	339	Due to Other Funds
--	606	1	--	--	Due to Other Governmental Agencies
763	23,535	--	--	--	Insurance Claims Payable
--	116	405	77	668	Compensated Employee Absences Payable
--	--	--	--	3,833	Financed Purchase Liability
--	--	7	98	10	Lease Liability
--	68	19	--	2,225	Subscription Liability
<u>1,122</u>	<u>26,600</u>	<u>1,665</u>	<u>456</u>	<u>14,943</u>	Total Current Liabilities
					Noncurrent Liabilities
--	54,244	--	--	--	Insurance Claims Payable
--	78	270	35	446	Compensated Employee Absences Payable
--	--	--	--	5,046	Financed Purchase Liability
--	--	6	6	--	Lease Liability
--	145	39	--	3,505	Subscription Liability
--	3,147	13,913	2,692	12,748	Net Pension Liability
--	181	846	134	962	Net OPEB Liability
<u>1,122</u>	<u>57,795</u>	<u>15,074</u>	<u>2,867</u>	<u>22,707</u>	Total Noncurrent Liabilities
					Total Liabilities
<u>1,122</u>	<u>84,395</u>	<u>16,739</u>	<u>3,323</u>	<u>37,650</u>	
--	<u>148</u>	<u>493</u>	<u>105</u>	<u>1,474</u>	<b>DEFERRED INFLOWS OF RESOURCES</b>
					<b>NET POSITION</b>
--	5	39,475	4,825	23,830	Net Investment in Capital Assets
3,463	(28,386)	40,601	(815)	14,619	Unrestricted
<u>\$ 3,463</u>	<u>\$ (28,381)</u>	<u>\$ 80,076</u>	<u>\$ 4,010</u>	<u>\$ 38,449</u>	Total Net Position (Deficit)



County of Orange  
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(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
<b>Operating Revenues</b>					
Use of Money and Property	\$ 1,237	\$ --	\$ --	\$ --	\$ --
Charges for Services	121,044	359	--	--	--
Insurance Premiums	354,096	74,317	185,854	852	60,577
Total Operating Revenues	<u>476,377</u>	<u>74,676</u>	<u>185,854</u>	<u>852</u>	<u>60,577</u>
<b>Operating Expenses</b>					
Salaries and Employee Benefits	28,931	--	--	--	3,456
Services and Supplies	43,941	1,634	--	--	543
Professional Services	70,361	4,831	4	--	6,780
Insurance Claims and Premiums	344,256	74,648	186,282	850	47,145
Other Charges	687	687	--	--	--
Taxes and Other Fees	10	2	--	--	1
Depreciation/Amortization	19,559	12	--	--	119
Total Operating Expenses	<u>507,745</u>	<u>81,814</u>	<u>186,286</u>	<u>850</u>	<u>58,044</u>
Operating Income (Loss)	<u>(31,368)</u>	<u>(7,138)</u>	<u>(432)</u>	<u>2</u>	<u>2,533</u>
<b>Nonoperating Revenues (Expenses)</b>					
Intergovernmental Revenues	3,457	1,405	--	--	1,317
Interest and Investment Income	13,155	896	229	3	6,140
Net Decrease in the Fair Value of Investments	(3,428)	(249)	--	--	(1,716)
Interest Expense	(4)	--	--	--	--
Gain (Loss) on Disposition of Capital Assets	229	--	--	--	--
Other Taxes	9	--	--	--	--
Other Revenue	11,349	9,005	251	2	541
Total Nonoperating Revenue	<u>24,767</u>	<u>11,057</u>	<u>480</u>	<u>5</u>	<u>6,282</u>
Income (Loss) Before Contributions and Transfers	(6,601)	3,919	48	7	8,815
Capital Contributions	99	--	--	--	--
Transfers In	6,827	802	3	--	95
Transfers Out	(3,882)	(251)	(211)	(3)	(195)
Change in Net Position	<u>(3,557)</u>	<u>4,470</u>	<u>(160)</u>	<u>4</u>	<u>8,715</u>
Net Position (Deficit)-Beginning of Year, as Restated	117,650	10,508	6,695	85	(13,841)
Net Position (Deficit)-End of Year	<u>\$ 114,093</u>	<u>\$ 14,978</u>	<u>\$ 6,535</u>	<u>\$ 89</u>	<u>\$ (5,126)</u>

Supplemental Information  
(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology	
\$ --	\$ --	\$ --	\$ --	\$ 1,237	Operating Revenues
--	--	32,173	4,704	83,808	Use of Money and Property
64	32,432	--	--	--	Charges for Services
64	32,432	32,173	4,704	85,045	Insurance Premiums
					Total Operating Revenues
					Operating Expenses
--	1,920	9,611	2,012	11,932	Salaries and Employee Benefits
--	23,610	11,441	2,197	4,516	Services and Supplies
70	1,132	2,510	237	54,797	Professional Services
1,322	34,009	--	--	--	Insurance Claims and Premiums
--	--	--	--	--	Other Charges
--	--	2	4	1	Taxes and Other Fees
--	73	8,966	413	9,976	Depreciation/Amortization
1,392	60,744	32,530	4,863	81,222	Total Operating Expenses
(1,328)	(28,312)	(357)	(159)	3,823	Operating Income (Loss)
					Nonoperating Revenues (Expenses)
--	6	--	6	723	Intergovernmental Revenues
205	2,648	1,777	87	1,170	Interest and Investment Income
(46)	(553)	(517)	(14)	(333)	Net Decrease in the Fair Value of Investments
--	--	(1)	(3)	--	Interest Expense
--	--	331	--	(102)	Gain (Loss) on Disposition of Capital Assets
--	--	9	--	--	Other Taxes
--	1,229	58	122	141	Other Revenue
159	3,330	1,657	198	1,599	Total Nonoperating Revenue
(1,169)	(24,982)	1,300	39	5,422	Income (Loss) Before Contributions and Transfers
--	--	99	--	--	Capital Contributions
--	--	4,497	--	1,430	Transfers In
--	(130)	(323)	--	(2,769)	Transfers Out
(1,169)	(25,112)	5,573	39	4,083	Change in Net Position
4,632	(3,269)	74,503	3,971	34,366	Net Position (Deficit)-Beginning of Year, as Restated
<u>\$ 3,463</u>	<u>\$ (28,381)</u>	<u>\$ 80,076</u>	<u>\$ 4,010</u>	<u>\$ 38,449</u>	Net Position (Deficit)-End of Year

County of Orange  
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(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	\$ 38,720	\$ 644	\$ --	\$ --	\$ --
Cash Received for Premiums Within the County's Entity	354,096	74,317	185,854	852	60,577
Payments to Suppliers for Goods and Services	(444,220)	(80,690)	(186,286)	(850)	(46,730)
Payments to Employees for Services	(25,730)	--	--	--	(2,858)
Receipts from Interfund Services	80,717	--	--	--	--
Payments for Interfund Services Provided	(1,035)	(370)	--	--	(116)
Payment for Taxes and Other Fees	(10)	(2)	--	--	(1)
Other Operating Receipts	11,353	9,005	251	2	541
Other Operating Payments	(702)	(687)	(13)	(2)	--
Net Cash Provided (Used) by Operating Activities	13,189	2,217	(194)	2	11,413
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	6,827	802	3	--	95
Transfers Out	(3,882)	(251)	(211)	(3)	(195)
Intergovernmental Revenues	3,457	1,405	--	--	1,317
Other Taxes	9	--	--	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	6,411	1,956	(208)	(3)	1,217
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of Capital Assets	(15,327)	--	--	--	(1)
Principal Paid on Financed Purchase Liability	(4,363)	--	--	--	--
Principal Paid on Leases	(152)	--	--	--	--
Interest Paid on Leases	(4)	--	--	--	--
Principal Paid on Subscription	(5,287)	--	--	--	(11)
Receipts for Leases Receivables	17	--	--	--	--
Interest Received on Leases Receivables	1	--	--	--	--
Proceeds from Sale of Capital Assets	448	--	--	--	--
Net Cash Used by Capital and Related Financing Activities	(24,667)	--	--	--	(12)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Interest on Investments	11,672	771	229	3	5,377
Net Change in the Fair Value of Investments	(3,428)	(249)	--	--	(1,716)
Net Cash Provided by Investing Activities	8,244	522	229	3	3,661
Net Increase (Decrease) in Cash and Cash Equivalents	3,177	4,695	(173)	2	16,279
Cash and Cash Equivalents-Beginning of Year	347,266	20,269	6,440	85	158,623
Cash and Cash Equivalents-End of Year	\$ 350,443	\$ 24,964	\$ 6,267	\$ 87	\$ 174,902
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	\$ (31,368)	\$ (7,138)	\$ (432)	\$ 2	\$ 2,533
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation/Amortization	19,559	12	--	--	119
Recognition of Lease Income	(18)	--	--	--	--
Other Revenue	11,349	9,005	251	2	541
(Increases) Decreases In:					
Receivables, Net	179	213	(13)	(2)	--
Due from Other Funds	(500)	(370)	--	--	(107)
Due from Other Governmental Agencies	53	72	--	--	--
Prepaid Costs	3,154	--	--	--	344
Deferred Outflows of Resources Related to Pension	(4,202)	--	--	--	(1,458)
Deferred Outflows of Resources Related to OPEB	(281)	--	--	--	(103)
Increases (Decreases) In:					
Accounts Payable	(2,169)	133	--	--	414
Retainage Payable	78	--	--	--	--
Salaries and Employee Benefits Payable	89	--	--	--	(27)
Due to Other Funds	(3,626)	--	--	--	(9)
Due to Other Governmental Agencies	604	--	--	--	--
Insurance Claims Payable	12,671	290	--	--	6,980
Compensated Employee Absences Payable	(194)	--	--	--	(35)
Net Pension Liability	27,751	--	--	--	7,951
Net OPEB Liability	498	--	--	--	183
Deferred Inflows of Resources Related to Pension	(19,838)	--	--	--	(5,684)
Deferred Inflows of Resources Related to OPEB	(622)	--	--	--	(229)
Deferred Inflows of Resources Related to Leases	22	--	--	--	--
Total Adjustments	44,557	9,355	238	--	8,880
Net Cash Provided (Used) by Operating Activities	\$ 13,189	\$ 2,217	\$ (194)	\$ 2	\$ 11,413
<b>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</b>					
Pooled Cash/Investments	\$ 348,239	\$ 24,560	\$ 6,267	\$ 87	\$ 173,110
Cash/Cash Equivalents	2,196	404	--	--	1,792
Imprest Cash Funds	8	--	--	--	--
Total Cash and Cash Equivalents	\$ 350,443	\$ 24,964	\$ 6,267	\$ 87	\$ 174,902

Supplemental Information  
(Dollar Amounts in Thousands)

Unemployment Insurance	Property & Casualty Risk	Transportation	Reprographics	Information & Technology
\$ --	\$ 30	\$ 32,177	\$ 4,660	\$ 1,209
64	32,432	--	--	--
(974)	(55,048)	(12,603)	(2,216)	(58,823)
--	(1,719)	(8,683)	(1,801)	(10,669)
--	194	--	--	80,523
--	--	(108)	(441)	--
--	--	(2)	(4)	(1)
--	1,229	58	122	145
--	--	--	--	--
<u>(910)</u>	<u>(22,882)</u>	<u>10,839</u>	<u>320</u>	<u>12,384</u>
--	--	4,497	--	1,430
--	(130)	(323)	--	(2,769)
--	6	--	6	723
--	--	9	--	--
<u>--</u>	<u>(124)</u>	<u>4,183</u>	<u>6</u>	<u>(616)</u>
--	(1)	(9,253)	(1,960)	(4,112)
--	--	--	--	(4,363)
--	--	(12)	(130)	(10)
--	--	(1)	(3)	--
--	(77)	--	--	(5,199)
--	--	--	--	17
--	--	--	--	1
--	--	448	--	--
<u>--</u>	<u>(78)</u>	<u>(8,818)</u>	<u>(2,093)</u>	<u>(13,666)</u>
183	2,415	1,565	82	1,047
<u>(46)</u>	<u>(553)</u>	<u>(517)</u>	<u>(14)</u>	<u>(333)</u>
137	1,862	1,048	68	714
(773)	(21,222)	7,252	(1,699)	(1,184)
<u>5,331</u>	<u>75,702</u>	<u>43,732</u>	<u>3,103</u>	<u>33,981</u>
<u>\$ 4,558</u>	<u>\$ 54,480</u>	<u>\$ 50,984</u>	<u>\$ 1,404</u>	<u>\$ 32,797</u>
\$ (1,328)	\$ (28,312)	\$ (357)	\$ (159)	\$ 3,823
--	73	8,966	413	9,976
--	--	--	--	(18)
--	1,229	58	122	141
--	--	2	--	(21)
--	195	58	(3)	(273)
--	30	2	(44)	(7)
--	199	940	219	1,452
--	(235)	(1,185)	(147)	(1,177)
--	(14)	(68)	(12)	(84)
359	(2,444)	407	(76)	(962)
--	--	--	78	--
--	10	63	12	31
--	(1)	(166)	(438)	(3,012)
--	606	1	(3)	--
59	5,342	--	--	--
--	9	(11)	(1)	(156)
--	1,529	7,571	1,278	9,422
--	25	120	21	149
--	(1,093)	(5,412)	(914)	(6,735)
--	(30)	(150)	(26)	(187)
--	--	--	--	22
<u>418</u>	<u>5,430</u>	<u>11,196</u>	<u>479</u>	<u>8,561</u>
<u>\$ (910)</u>	<u>\$ (22,882)</u>	<u>\$ 10,839</u>	<u>\$ 320</u>	<u>\$ 12,384</u>
\$ 4,558	\$ 54,475	\$ 50,984	\$ 1,404	\$ 32,794
--	--	--	--	--
--	5	--	--	3
<u>\$ 4,558</u>	<u>\$ 54,480</u>	<u>\$ 50,984</u>	<u>\$ 1,404</u>	<u>\$ 32,797</u>

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers
Cash Received for Premiums Within the County's Enty
Payments to Suppliers for Goods and Services
Payments to Employees for Services
Receipts from Interfund Services
Payments for Interfund Services Provided
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
Principal Paid on Leases
Interest Paid on Leases
Principal Paid on Subscription
Receipts for Leases Receivables
Interest Received on Leases Receivables
Proceeds from Sale of Capital Assets
Net Cash Used by Capital and Related Financing Activities

**CASH FLOW FROM INVESTING ACTIVITIES**

Interest on Investments
Net Change in the Fair Value of Investments
Net Cash Provided by Investing Activities

Net Increase (Decrease) in Cash and Cash Equivalents
Cash and Cash Equivalents-Beginning of Year
Cash and Cash Equivalents-End of Year

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities**

Operating Income (Loss)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
Depreciation/Amortization
Recognition of Lease Income
Other Revenue
(Increases) Decreases In:
Receivables, Net
Due from Other Funds
Due from Other Governmental Agencies
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
Deferred Inflows of Resources Related to Leases
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

### **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, OCEA, OCMA, Teamsters, IUOE, unrepresented employees, 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, 2022.

Orange County Employees Retirement System-401(h)

This fund is used to account for annual required contributions, benefit payments, 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, 2022 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, 2022 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, 2022 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, 2022 can be obtained on their website at <https://www.ocers.org/financial-reports>.





**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	\$ 73,609	\$ 73,208	\$ 401
Restricted Cash and Investments			
Restricted Investments with Trustee	2,355	--	2,355
Receivables			
Interest/Dividends	606	602	4
Notes Receivable	15,339	15,339	--
Total Assets	91,909	89,149	2,760
 <b><u>LIABILITIES</u></b>			
Bonds Payable	1,406	--	1,406
Interest Payable	22	--	22
Due to Other Governmental Agencies	480	478	2
Total Liabilities	1,908	478	1,430
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Charge on Refunding	9	--	9
Total Deferred Inflows of Resources	9	--	9
 <b><u>NET POSITION</u></b>			
Restricted for:			
Individuals, Organizations, and Other Governments	89,992	88,671	1,321
Net Position	\$ 89,992	\$ 88,671	\$ 1,321

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Total	Public Administration Trust Funds	Orange County Redevelopment Successor Agency
<b>Additions:</b>			
Contributions to Private-Purpose Trust	\$ 38,140	\$ 38,140	\$ --
Intergovernmental Revenues	10,027	9,828	199
Other Revenues	5,585	5,585	--
Interest and Investment Income	1,190	1,049	141
Net Decrease in the Fair Value of Investments	(428)	(428)	--
Less: Investment Expense	(15)	(14)	(1)
Total Additions	<u>54,499</u>	<u>54,160</u>	<u>339</u>
<b>Deductions:</b>			
Distributions from Private-Purpose Trust	40,812	40,812	--
Professional Services	621	544	77
Tax Pass-Throughs	212	--	212
Interest Expense, Net	(50)	--	(50)
Total Deductions	<u>41,595</u>	<u>41,356</u>	<u>239</u>
Change in Net Position	12,904	12,804	100
Net Position-Beginning of Year	77,088	75,867	1,221
Net Position-End of Year	<u>\$ 89,992</u>	<u>\$ 88,671</u>	<u>\$ 1,321</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	\$ 3,963	\$ 554	\$ 1	\$ 1	\$ 1
Cash/Cash Equivalents	411,606	--	--	1	--
Securities Lending Collateral	202,096	--	--	--	--
Restricted Cash and Investments					
Restricted Investments with Trustee					
Global Public Equity	8,817,154	--	--	--	--
Private Equity	3,301,871	--	--	--	--
Core Fixed Income	1,634,516	--	--	--	--
Credit	1,750,047	--	--	--	--
Real Assets	2,907,077	--	--	--	--
Risk Mitigation	1,757,155	--	--	--	--
Unique Strategies	74,365	--	--	--	--
Cash Equivalent	730	--	--	270	460
Exchange-Traded Funds	164,379	631	--	2,662	9,707
Mutual Funds	77,877	577	--	10,212	15,992
Mutual Bond Funds	6,831	2,196	--	54	1,619
Stable Value Fund	34,818	--	10,817	8,923	1,213
Receivables					
Investments	15,320	--	--	--	--
Securities Sales	141,477	--	--	--	--
Contributions	15,437	--	--	--	--
Interest/Dividends	19	4	--	--	--
Other Receivables	7,880	--	--	--	--
Due from Other Governmental Agencies	1,958	--	34	56	290
Capital Assets, Net	9,088	--	--	--	--
Total Assets	<u>21,335,664</u>	<u>3,962</u>	<u>10,852</u>	<u>22,179</u>	<u>29,282</u>
<b>LIABILITIES</b>					
Accounts Payable	264,378	--	--	--	--
Salaries and Employee Benefits Payable	127,098	--	--	--	--
Unearned Contributions	320,009	--	--	--	--
Investment Obligations	204,463	--	--	--	--
Total Liabilities	<u>915,948</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET POSITION</b>					
Restricted for OPEB Benefits	663,420	--	--	--	--
Restricted for Pension	19,756,296	3,962	10,852	22,179	29,282
Net Position	<u>\$ 20,419,716</u>	<u>\$ 3,962</u>	<u>\$ 10,852</u>	<u>\$ 22,179</u>	<u>\$ 29,282</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*		
\$	57	\$	--	\$	--	<b>ASSETS</b>
	--		9,152		401,414	Pooled Cash/Investments
	--		4,494		197,092	Cash/Cash Equivalents
	--					1,039
	--					510
	--		196,058		8,598,842	Restricted Cash and Investments
	--		73,420		3,220,117	Restricted Investments with Trustee
	--		36,345		1,594,045	Global Public Equity
	--		38,914		1,706,716	Private Equity
	--		64,642		2,835,098	Core Fixed Income
	--		39,072		1,713,648	Credit
	--		1,654		72,523	Real Assets
	--		--		--	Risk Mitigation
	--		--		--	Unique Strategies
	--		--		--	Cash Equivalent
151,379	--		--		--	Exchange-Traded Funds
51,096	--		--		--	Mutual Funds
2,962	--		--		--	Mutual Bond Funds
13,865	--		--		--	Stable Value Fund
	--		341		14,940	Receivables
	--		3,146		137,974	Investments
	--		--		15,437	Securities Sales
	15		--		--	Contributions
	--		175		7,685	Interest/Dividends
1,578	--		--		--	Other Receivables
	--		--		--	Due from Other Governmental Agencies
	--		--		9,088	Capital Assets, Net
<u>220,937</u>	<u>3,364</u>	<u>467,413</u>	<u>20,524,619</u>	<u>53,056</u>		Total Assets
						<b>LIABILITIES</b>
	59,975	4,545	199,342	516		Accounts Payable
	4,631	5,601	115,847	1,019		Salaries and Employee Benefits Payable
	--	--	320,009	--		Unearned Contributions
	--	4,547	199,400	516		Investment Obligations
	<u>64,606</u>	<u>14,693</u>	<u>834,598</u>	<u>2,051</u>		Total Liabilities
						<b>NET POSITION</b>
220,937	(61,242)	452,720	--	51,005		Restricted for OPEB Benefits
--	--	--	19,690,021	--		Restricted for Pension
<u>\$ 220,937</u>	<u>\$ (61,242)</u>	<u>\$ 452,720</u>	<u>\$ 19,690,021</u>	<u>\$ 51,005</u>		Net Position

\* This is presented as of 12/31/22.

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023  
(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
<b>Additions:</b>					
Contributions to Pension and OPEB					
Employer	\$ 793,626	\$ 160	\$ --	\$ 1,420	\$ 6,208
Employee	272,059	--	1,008	--	--
Investment Earnings					
Interest and Investment Income	507,793	18	--	--	--
Net Increase (Decrease) in the Fair Value of Investments	(2,431,176)	235	204	1,966	3,083
Securities Lending Income					
Gross Earnings	4,406	--	--	--	--
Less: Investment Expense	(153,976)	(4)	(10)	(25)	(54)
Total Additions	<u>(1,007,268)</u>	<u>409</u>	<u>1,202</u>	<u>3,361</u>	<u>9,237</u>
<b>Deductions:</b>					
Benefits Paid to Participants	1,259,005	404	963	1,655	294
Administrative Expense	23,591	--	--	--	--
Total Deductions	<u>1,282,596</u>	<u>404</u>	<u>963</u>	<u>1,655</u>	<u>294</u>
 Change in Net Position	 (2,289,864)	 5	 239	 1,706	 8,943
Net Position-Beginning of Year	22,709,580	3,957	10,613	20,473	20,339
Net Position-End of Year	<u>\$ 20,419,716</u>	<u>\$ 3,962</u>	<u>\$ 10,852</u>	<u>\$ 22,179</u>	<u>\$ 29,282</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*			
\$ 16,826	\$ 4,737	\$ 41,652	\$ 719,691	\$ 2,932	Additions:		
815	--	237	269,999	--	Contributions to Pension and OPEB		
					Employer		
6	82	11,289	495,116	1,282	Employee		
23,682	--	(46,439)	(2,408,298)	(5,609)	Investment Earnings		
--	--	98	4,297	11	Interest and Investment Income		
(374)	(4)	(3,413)	(149,705)	(387)	Net Increase (Decrease) in the		
<u>40,955</u>	<u>4,815</u>	<u>3,424</u>	<u>(1,068,900)</u>	<u>(1,771)</u>	Fair Value of Investments		
					Securities Lending Income		
7,533	64,770	37,013	1,139,715	6,658	Gross Earnings		
--	--	23	23,546	22	Less: Investment Expense		
<u>7,533</u>	<u>64,770</u>	<u>37,036</u>	<u>1,163,261</u>	<u>6,680</u>	Total Additions		
					Deductions:		
33,422	(59,955)	(33,612)	(2,232,161)	(8,451)	Benefits Paid to Participants		
187,515	(1,287)	486,332	21,922,182	59,456	Administrative Expense		
<u>\$ 220,937</u>	<u>\$ (61,242)</u>	<u>\$ 452,720</u>	<u>\$ 19,690,021</u>	<u>\$ 51,005</u>	Total Deductions		
					Change in Net Position		
					Net Position-Beginning of Year		
					Net Position-End of Year		

\* This is presented as of 12/31/22.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
ALL CUSTODIAL FUNDS**

	Total	Unapportioned Tax and Interest Funds	Departmental Funds	<u>Fiduciary Component Unit</u>
				Orange County Employees Retirement System-OCTA*
<b><u>ASSETS</u></b>				
Pooled Cash/Investments	\$ 327,301	\$ 246,072	\$ 81,229	\$ --
Cash/Cash Equivalents	665	--	148	517
Restricted Cash and Investments				
Restricted Investments with Trustee	43,804	--	43,804	--
Global Public Equity	11,459	--	--	11,459
Core Fixed Income	5,245	--	--	5,245
Accounts	301	--	301	--
Taxes	263,211	263,211	--	--
Interest/Dividends	76,000	75,310	690	--
Allowance for Uncollectible Receivables	(48,447)	(48,446)	(1)	--
Due from Other Governmental Agencies	9,379	272	9,107	--
Total Assets	<u>688,918</u>	<u>536,419</u>	<u>135,278</u>	<u>17,221</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	9,477	162	9,315	--
Unapportioned Interest	42,997	42,997	--	--
Due to Other Governmental Agencies	21,085	16,873	4,212	--
Unapportioned Taxes	146,839	146,839	--	--
Total Liabilities	<u>220,398</u>	<u>206,871</u>	<u>13,527</u>	<u>--</u>
<b><u>NET POSITION</u></b>				
Restricted for:				
Restricted for OPEB Benefits	17,221	--	--	17,221
Individuals, Organizations, and Other Governments	451,299	329,548	121,751	--
Net Position	<u>\$ 468,520</u>	<u>\$ 329,548</u>	<u>\$ 121,751</u>	<u>\$ 17,221</u>

\* This is presented as of 12/31/22.

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Total	Unapportioned Tax and Interest Funds	Departmental Funds	Fiduciary Component Unit Orange County Employees Retirement System-OCTA*
<b>Additions:</b>				
Contributions to OPEB Benefit Trust Funds:				
Employer	\$ 655	\$ --	\$ --	\$ 655
Contributions to Pooled Investments	1,037,711	8	1,037,703	--
Taxes	11,380,854	11,316,729	64,125	--
Interest and Investment Income	485,628	483,337	2,291	--
Net Decrease in the Fair Value of Investments	(6,673)	(2,900)	(374)	(3,399)
Less: Investment Expense	(84)	(66)	(15)	(3)
Total Additions	<u>12,898,091</u>	<u>11,797,108</u>	<u>1,103,730</u>	<u>(2,747)</u>
<b>Deductions:</b>				
Benefits Paid to Participants	1,466	--	--	1,466
Distributions from Pooled Investments	1,030,385	--	1,030,385	--
Professional Services	6,991	5,115	1,853	23
Other Expenses	48,445	48,445	--	--
Apportioned Taxes	11,799,183	11,739,749	59,434	--
Total Deductions	<u>12,886,470</u>	<u>11,793,309</u>	<u>1,091,672</u>	<u>1,489</u>
Change in Net Position	11,621	3,799	12,058	(4,236)
Net Position-Beginning of Year	456,899	325,749	109,693	21,457
Net Position-End of Year	<u>\$ 468,520</u>	<u>\$ 329,548</u>	<u>\$ 121,751</u>	<u>\$ 17,221</u>

\* This is presented as of 12/31/22.









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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.	220
<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.	230
<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.	235
<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.	240
<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.	242

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				
	2022-23	2021-22	2020-21	2019-20	2018-19
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 3,558,179	\$ 3,423,823	\$ 3,533,978	\$ 3,319,173	\$ 3,127,371
Restricted for:					
Expendable					
Pension Benefits	144,682	135,745	148,764	135,342	143,647
Capital Projects	30,210	43,354	98,252	162,614	212,897
Debt Service	26,462	25,617	38,248	33,179	28,370
Legally Segregated for Grants and Other Purposes	1,739,190	1,538,419	1,377,939	1,212,985	1,202,317
Regional Park Endowment	174	163	168	167	159
Nonexpendable					
Regional Park Endowment	200	200	200	200	200
Unrestricted	(1,385,230)	(1,718,846)	(3,046,351)	(3,480,608)	(3,582,580)
<b>Total Governmental Activities Net Position</b>	<b>\$ 4,113,867</b>	<b>\$ 3,448,475</b>	<b>\$ 2,151,198</b>	<b>\$ 1,383,052</b>	<b>\$ 1,132,381</b>
<b>Business-Type Activities</b>					
Net Investment in Capital Assets	\$ 927,705	\$ 863,392	\$ 865,175	\$ 856,250	\$ 858,924
Restricted for:					
Expendable					
Debt Service	--	8,362	12,698	11,591	2,029
Passenger Facility Charges					
Approved Capital Projects	30,663	24,473	8,093	8,158	3,282
Replacements and Renewals	--	1,000	1,000	1,000	1,000
Landfill Closure/Postclosure	18,401	18,566	25,053	27,730	28,531
Landfill Corrective Action	13,671	11,827	10,472	8,820	8,619
Wetland	879	879	879	879	879
Prima Deshecha/La Pata Closure	--	--	--	104	104
Unrestricted	746,833	669,953	588,699	546,804	491,359
<b>Total Business-Type Activities Net Position</b>	<b>\$ 1,738,152</b>	<b>\$ 1,598,452</b>	<b>\$ 1,512,069</b>	<b>\$ 1,461,336</b>	<b>\$ 1,394,727</b>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 4,485,884	\$ 4,287,215	\$ 4,399,153	\$ 4,175,423	\$ 3,986,295
Restricted for:					
Expendable					
Pension Benefits	144,682	135,745	148,764	135,342	143,647
Capital Projects	30,210	43,354	98,252	162,614	212,897
Debt Service	26,462	33,979	50,946	44,770	30,399
Legally Segregated for Grants and Other Purposes	1,739,190	1,538,419	1,377,939	1,212,985	1,202,317
Regional Park Endowment	174	163	168	167	159
Passenger Facility Charges					
Approved Capital Projects	30,663	24,473	8,093	8,158	3,282
Replacements and Renewals	--	1,000	1,000	1,000	1,000
Landfill Closure/Postclosure	18,401	18,566	25,053	27,730	28,531
Landfill Corrective Action	13,671	11,827	10,472	8,820	8,619
Wetland	879	879	879	879	879
Prima Deshecha/La Pata Closure	--	--	--	104	104
Nonexpendable					
Regional Park Endowment	200	200	200	200	200
Unrestricted	(638,397)	(1,048,893)	(2,457,652)	(2,933,804)	(3,091,221)
<b>Total Primary Government Net Position</b>	<b>\$ 5,852,019</b>	<b>\$ 5,046,927</b>	<b>\$ 3,663,267</b>	<b>\$ 2,844,388</b>	<b>\$ 2,527,108</b>

Note: (1) The balances shown have not been restated to include the prior period adjustments.

Fiscal Year					
2017-18	2016-17 <sup>(1)</sup>	2015-16	2014-15	2013-14 <sup>(1)</sup>	
\$ 3,031,574	\$ 2,813,296	\$ 2,707,493	\$ 2,670,577	\$ 2,646,812	<b>Governmental Activities</b>
					Net Investment in Capital Assets
					Restricted for:
					Expendable
135,485	125,876	111,639	112,544	109,986	Pension Benefits
123,245	164,400	10,836	6,154	8,661	Capital Projects
25,792	33,409	36,380	37,734	37,639	Debt Service
					Legally Segregated for Grants and Other Purposes
1,148,735	1,192,827	1,103,257	1,045,897	1,190,106	Regional Park Endowment
148	145	144	141	140	Nonexpendable
					Regional Park Endowment
200	196	193	188	185	Unrestricted
(3,312,306)	(3,074,958)	(2,979,945)	(2,991,814)	331,408	
\$ 1,152,873	\$ 1,255,191	\$ 989,997	\$ 881,421	\$ 4,324,937	Total Governmental Activities Net Position
					<b>Business-Type Activities</b>
\$ 799,668	\$ 708,286	\$ 663,280	\$ 642,427	\$ 624,621	Net Investment in Capital Assets
					Restricted for:
					Expendable
8,672	36,181	8,499	7,324	7,090	Debt Service
					Passenger Facility Charges
12,044	2,775	14,705	70,538	62,522	Approved Capital Projects
1,000	1,000	1,000	1,000	1,000	Replacements and Renewals
26,655	28,962	33,997	33,337	37,412	Landfill Closure/Postclosure
8,358	8,278	8,245	8,174	7,141	Landfill Corrective Action
879	879	879	879	879	Wetland
104	104	104	104	104	Prima Deshecha/La Pata Closure
454,482	463,495	465,003	362,546	384,871	Unrestricted
\$ 1,311,862	\$ 1,249,960	\$ 1,195,712	\$ 1,126,329	\$ 1,125,640	Total Business-Type Activities Net Position
					<b>Primary Government</b>
\$ 3,831,242	\$ 3,521,582	\$ 3,370,773	\$ 3,313,004	\$ 3,271,433	Net Investment in Capital Assets
					Restricted for:
					Expendable
135,485	125,876	111,639	112,544	109,986	Pension Benefits
123,245	164,400	10,836	6,154	8,661	Capital Projects
34,464	69,590	44,879	45,058	44,729	Debt Service
					Legally Segregated for Grants and Other Purposes
1,148,735	1,192,827	1,103,257	1,045,897	1,190,106	Regional Park Endowment
148	145	144	141	140	Passenger Facility Charges
					Approved Capital Projects
12,044	2,775	14,705	70,538	62,522	Replacements and Renewals
1,000	1,000	1,000	1,000	1,000	Landfill Closure/Postclosure
26,655	28,962	33,997	33,337	37,412	Landfill Corrective Action
8,358	8,278	8,245	8,174	7,141	Wetland
879	879	879	879	879	Prima Deshecha/La Pata Closure
104	104	104	104	104	Nonexpendable
					Regional Park Endowment
200	196	193	188	185	Unrestricted
(2,857,824)	(2,611,463)	(2,514,942)	(2,629,268)	716,279	
\$ 2,464,735	\$ 2,505,151	\$ 2,185,709	\$ 2,007,750	\$ 5,450,577	Total Primary Government Net Position

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023  
(Dollar Amounts in Thousands)

**Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 363,314	\$ 189,650	\$ 188,668	\$ 313,583	\$ 221,830
Public Protection	1,824,133	1,377,502	1,513,781	1,571,137	1,650,165
Public Ways and Facilities	167,921	149,290	138,670	158,356	172,970
Health and Sanitation	906,593	830,673	1,106,989	752,996	715,343
Public Assistance	1,395,469	1,224,045	1,358,723	1,219,816	1,193,705
Education	61,221	57,060	52,579	48,845	52,323
Recreation and Cultural Services	155,460	129,380	128,747	122,694	139,183
Interest on Long-Term Debt	40,843	35,148	27,232	33,617	30,910
Subtotal Governmental Activities	<u>4,914,954</u>	<u>3,992,748</u>	<u>4,515,389</u>	<u>4,221,044</u>	<u>4,176,429</u>
Business-Type Activities:					
Airport	159,451	133,555	128,160	132,804	136,075
OC Waste & Recycling	162,221	134,620	134,202	130,853	128,354
Compressed Natural Gas	3	13	11	11	160
Subtotal Business-Type Activities	<u>321,675</u>	<u>268,188</u>	<u>262,373</u>	<u>263,668</u>	<u>264,589</u>
Total Primary Government Expenses	<u>\$ 5,236,629</u>	<u>\$ 4,260,936</u>	<u>\$ 4,777,762</u>	<u>\$ 4,484,712</u>	<u>\$ 4,441,018</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services					
General Government	\$ 63,337	\$ 56,627	\$ 57,828	\$ 45,713	\$ 47,508
Public Protection	325,800	312,588	326,011	299,121	319,248
Public Ways and Facilities	64,912	74,360	49,063	54,762	52,334
Health and Sanitation	153,271	153,074	143,981	140,631	132,172
Public Assistance	26,627	26,097	18,347	38,431	40,158
Education	671	505	441	575	1,100
Recreation and Cultural Services	41,381	30,444	29,409	26,143	34,506
Operating Grants and Contributions	3,208,589	3,166,816	3,199,181	2,500,368	2,289,265
Capital Grants and Contributions	200,108	130,593	141,883	141,118	63,429
Subtotal Governmental Activities Program Revenues	<u>4,084,696</u>	<u>3,951,104</u>	<u>3,966,144</u>	<u>3,246,862</u>	<u>2,979,720</u>
Business-Type Activities:					
Charges for Services					
Airport	185,369	162,025	109,168	135,273	157,785
OC Waste & Recycling	201,179	186,790	179,974	179,542	171,741
Compressed Natural Gas	307	165	183	95	108
Operating Grants and Contributions	52,105	20,571	22,371	5,285	193
Capital Grants and Contributions	225	660	5,387	-	1,424
Subtotal Business-Type Activities Program Revenues	<u>439,185</u>	<u>370,211</u>	<u>317,083</u>	<u>320,195</u>	<u>331,251</u>
Total Primary Government Program Revenues	<u>\$ 4,523,881</u>	<u>\$ 4,321,315</u>	<u>\$ 4,283,227</u>	<u>\$ 3,567,057</u>	<u>\$ 3,310,971</u>

Note: (1) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2017-18	2016-17 <sup>(1)</sup>	2015-16	2014-15	2013-14 <sup>(1)</sup>
\$ 196,233	\$ 186,340	\$ 203,394	\$ 191,793	\$ 131,026
1,475,626	1,485,137	1,433,421	1,326,028	1,261,984
151,779	97,928	142,071	114,398	127,561
656,234	593,617	554,872	537,580	626,063
1,102,747	1,097,327	1,097,129	1,049,665	988,735
48,412	44,510	46,170	43,314	41,240
123,798	112,749	115,136	102,069	96,820
25,741	17,544	20,112	23,560	28,028
<u>3,780,570</u>	<u>3,635,152</u>	<u>3,612,305</u>	<u>3,388,407</u>	<u>3,301,457</u>
124,466	125,522	120,921	124,778	120,731
125,472	105,149	96,301	69,307	94,161
299	367	283	331	379
<u>250,237</u>	<u>231,038</u>	<u>217,505</u>	<u>194,416</u>	<u>215,271</u>
<u>\$ 4,030,807</u>	<u>\$ 3,866,190</u>	<u>\$ 3,829,810</u>	<u>\$ 3,582,823</u>	<u>\$ 3,516,728</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

\$ 43,104	\$ 41,988	\$ 34,048	\$ 36,924	\$ 32,016
355,850	307,630	288,185	286,644	273,215
55,544	67,796	63,487	53,834	53,071
112,715	117,170	85,392	102,599	93,470
38,741	40,589	37,975	37,650	42,300
1,237	1,274	1,426	1,480	2,059
49,892	47,763	46,937	43,882	39,251
2,175,087	2,067,777	2,037,311	1,996,861	2,033,550
123,575	113,481	105,776	33,241	54,478
<u>2,955,745</u>	<u>2,805,468</u>	<u>2,700,537</u>	<u>2,593,115</u>	<u>2,623,410</u>
152,551	150,260	149,894	141,563	136,359
162,273	153,842	147,130	139,493	125,106
266	248	269	312	392
272	69	171	255	900
4,829	1,828	2,174	9,215	5,277
<u>320,191</u>	<u>306,247</u>	<u>299,638</u>	<u>290,838</u>	<u>268,034</u>
<u>\$ 3,275,936</u>	<u>\$ 3,111,715</u>	<u>\$ 3,000,175</u>	<u>\$ 2,883,953</u>	<u>\$ 2,891,444</u>

**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				
	2022-23	2021-22	2020-21	2019-20	2018-19
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (830,258)	\$ (41,644)	\$ (549,245)	\$ (974,182)	\$ (1,196,709)
Business-Type Activities	117,510	102,023	54,710	56,527	66,662
Total Primary Government Net (Expense)/Revenue	<u>\$ (712,748)</u>	<u>\$ 60,379</u>	<u>\$ (494,535)</u>	<u>\$ (917,655)</u>	<u>\$ (1,130,047)</u>
<b>General Revenue and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Property Taxes, Levied for General Fund	\$ 398,794	\$ 367,918	\$ 351,951	\$ 332,635	\$ 320,395
Property Taxes, Levied for Flood Control District	135,749	126,365	119,476	115,908	110,529
Property Taxes, Levied for OC Parks	105,157	97,889	93,792	89,804	85,640
Property Taxes, Levied for OC Public Libraries	66,286	61,721	59,333	56,767	54,074
Property Taxes in-Lieu of Motor Vehicle License Fees	484,543	455,578	438,321	418,370	395,809
Other Taxes	134,123	149,568	127,777	104,863	99,965
Grants and Contributions Not Restricted to Specific Programs	4,675	4,631	15,547	11,673	2,720
State Allocation of Motor Vehicle License Fees	2,931	3,863	3,528	838	1,180
Unrestricted Investment Earnings	64,350	(4,364)	35,393	30,538	44,170
Miscellaneous	90,488	67,756	64,764	53,631	52,813
Transfers	8,554	7,996	7,509	9,826	8,922
Subtotal Governmental Activities	<u>1,495,650</u>	<u>1,338,921</u>	<u>1,317,391</u>	<u>1,224,853</u>	<u>1,176,217</u>
Business-Type Activities:					
Other Taxes	--	--	14	50	10
Unrestricted Investment Earnings	29,291	(11,274)	1,269	19,771	24,941
Miscellaneous Revenues	1,453	3,630	2,249	87	174
Transfers	(8,554)	(7,996)	(7,509)	(9,826)	(8,922)
Subtotal Business-Type Activities	<u>22,190</u>	<u>(15,640)</u>	<u>(3,977)</u>	<u>10,082</u>	<u>16,203</u>
Total Primary Government General Revenue and Other Charges	<u>\$ 1,517,840</u>	<u>\$ 1,323,281</u>	<u>\$ 1,313,414</u>	<u>\$ 1,234,935</u>	<u>\$ 1,192,420</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 665,392	\$ 1,297,277	\$ 768,146	\$ 250,671	\$ (20,492)
Business-Type Activities	139,700	86,383	50,733	66,609	82,865
Total Primary Government	<u>\$ 805,092</u>	<u>\$ 1,383,660</u>	<u>\$ 818,879</u>	<u>\$ 317,280</u>	<u>\$ 62,373</u>

Note: (1) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2017-18	2016-17 <sup>(1)</sup>	2015-16	2014-15	2013-14 <sup>(1)</sup>
\$ (824,825)	\$ (829,684)	\$ (911,768)	\$ (795,292)	\$ (678,047)
69,954	75,209	82,133	96,422	52,763
<b>\$ (754,871)</b>	<b>\$ (754,475)</b>	<b>\$ (829,635)</b>	<b>\$ (698,870)</b>	<b>\$ (625,284)</b>
\$ 305,296	\$ 287,212	\$ 311,902	\$ 328,500	\$ 277,591
104,798	98,563	82,193	77,090	72,737
81,206	76,493	61,048	57,266	54,042
51,166	47,804	45,364	42,333	39,734
372,728	351,011	333,595	314,957	295,798
99,889	98,216	78,184	71,613	73,178
10,757	8,434	4,583	49,476	14,192
1,615	1,234	1,100	764	895
19,389	19,760	17,032	6,796	18,459
71,164	80,229	63,825	69,789	54,412
10,767	25,922	21,518	19,959	17,557
<b>1,128,775</b>	<b>1,094,878</b>	<b>1,020,344</b>	<b>1,038,543</b>	<b>918,595</b>
82	78	72	109	101
7,695	3,497	6,526	3,042	3,064
1,830	1,386	2,170	1,597	3,177
(10,767)	(25,922)	(21,518)	(19,959)	(17,557)
<b>(1,160)</b>	<b>(20,961)</b>	<b>(12,750)</b>	<b>(15,211)</b>	<b>(11,215)</b>
<b>\$ 1,127,615</b>	<b>\$ 1,073,917</b>	<b>\$ 1,007,594</b>	<b>\$ 1,023,332</b>	<b>\$ 907,380</b>
\$ 303,950	\$ 265,194	\$ 108,576	\$ 243,251	\$ 240,548
68,794	54,248	69,383	81,211	41,548
<b>\$ 372,744</b>	<b>\$ 319,442</b>	<b>\$ 177,959</b>	<b>\$ 324,462</b>	<b>\$ 282,096</b>

**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

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				
	2022-23	2021-22	2020-21	2019-20	2018-19
<b>General Fund</b>					
Nonspendable	\$ 2,175	\$ 517,721	\$ 515,879	\$ 460,074	\$ 396,541
Restricted	284,714	164,954	97,998	78,982	49,989
Assigned	653,241	316,809	108,268	106,929	147,686
Unassigned	772,383	127,721	13,582	217,317	196,517
<b>Total General Fund</b>	<b>\$ 1,712,513</b>	<b>\$ 1,127,205</b>	<b>\$ 735,727</b>	<b>\$ 863,302</b>	<b>\$ 790,733</b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ 1,027	\$ 32,171	\$ 29,779	\$ 25,866	\$ 23,368
Restricted	1,639,674	1,572,185	1,611,739	1,588,765	1,657,781
Assigned	380,752	443,370	377,228	214,144	180,139
<b>Total All Other Governmental Funds</b>	<b>\$ 2,021,453</b>	<b>\$ 2,047,726</b>	<b>\$ 2,018,746</b>	<b>\$ 1,828,775</b>	<b>\$ 1,861,288</b>

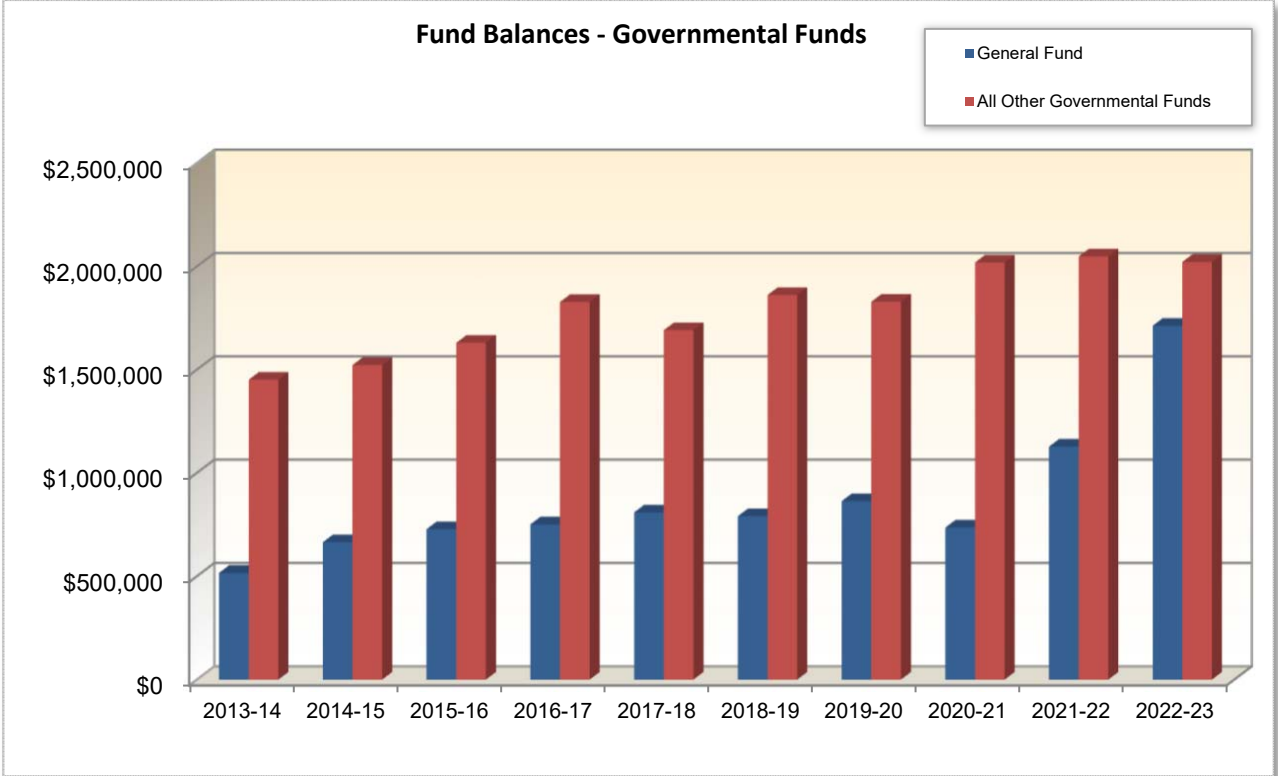
Note: (1) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2017-18	2016-17 <sup>(1)</sup>	2015-16	2014-15	2013-14 <sup>(1)</sup>
\$ 378,418	\$ 372,572	\$ 331,889	\$ 336,606	\$ 321,022
31,815	39,581	49,230	31,486	42,028
179,119	265,293	321,064	269,529	153,336
219,426	73,446	25,655	26,887	--
<b>\$ 808,778</b>	<b>\$ 750,892</b>	<b>\$ 727,838</b>	<b>\$ 664,508</b>	<b>\$ 516,386</b>

**General Fund**  
 Nonspendable  
 Restricted  
 Assigned  
 Unassigned  
**Total General Fund**

\$ 21,505	\$ 21,697	\$ 20,501	\$ 21,296	\$ 21,207
1,492,269	1,635,408	1,479,405	1,417,122	1,362,102
176,953	170,472	129,782	83,765	67,929
<b>\$ 1,690,727</b>	<b>\$ 1,827,577</b>	<b>\$ 1,629,688</b>	<b>\$ 1,522,183</b>	<b>\$ 1,451,238</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				
	2022-23	2021-22	2020-21	2019-20	2018-19
<b>Revenues</b>					
Taxes	\$ 1,279,769	\$ 1,209,689	\$ 1,152,471	\$ 1,087,160	\$ 1,033,209
Licenses, Permits, and Franchises	30,813	26,795	27,819	26,193	25,956
Fines, Forfeitures, and Penalties	59,388	62,384	57,845	54,731	64,582
Use of Money and Property	152,652	46,377	43,339	99,619	124,827
Intergovernmental	3,405,271	3,140,286	3,142,386	2,506,018	2,243,421
Charges for Services	618,893	615,036	571,132	553,644	538,659
Other	85,582	103,284	70,549	60,389	74,508
<b>Total Revenues</b>	<b>5,632,368</b>	<b>5,203,851</b>	<b>5,065,541</b>	<b>4,387,754</b>	<b>4,105,162</b>
<b>Expenditures</b>					
General Government	416,545	237,547	227,528	346,701	271,722
Public Protection	1,682,705	1,606,763	1,559,227	1,492,539	1,485,357
Public Ways and Facilities	139,046	138,921	130,831	138,760	152,657
Health and Sanitation	878,567	877,075	1,131,047	747,178	680,305
Public Assistance	1,362,702	1,286,464	1,383,768	1,210,986	1,145,340
Education	58,206	57,457	53,372	47,702	47,826
Recreation and Cultural Services	148,586	130,180	125,363	119,379	114,127
Capital Outlay	483,501	421,661	341,409	194,454	213,950
Debt Service					
Principal Retirement	142,355	73,855	60,982	90,093	75,410
Interest	42,142	39,014	40,115	43,887	43,062
Debt Issuance Costs	--	--	--	--	--
<b>Total Expenditures</b>	<b>5,354,355</b>	<b>4,868,937</b>	<b>5,053,642</b>	<b>4,431,679</b>	<b>4,229,756</b>
Excess (Deficit) of Revenues Over Expenditures	278,013	334,914	11,899	(43,925)	(124,594)
<b>Other Financing Sources (Uses)</b>					
Transfers In	808,237	513,743	601,093	590,322	633,185
Transfers Out	(802,628)	(513,819)	(601,321)	(590,049)	(629,486)
Debt Issued	165,683	79,978	50,725	83,708	61,107
Premium on Debt Issued	12,350	--	--	--	--
Capital Leases	--	--	--	--	--
Leases Issued	73,216	5,642	--	--	--
Subscriptions Issued	24,164	--	--	--	--
Loan Issuance	--	--	--	--	212,304
<b>Total Other Financing Sources</b>	<b>281,022</b>	<b>85,544</b>	<b>50,497</b>	<b>83,981</b>	<b>277,110</b>
<b>Net Change in Fund Balances</b>	<b>\$ 559,035</b>	<b>\$ 420,458</b>	<b>\$ 62,396</b>	<b>\$ 40,056</b>	<b>\$ 152,516</b>
Debt Service as a Percentage of Noncapital Expenditures:	3.79%	2.54%	2.15%	3.16%	2.95%

Note: (1) The balances shown have not been restated to include prior period adjustments.

Fiscal Year				
2017-18	2016-17 <sup>(1)</sup>	2015-16	2014-15	2013-14 <sup>(1)</sup>
\$ 982,742	\$ 923,561	\$ 876,808	\$ 822,511	\$ 778,936
28,142	28,209	27,659	24,583	24,920
69,858	96,950	61,669	108,115	62,081
85,694	68,498	88,211	73,700	63,611
2,232,699	2,172,013	2,125,136	2,064,354	2,070,245
567,464	530,883	466,659	480,023	470,899
78,707	63,949	69,436	71,207	54,406
<b>4,045,306</b>	<b>3,884,063</b>	<b>3,715,578</b>	<b>3,644,493</b>	<b>3,525,098</b>
295,157	267,663	261,387	212,805	172,195
1,441,435	1,401,694	1,289,902	1,230,878	1,194,069
135,056	97,169	123,140	102,732	127,506
649,064	578,772	527,482	515,560	621,891
1,094,675	1,073,964	1,061,647	1,030,404	972,156
46,842	42,564	43,928	41,949	40,008
117,965	106,356	100,381	98,001	98,388
259,797	176,308	116,569	102,863	125,781
108,997	100,119	126,319	104,756	111,486
36,273	47,089	43,039	31,513	35,107
--	--	--	--	200
<b>4,185,261</b>	<b>3,891,698</b>	<b>3,693,794</b>	<b>3,471,461</b>	<b>3,498,787</b>
(139,955)	(7,635)	21,784	173,032	26,311
505,092	653,593	396,952	338,055	294,374
(502,637)	(631,891)	(387,373)	(323,604)	(279,287)
58,489	31,536	127,494	31,541	39,639
--	--	11,724	--	--
47	--	254	43	--
--	--	--	--	--
--	--	--	--	--
--	175,340	--	--	--
<b>60,991</b>	<b>228,578</b>	<b>149,051</b>	<b>46,035</b>	<b>54,726</b>
<b>\$ (78,964)</b>	<b>\$ 220,943</b>	<b>\$ 170,835</b>	<b>\$ 219,067</b>	<b>\$ 81,037</b>
3.70%	3.97%	4.73%	4.04%	4.34%

**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
- Subscriptions Issued
- Loan Issuance
- Total Other Financing Sources
- 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>
2022-23	\$ 561,048,590	\$ 151,755,945	\$ 2,210,300	\$ 24,515,260
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

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 fair value at time of ownership change and the fair 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>
\$ 739,530,095	\$ (18,278,883)	\$ 721,251,212	1.00
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



**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	
2022-23	1.00000	0.05149	0.00825	0.00667	0.00388	1.07029
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:

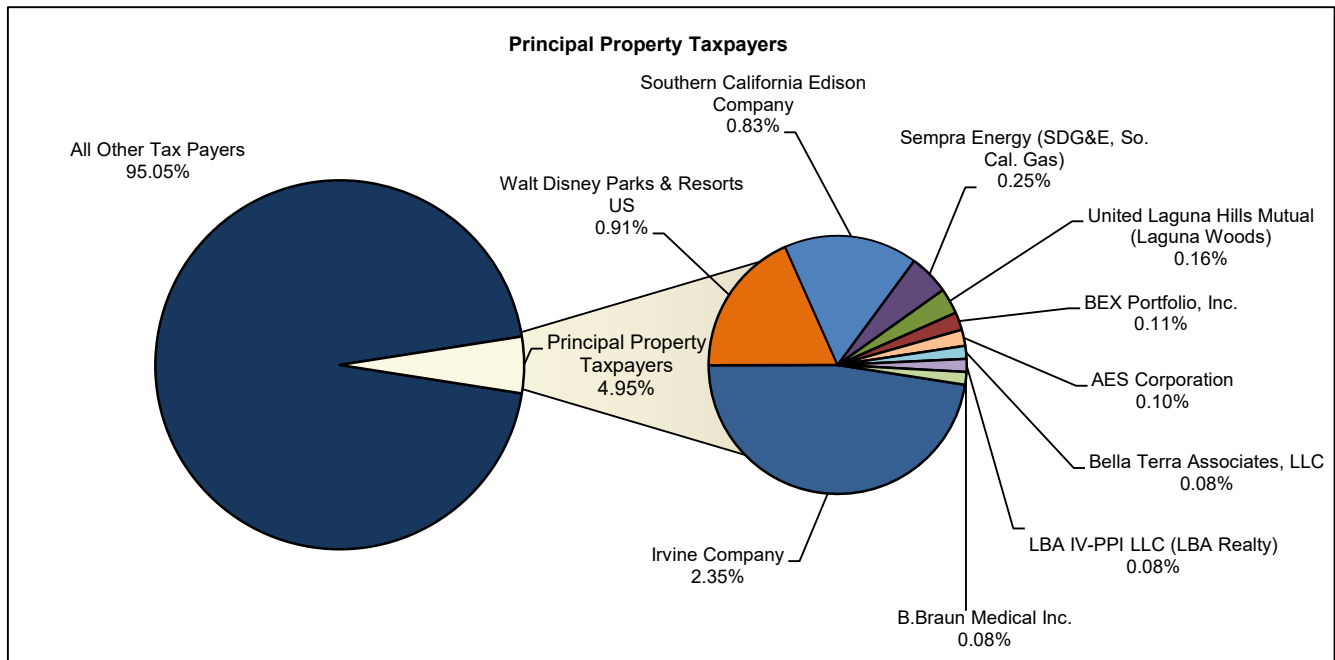
- (1) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent, the current fair value at time of ownership change and the fair value for new construction. Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.
- (2) These overlapping rates are in addition to the County General rate, but only apply to taxpayers within the borders of the school districts, local special districts, cities, and public utilities that lie within the County.
- (3) No rate was available for Public Utility in FY 2014-15.
- (4) The schedule is presented to show information for 10 years. However, a full 10-year trend is not currently available; the County will be adding years in the future.

Source: Auditor-Controller, County of Orange



**Principal Property Taxpayers  
 Current Year and Nine Years Ago**

Taxpayer	2023			2014		
	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied
Irvine Company	\$ 194,997	1	2.35%	\$ 114,098	1	2.22%
Walt Disney Parks & Resorts US	75,440	2	0.91%	51,566	2	1.00%
Southern California Edison Company	68,683	3	0.83%	33,028	3	0.64%
Sempra Energy (SDG&E, So. Cal. Gas)	20,322	4	0.25%			
United Laguna Hills Mutual (Laguna Woods)	13,003	5	0.16%	7,072	6	0.14%
BEX Portfolio, Inc.	9,030	6	0.11%			
AES Corporation	8,497	7	0.10%			
Bella Terra Associates, LLC	6,573	8	0.08%			
LBA IV-PPI LLC (LBA Realty)	6,459	9	0.08%			
B.Braun Medical Inc.	6,435	10	0.08%			
Pacific Bell Telephone Company				8,223	5	0.16%
OC/SD Holdings LLC				4,653	9	0.09%
Heritage Fields El Toro LLC				10,107	4	0.20%
Oxy USA Inc.				6,175	7	0.12%
Southern California Gas Company				4,356	10	0.08%
Linn Western Operating Inc.				4,690	8	0.09%
<b>Total</b>	<b>\$ 409,439</b>		<b>4.95%</b>	<b>\$ 243,968</b>		<b>4.74%</b>

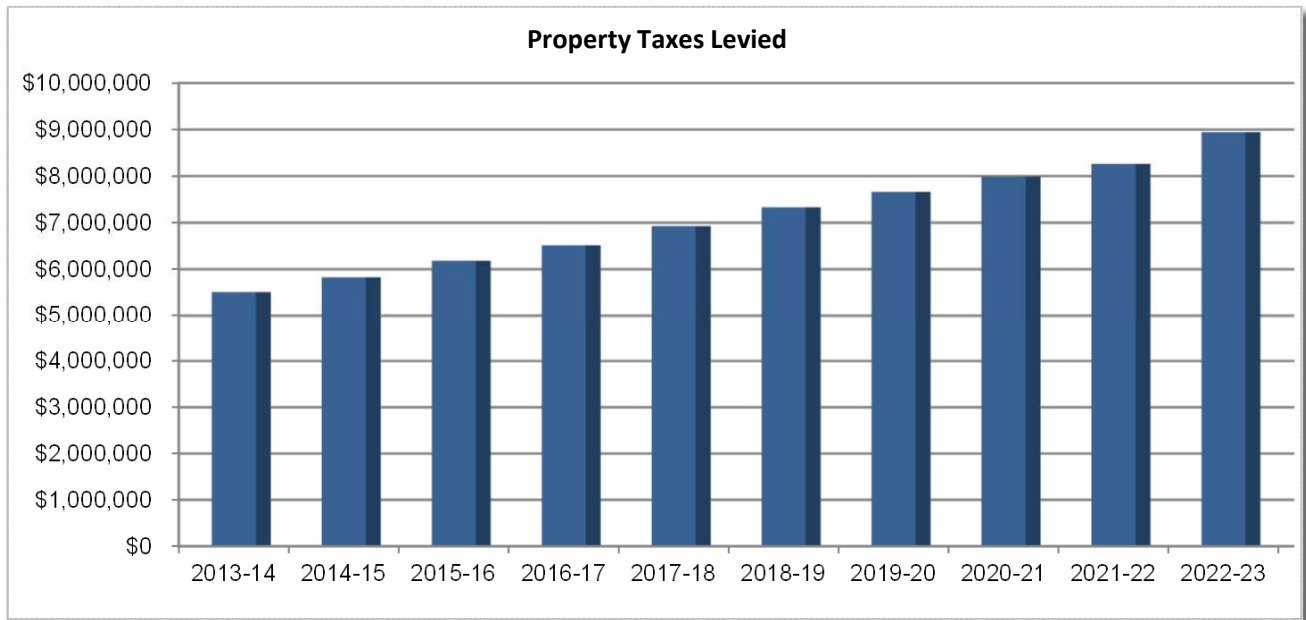


Note: The base used for the Percentage of Total Taxes Levied for 2023 includes total secured taxes of \$8,289,903

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
2022-23	\$ 8,946,855	\$ 8,834,593	98.75%	\$ -- <sup>(4)</sup>	8,834,593	98.75%
2021-22	8,265,313	8,179,665	98.96%	48,133	8,227,798	99.55%
2020-21	7,989,930	7,896,700	98.83%	63,686	7,960,386	99.63%
2019-20	7,664,009	7,567,252	98.74%	78,762	7,646,014	99.77%
2018-19	7,333,137	7,252,952	98.91%	64,997	7,317,949	99.79%
2017-18	6,925,546	6,855,493	98.99%	57,551	6,913,044	99.82%
2016-17	6,511,944	6,446,780	99.00%	54,911	6,501,691	99.84%
2015-16	6,183,862	6,119,771	98.96%	55,549	6,175,320	99.86%
2014-15	5,828,106	5,759,699	98.83%	61,661	5,821,360	99.88%
2013-14	5,509,379	5,444,912	98.83%	54,979	5,499,891	99.83%



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>
2022-23	\$ --	\$ --	\$ --	\$ 82,308	\$ --	\$ 520,906	\$ 20,954
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

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.

Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>(4)</sup>	Per Capita <sup>(4)</sup>
Lease Liability	Interest Accretion on CAB	Airport Revenue Bonds <sup>(6)</sup>	Financed Purchase Liability <sup>(2), (3)</sup>	Lease Liability			
\$ 448,982	\$ --	\$ --	\$ 331	\$ 27	\$ 1,073,508	0.40%	\$ 342
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

**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>
2022-23	\$ --	\$ --	\$ --	\$ --	0.00%	\$ --
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

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 on page 240.  
 (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>
2022-23	\$ 733,634,516	\$ 9,170,431	\$ --	\$ 9,170,431	0%
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%



Note: (1) Assessed Value includes the State assessed properties.  
 (2) The amount of the general obligation bonded indebtedness the County can incur is limited by law to 1.25 percent of the equalized assessment property tax roll. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIII A, section 1 requires the approval of 2/3 of the voting on the proposition.

Source: Auditor-Controller, County of Orange



County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023  
(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

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2022-23	\$ 4,573	1,138	\$ 3,435	\$ 2,265	\$ 5,753	0.43
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

**Orange County Public Facilities Corporation Bonds**

**Funding Source:** Interest Earnings and Transfers

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2022-23	\$ --	\$ --	\$ --	\$ --	\$ --	--
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

**Orange County Public Financing Authority**

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

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2022-23	\$ --	\$ --	\$ --	\$ --	\$ --	--
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

**Teeter Plan Notes**

**Funding Source:** Delinquent Property Taxes Collected

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2022-23	\$ 8,954	\$ 296	\$ 8,658	\$ 79,978	\$ 2,785	0.10
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

**Airport Revenue Bonds**

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

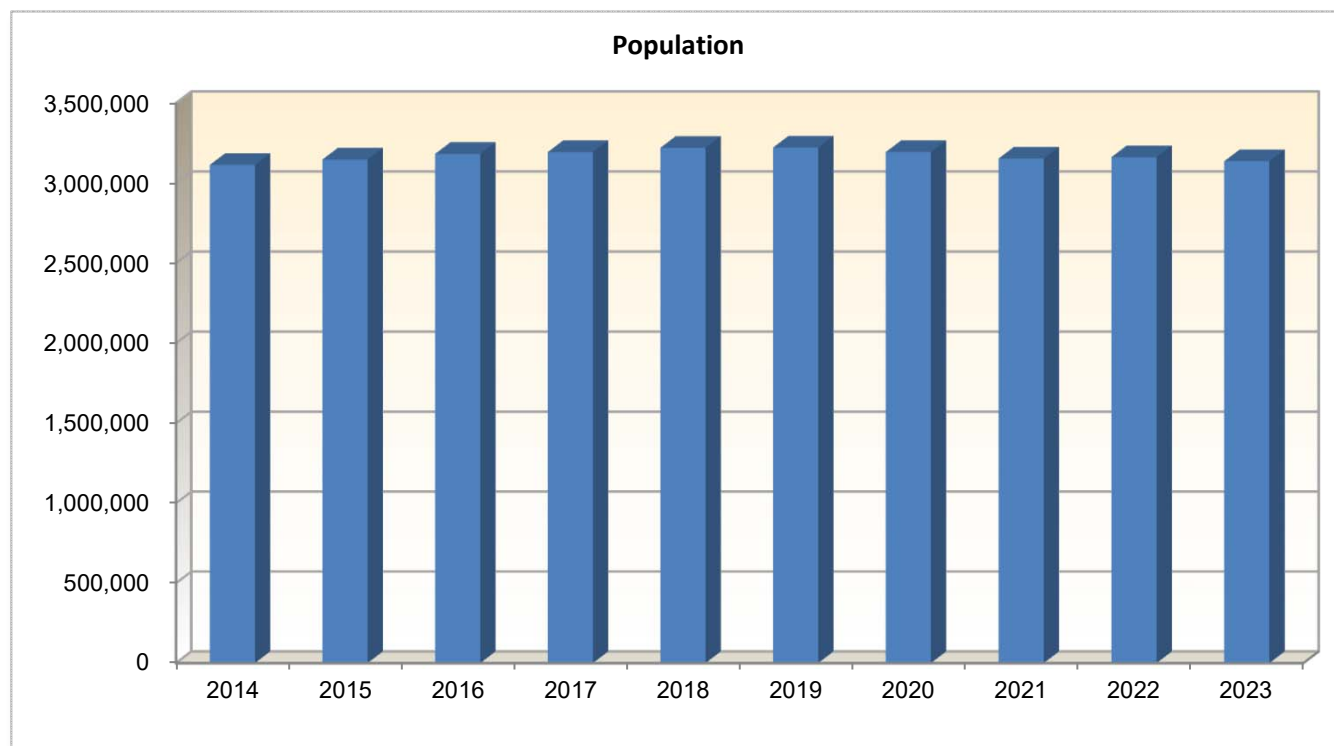
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2022-23	\$ 171,984	\$ 68,266	\$ 103,718	\$ 6,750	\$ 2,832	10.82
2021-22	146,643	82,429	64,214	11,815	3,296	4.25
2020-21	109,803	69,255	40,548	11,255	3,872	2.68
2019-20	136,374	92,346	44,028	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

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.

Source: Auditor-Controller, County of Orange

**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>
2023	3,137,164	\$ 266,043,000	\$ 84,804	39.5	441,246	3.6%
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%



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**

2023

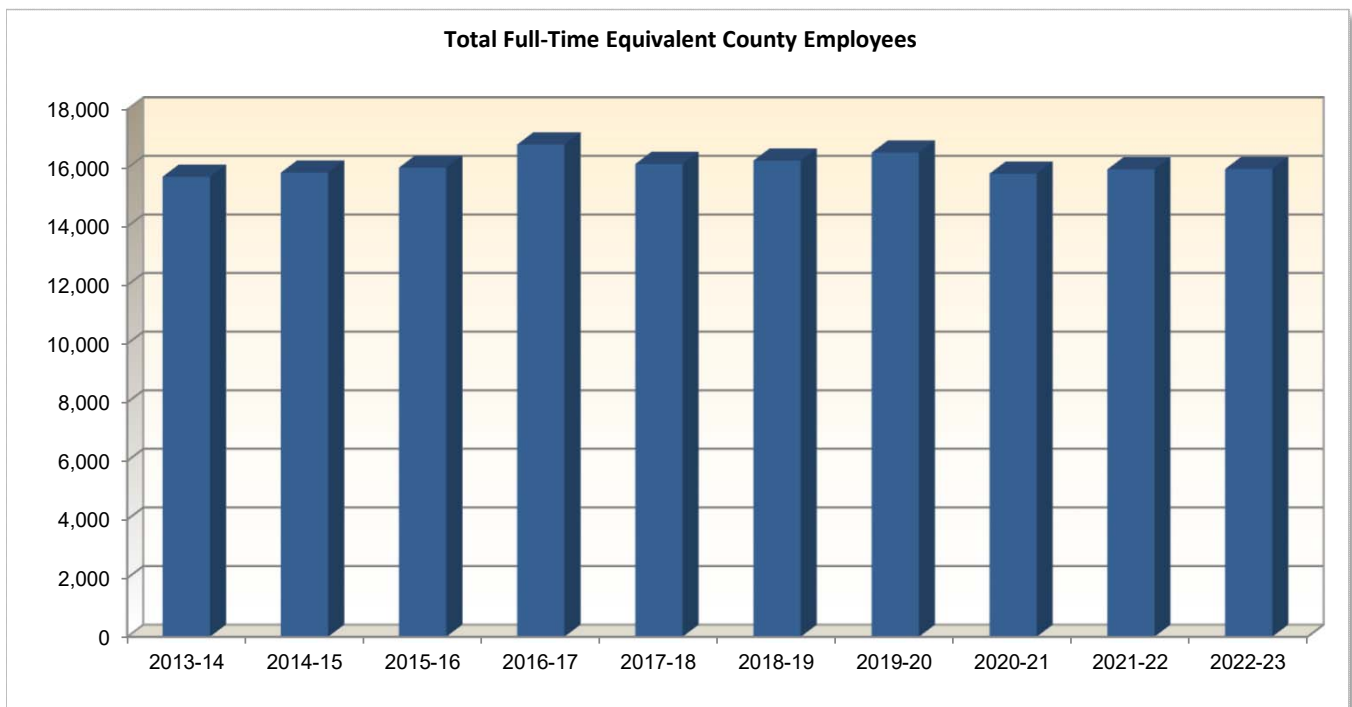
Employer	Number of Employees	Rank	Percentage of Total County Employment
The Walt Disney Co.	34,000	1	2.11%
University of California, Irvine	24,867	2	1.54%
County of Orange	18,576	3	1.15%
Providence Southern California	13,037	4	0.81%
Kaiser Permanente	9,592	5	0.59%
Hoag Memorial Hospital Presbyterian	7,888	6	0.49%
Albertsons	7,633	7	0.47%
Target Corp.	6,000	8	0.37%
Allied Universal	5,929	9	0.37%
Walmart Inc.	5,900	10	0.37%

2014

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	25,000	1	1.56%
University of California, Irvine	22,253	2	1.39%
County of Orange	18,035	3	1.12%
St. Joseph Health System	12,062	4	0.75%
Boeing Co.	6,890	5	0.43%
Kaiser Permanente	6,040	6	0.38%
Bank of America Corporation	6,000	7	0.37%
Walmart	6,000	8	0.37%
Memorial Care Health System	5,635	9	0.35%
Target Corporation	5,400	10	0.34%

**Full-time Equivalent County Employees by Function  
Last Ten Fiscal Years**

Function/Program	2022-23	2021-22	2020-21 <sup>(2)</sup>	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
General Government	1,564	1,490	1,445	1,657	1,473	1,461	1,511	1,419	1,341	1,322
Public Protection	6,416	6,434	6,450	6,696	6,738	6,722	6,915	6,642	6,674	6,760
Public Ways and Facilities	420	379	386	400	407	386	431	435	440	478
Health and Sanitation	2,238	2,299	2,374	2,334	2,339	2,307	2,409	2,253	2,198	2,128
Public Assistance	4,367	4,340	4,165	4,403	4,290	4,276	4,529	4,306	4,239	4,043
Education	307	303	303	320	312	306	309	302	286	290
Recreation and Cultural Services	292	307	310	318	293	288	298	272	265	274
Airport	109	153	145	160	163	157	153	154	159	162
OC Waste & Recycling	256	250	232	238	241	236	249	233	241	249
<b>Total Full-time Equivalent Employees (1)</b>	<b>15,969</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>



Notes: (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) In FY 2020-21 removed First 5 Orange County due to these are not County employees.

Source: County Executive Office, County of Orange

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
<b>General Government</b>					
Auditor-Controller					
Debt Service Tax Rates Calculated <sup>(2)</sup>	154	149	142	137	123
Assessor					
Number of Real Property Valued	965,509	961,387	958,477	954,305	950,469
Number of Unsecured Property Assessed	76,159	81,250	106,980	116,270	116,188
New Parcels Created and Mapped	4,966	3,846	4,985	8,044	8,035
New Construction Events	12,413	16,822	16,204	26,223	21,087
County Executive Office					
Volunteer Program Service Hours	329,365	216,972	181,831	414,774	685,725
Treasurer-Tax Collector					
Orange County Investment Pool Income <sup>(1)</sup>	\$ 163,698	\$ 31,775	\$ 43,538	\$ 89,264	\$ 94,197
Assets Under Management <sup>(1)</sup>	\$ 15,253,942	\$ 13,003,983	\$ 11,045,773	\$ 10,271,573	\$ 9,934,121
Number of Property Tax Bills	1,049,730	1,080,726	1,047,669	1,256,890	1,375,794
Percentage of Secured Tax Bill Collection	99.23%	99.27%	99.30%	99.15%	99.26%
Number of Incoming Phone Calls	86,642	87,997	94,021	93,312	89,079
Percentage of Electronic Payments	71.0%	69.0%	67.4%	64.2%	63.2%
Secured Tax Bill Subscribers	81,438	76,701	70,797	61,287	51,559
Property Tax Payments by eCheck	581,056	541,111	507,493	449,107	412,819
Property Tax Amounts by eCheck <sup>(1)</sup>	\$ 3,334,821	\$ 3,089,589	\$ 2,798,196	\$ 2,343,831	\$ 2,061,401
Mailed Property Tax Amounts <sup>(1)</sup>	\$ 2,428,369	\$ 2,491,964	\$ 2,635,649	\$ 2,670,380	\$ 2,670,081
Mailed Number of Property Tax Payments	588,910	676,520	818,724	727,455	744,653
Registrar of Voters					
Registered Voters	1,817,149	1,809,773	1,771,537	1,633,966	1,558,988
Highest Number of Ballots Cast	994,227	636,497	1,546,570	818,021	1,106,729
Elections Conducted	2	3	3	4	5
<b>Public Protection</b>					
Clerk-Recorder					
Marriage Licenses Issued	24,306	30,136	32,465	22,308	22,565
Marriage Ceremonies Performed	12,266	13,269	15,302	11,679	11,242
Copies of Birth Certificates Issued	78,749	81,359	72,300	71,679	87,961
Property-Related Document Recordings	346,700	583,711	901,565	629,179	477,083
Passport Applications Filed	14,720	9,157	2,082	7,217	10,071
Sheriff-Coroner					
Patrolled Cities Population	632,905	633,342	635,163	638,420	648,371
Patrolled Unincorporated Areas Population	132,114	132,437	127,787	128,421	129,128
Number of Bookings to Orange County Jail System	41,210	39,174	34,984	46,046	58,773
Average Daily Jail Head Count	3,382	3,483	3,393	4,667	6,140
District Attorney					
Defendants Prosecuted-Adult	52,088	52,248	53,038	55,747	60,117
Defendants Prosecuted-Juvenile	2,223	1,748	1,430	2,229	2,783
Probation					
Probationers under Supervision as of June 30th-Adult	9,963	9,719	9,727	11,761	11,164
Probationers under Supervision as of June 30th-Juvenile	1,213	1,017	1,078	1,364	1,892
Avg. Daily Juvenile Hall Population	113	96	99	91	109
Avg. Daily Camp Population	60	70	60	64	100
Public Defender					
Cases Appointed Annually	62,530	62,347	55,634	52,253	59,513

Notes: (1) Dollar amounts in thousands

(2) For State Assessed Unitary and voter-approved general obligation indebtedness for school districts.

Source: County Departments

Fiscal Year					Function/Program
2017-18	2016-17	2015-16	2014-15	2013-14	
					<u>General Government</u>
					Auditor-Controller
114	101	97	96	93	Debt Service Tax Rates Calculated <sup>(2)</sup>
					Assessor
943,771	937,630	930,470	924,791	918,672	Number of Real Property Valued
117,126	121,665	141,224	145,151	135,551	Number of Unsecured Property Assessed
7,868	9,053	6,665	6,918	4,519	New Parcels Created and Mapped
20,758	21,254	19,397	18,530	16,904	New Construction Events
					County Executive Office
562,121	645,482	613,277	638,230	700,759	Volunteer Program Service Hours
					Treasurer-Tax Collector
\$ 57,610	\$ 36,677	\$ 24,877	\$ 14,581	\$ 11,298	Orange County Investment Pool Income <sup>(1)</sup>
\$ 9,387,613	\$ 9,092,268	\$ 8,271,502	\$ 7,604,246	\$ 6,566,145	Assets Under Management <sup>(1)</sup>
1,471,356	1,448,886	1,367,275	1,381,808	1,421,654	Number of Property Tax Bills
99.36%	99.39%	99.26%	99.21%	99.16%	Percentage of Secured Tax Bill Collection
98,660	108,061	111,948	121,461	115,123	Number of Incoming Phone Calls
60.9%	57.2%	54.9%	54.2%	53.8%	Percentage of Electronic Payments
42,866	40,898	38,213	35,917	31,988	Secured Tax Bill Subscribers
398,711	348,961	309,977	285,932	248,908	Property Tax Payments by eCheck
\$ 1,871,947	\$ 1,498,686	\$ 1,275,535	\$ 1,118,387	\$ 986,879	Property Tax Amounts by eCheck <sup>(1)</sup>
\$ 2,624,531	\$ 2,700,778	\$ 2,689,498	\$ 2,581,105	\$ 2,519,596	Mailed Property Tax Amounts <sup>(1)</sup>
802,393	870,537	885,182	910,190	961,255	Mailed Number of Property Tax Payments
					Registrar of Voters
1,481,881	1,535,967	1,395,380	1,424,216	1,411,232	Registered Voters
635,224	1,239,405	691,802	640,358	340,187	Highest Number of Ballots Cast
1	1	4	7	3	Elections Conducted
					<u>Public Protection</u>
					Clerk-Recorder
23,702	25,309	23,725	23,553	25,244	Marriage Licenses Issued
11,946	12,876	11,122	11,213	12,056	Marriage Ceremonies Performed
82,463	85,051	74,508	79,826	82,268	Copies of Birth Certificates Issued
534,185	640,243	617,914	651,866	580,899	Property-Related Document Recordings
10,144	9,437	7,093	5,016	2,686	Passport Applications Filed
					Sheriff-Coroner
646,818	644,496	641,753	637,261	631,934	Patrolled Cities Population
129,278	125,792	125,420	124,014	121,473	Patrolled Unincorporated Areas Population
61,157	56,330	56,163	56,135	61,262	Number of Bookings to Orange County Jail System
6,249	6,220	6,028	6,055	7,039	Average Daily Jail Head Count
					District Attorney
62,682	61,219	61,521	56,233	55,906	Defendants Prosecuted-Adult
3,426	3,631	3,564	4,482	5,103	Defendants Prosecuted-Juvenile
					Probation
11,560	11,189	11,714	10,725	14,425	Probationers under Supervision as of June 30th-Adult
2,270	2,290	2,550	3,124	4,156	Probationers under Supervision as of June 30th-Juvenile
129	150	130	150	229	Avg. Daily Juvenile Hall Population
119	136	143	203	182	Avg. Daily Camp Population
					Public Defender
59,095	61,878	65,574	79,119	74,101	Cases Appointed Annually

County of Orange  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023

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

Function/Program	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
<u>Public Ways and Facilities</u>					
OC Public Works					
Building and Home Inspections	45,091	34,986	36,540	42,365	60,753
<u>Health and Sanitation</u>					
OC Community Resources					
Animal Licenses	132,199	127,913	135,760	136,985	147,874
Health Care Agency					
911 Emergency Medical Services Responses	301,153	279,301	241,980	242,201	234,589
Retail Food Facility Inspections Conducted	26,513	24,856	24,776	28,146	35,406
Hazardous Waste Inspections Conducted	7,490	7,142	6,465	7,433	7,735
Number of Off-site Visits/Contacts by Case <sup>(2)</sup>	16,007	6,342	6,241	10,777	20,794
Managers					
Number of Low Income Children Dental Health Services	52	34	17	199	200
Number of Ocean Water Days of Closure (In Beach-Miles)	6	10	2	64	10
<u>Public Assistance</u>					
OC Community Resources					
Adult Day Care Hours of Service	40,243	14,212	4,103	45,252	52,819
Elderly Nutrition Program Meals Delivered	1,609,365	2,525,895	2,924,858	1,174,703	1,353,713
One-Way Transportation Trips Provided to Seniors	130,563	133,765	98,901	139,891	183,429
Veterans Served-Veterans/Dependents	23,990	28,928	23,784	27,419	23,555
Veterans Served-OC4Vets	460	712	768	723	910
Social Services Agency					
Average Monthly Medi-Cal Recipients	989,124	932,517	860,458	774,729	782,990
Average Monthly Child Abuse Hotline Calls	3,033	2,943	2,528	3,005	4,572
Average Monthly CalFresh (formerly Food Stamp) Recipients	285,632	253,859	232,260	214,668	206,789
Average Monthly In-Home Supportive Services	35,960	33,348	30,548	28,988	27,892
Average Persons Receiving Cash Assistance	34,213	32,841	33,430	35,098	35,803
Average Children in Foster Care/Relative Care	2,141	2,201	2,187	2,333	1,977
Average Elder and Adult Abuse Unduplicated Reports Received	1,380	1,290	1,164	1,153	1,175
<u>Education</u>					
OC Community Resources					
Total Volumes Borrowed at Library Branches	9,111,615	8,040,178	5,941,649	7,016,302	7,746,484
<u>Recreation and Cultural Services</u>					
OC Community Resources					
Exotic Invasive Plant Removal (acres)	2,884	2,075	1,000	1,791	3,225
Native Vegetation Restoration (acres)	664	838	319	358	411
Slip and Dry Storage Tenants	1,953	2,635	410	603	3,150
Boat Launches	11,056	17,127	18,540	21,890	15,521
Sailing and Event Center Participants	28,871	50,107	54,838	78,340	100,952
Ocean Institute Students/Visitors	55,068	29,911	27,793	39,561	44,404
Hotel Guests	32,046	46,003	43,408	49,165	58,998
Catalina Express Passengers	113,989	120,715	67,986	109,030	124,471
Special Events at the Harbor	2	2	2	4	5
<u>Airport</u>					
Passengers	11,943,454	10,309,156	4,216,396	7,562,040	10,718,001
Air Cargo Tonnage	17,067	18,154	18,567	17,193	19,098
Takeoffs & Landings	282,027	312,900	278,258	260,644	314,000
<u>OC Waste &amp; Recycling</u>					
Solid Waste Tonnage	5,071,811	5,054,651	4,978,920	5,174,096	5,148,761
Gallons of Leachate and Impacted Ground Water Collected	6,911,935	6,032,504	5,776,484	7,573,496	8,062,718

Note: (1) \* means Not Available

(2) Name changed in FY 2022-23, formerly Number of Home Visits by Public Health Nurses.

Source: County Departments

Fiscal Year					Function/Program
2017-18	2016-17	2015-16	2014-15	2013-14	
					<u>Public Ways and Facilities</u>
					OC Public Works
42,590	39,056	40,662	30,324	31,772	Building and Home Inspections
					<u>Health and Sanitation</u>
					OC Community Resources
149,342	171,237	192,470	198,358	192,320	Animal Licenses
					Health Care Agency
234,459	204,683	193,538	183,794	170,804	911 Emergency Medical Services Responses
30,893	32,305	26,195	31,397	32,689	Retail Food Facility Inspections Conducted
6,003	7,271	8,328	5,950	4,616	Hazardous Waste Inspections Conducted
20,156	32,108	29,219	31,258	35,101	Number of Off-site Visits/Contacts by Case <sup>(2)</sup>
					Managers
					Number of Low Income Children Dental Health Services
360	311	496	755	1,225	
					Number of Ocean Water Days of Closure (In Beach-Miles)
10	17	22	24	20	
					<u>Public Assistance</u>
					OC Community Resources
65,900	47,567	49,971	43,010	50,944	Adult Day Care Hours of Service
1,323,802	1,417,361	1,374,275	1,406,526	1,347,251	Elderly Nutrition Program Meals Delivered
185,258	190,534	198,851	180,899	187,864	One-Way Transportation Trips Provided to Seniors
24,063	9,091	*	*	*	Veterans Served-Veterans/Dependents
673	555	*	*	*	Veterans Served-OC4Vets
					Social Services Agency
806,716	817,408	810,388	718,061	521,078	Average Monthly Medi-Cal Recipients
4,189	4,076	4,259	4,049	3,674	Average Monthly Child Abuse Hotline Calls
					Average Monthly CalFresh (formerly Food Stamp) Recipients
233,038	250,772	263,556	258,676	247,517	Average Monthly In-Home Supportive Services
26,369	24,427	22,635	20,787	19,652	Average Persons Receiving Cash Assistance
41,622	46,369	52,081	55,921	55,225	Average Children in Foster Care/Relative Care
1,917	1,886	1,791	1,924	2,119	Average Elder and Adult Abuse Unduplicated Reports Received
1,091	995	942	815	710	
					<u>Education</u>
					OC Community Resources
7,041,985	6,864,635	6,634,747	6,411,127	6,642,739	Total Volumes Borrowed at Library Branches
					<u>Recreation and Cultural Services</u>
					OC Community Resources
2,285	2,940	2,782	1,466	1,154	Exotic Invasive Plant Removal (acres)
414	262	293	312	368	Native Vegetation Restoration (acres)
438	438	2,903	3,204	2,679	Slip and Dry Storage Tenants
16,487	16,303	17,695	15,511	15,606	Boat Launches
101,945	80,752	50,000	75,000	111,838	Sailing and Event Center Participants
90,948	127,361	192,384	41,000	100,000	Ocean Institute Students/Visitors
59,319	39,140	43,515	43,073	42,887	Hotel Guests
129,239	128,000	25,711	123,688	123,257	Catalina Express Passengers
6	6	8	12	15	Special Events at the Harbor
					<u>Airport</u>
10,670,156	10,373,714	10,361,436	9,608,873	9,304,295	Passengers
19,577	17,813	18,568	16,997	17,564	Air Cargo Tonnage
302,483	285,704	276,817	264,726	252,166	Takeoffs & Landings
					<u>OC Waste &amp; Recycling</u>
4,980,101	4,810,116	4,772,722	4,581,359	4,070,238	Solid Waste Tonnage
					Gallons of Leachate and Impacted Ground Water Collected
5,576,351	5,599,757	3,542,736	5,510,821	3,854,530	



**Capital Asset Statistics by Function  
 Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
<b>General Government</b>					
Auditor-Controller					
A-C Administration Building	1	1	1	1	*
Hall of Finance and Records	--	--	--	--	1
County Executive Office					
Hall of Administration <sup>(3)</sup>	--	1	1	1	-
OC Archives Building <sup>(4)</sup>	1	--	--	--	--
Registrar of Voters					
Trailers	2	2	2	2	2
Vehicles/Trucks	3	3	3	3	3
<b>Public Protection</b>					
Clerk-Recorder					
OC Archives Building <sup>(4)</sup>	--	1	1	1	1
Sheriff-Coroner					
Crime/Forensic Lab	1	1	1	1	1
Jail Facilities	5	5	3	3	3
Vehicles	954	947	943	944	939
Buses	12	13	14	13	13
Helicopters	5	5	5	5	5
Boats	13	12	10	10	10
Robot Andros	3	3	3	3	3
Haz-mat Vehicles	4	4	4	4	4
K-9 units	34	30	31	31	35
District Attorney					
Justice Center Offices	5	5	5	5	5
Probation Department					
Juvenile Institutions	3	3	3	3	4
Vehicles/Trucks	148	147	146	139	171
Equipment	22	20	20	15	16
<b>Public Ways and Facilities</b>					
OC Public Works					
County Administration North Bldg 14	1	*	*	*	*
County Administration South Bldg 16	1	1	1	1	*
County Conference Center Bldg 18	1	1	1	1	*
Hall of Administration <sup>(3)</sup>	--	--	--	--	1
Data Center	1	1	1	1	1
Alternate Fuel Vehicles	64	66	46	49	41
Vehicles/Trucks	346	274	273	135	318
Watersheds	22	22	22	23	22
Dams	5	5	5	5	4
Dump Trucks	2	1	1	2	20
Tractors	20	19	29	27	36
Trailers	36	41	44	44	37
Street Miles	337	339	338	346	320

Notes: (1) Presentation changed in FY 2019-20 to summarize by function.  
 (2) \* means Not Available  
 (3) Building was moved from OC Public Works to the County Executive Office in FY 2019-20.  
 (4) Building was moved from the Clerk Recorder to the County Executive Office in FY 2022-23.

Source: County Departments

Fiscal Year					Function/Program
2017-18	2016-17	2015-16	2014-15	2013-14	
<u>General Government</u>					
					Auditor-Controller
					A-C Administration Building
1	1	1	1	1	Hall of Finance and Records
					County Executive Office
--	--	--	--	--	Hall of Administration <sup>(3)</sup>
--	--	--	--	--	OC Archives Building <sup>(4)</sup>
					Registrar of Voters
2	1	1	1	1	Trailers
3	4	4	4	3	Vehicles/Trucks
<u>Public Protection</u>					
					Clerk-Recorder
1	1	1	1	1	OC Archives Building <sup>(4)</sup>
					Sheriff-Coroner
1	1	1	1	1	Crime/Forensic Lab
3	3	3	3	3	Jail Facilities
938	948	917	916	911	Vehicles
13	12	11	11	11	Buses
5	5	4	3	3	Helicopters
10	10	10	10	10	Boats
3	3	3	3	3	Robot Andros
4	4	4	4	4	Haz-mat Vehicles
34	26	28	22	18	K-9 units
					District Attorney
5	5	5	5	5	Justice Center Offices
					Probation Department
4	4	4	4	4	Juvenile Institutions
158	159	155	159	156	Vehicles/Trucks
15	13	12	16	12	Equipment
<u>Public Ways and Facilities</u>					
OC Public Works					
*	*	*	*	*	County Administration North Bldg 14
*	*	*	*	*	County Administration South Bldg 16
*	*	*	*	*	County Conference Center Bldg 18
1	1	1	1	1	Hall of Administration <sup>(3)</sup>
1	1	1	1	1	Data Center
42	46	50	51	60	Alternate Fuel Vehicles
314	316	268	355	375	Vehicles/Trucks
22	21	19	13	13	Watersheds
4	4	3	3	3	Dams
17	16	19	18	21	Dump Trucks
50	50	50	32	28	Tractors
42	40	46	54	35	Trailers
345	330	330	320	320	Street Miles

**Capital Asset Statistics by Function  
 Last Ten Fiscal Years (Continued)**

Function/Program	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
<u>Health and Sanitation</u>					
Health Care Agency					
Clinics <sup>(1)</sup>	31	31	10	9	4
Laboratories <sup>(1)</sup>	2	2	2	2	2
Trailers <sup>(1)</sup>	38	41	38	25	9
Vehicles/Trucks <sup>(1)</sup>	44	45	45	39	35
OC Community Resources					
Animal Care Center	1	1	1	1	1
Trailers	6	6	6	6	3
<u>Public Assistance</u>					
Social Service Agency					
Vehicles	--	1	3	1	1
Office Locations	19	19	19	19	19
<u>Education</u>					
OC Community Resources					
Library Branches	34	32	32	32	32
Vehicles/Trucks	11	8	8	8	8
Laptop and Chargers	25	14	9	3	3
Automated Materials Handler	1	1	1	*	*
<u>Recreation and Cultural Services</u>					
OC Community Resources					
Park Land (acres)	62,617	62,617	62,617	62,617	62,617
Recreational Trails (in miles)	408	408	295	295	295
Zoo	1	1	1	1	1
Urban Regional Parks	15	15	15	15	15
Wilderness Parks	6	5	5	5	5
Nature Preserves	7	3	3	4	4
Harbors	3	3	3	3	3
Beaches	6	11	11	11	11
Historical Sites	7	7	7	7	7
Boats	6	9	9	9	7
Tractors	26	29	25	25	22
Trailers	61	56	55	45	42
Vehicles/Trucks	179	208	213	261	239
Harbor	1	1	1	1	1
Marinas	1	1	1	1	1
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	16	18	17	17	20
Restaurants	11	14	15	16	14
Fuel Dock	1	1	1	1	1
Shipyards	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

Notes: (1) Presentation changed in FY 2014-15 to summarize by asset

(2) \* means Not Available

Source: County Departments

Fiscal Year					Function/Program
2017-18	2016-17	2015-16	2014-15	2013-14	
					<u>Health and Sanitation</u>
					Health Care Agency
4	4	4	4	3	Clinics <sup>(1)</sup>
2	2	2	2	2	Laboratories <sup>(1)</sup>
10	9	12	12	8	Trailers <sup>(1)</sup>
33	30	24	24	25	Vehicles/Trucks <sup>(1)</sup>
					OC Community Resources
1	1	1	1	1	Animal Care Center
2	3	3	3	3	Trailers
					<u>Public Assistance</u>
					Social Service Agency
2	4	5	5	5	Vehicles
20	20	20	20	19	Office Locations
					<u>Education</u>
					OC Community Resources
33	33	33	33	33	Library Branches
*	*	*	*	*	Vehicles/Trucks
*	*	*	*	*	Laptop and Chargers
*	*	*	*	*	Automated Materials Handler
					<u>Recreation and Cultural Services</u>
					OC Community Resources
62,900	62,900	62,900	62,900	60,500	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
9	10	8	7	7	Boats
26	26	25	26	28	Tractors
35	33	31	27	29	Trailers
207	199	204	174	170	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	24	23	23	Shops
16	16	16	16	16	Restaurants
1	1	1	1	1	Fuel Dock
1	1	1	1	1	Shipyards
15	15	15	15	15	Boater Service Buildings
1	1	1	*	*	Parcel 11 (Yacht Building Company)
1	1	1	*	*	Parcel 23 (Yacht Club)

**Capital Asset Statistics by Function  
 Last Ten Fiscal Years (Continued)**

Function/Program	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
<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	5	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	14	16	15	15	6
Dump Trucks	11	10	10	10	5
Loaders	19	20	15	15	12
Scrapers	8	9	10	8	6
Excavators	3	3	3	3	2
Tractors	22	22	21	19	28
Graders	3	3	3	3	3
Compactors	10	10	9	9	9
Water/Fuel Trucks	14	14	12	12	9
Sweeper	2	2	2	2	1

Note: \* means Not Available

Source: County Departments

Fiscal Year					Function/Program
2017-18	2016-17	2015-16	2014-15	2013-14	
					<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	6	8	7	7	Dozers
10	10	10	10	10	Dump Trucks
12	12	21	20	20	Loaders
6	6	8	8	8	Scrapers
2	2	2	2	2	Excavator
35	27	30	28	29	Tractors
4	4	4	4	4	Graders
7	7	8	8	8	Compactors
14	14	13	13	13	Water/Fuel Trucks
1	*	*	*	*	Sweeper







**ORANGE COUNTY  
AUDITOR-CONTROLLER  
1770 N. BROADWAY,  
SANTA ANA, CA 92706**

**OC AUDITOR-CONTROLLER: [OCAUDITOR.GOV](http://OCAUDITOR.GOV)**

**COUNTY OF ORANGE: [WWW.OCGOV.COM](http://WWW.OCGOV.COM)**



**EXHIBIT B**

COUNTY OF ORANGE  
INVESTMENT POLICY STATEMENT

# Orange County Treasurer



# 2024 Investment Policy Statement

(Approved By B.O.S. 12/19/23)

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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), as the fiduciary of public funds, with the objective of managing public funds wisely and prudently, maximizing cash management efficiency to meet the daily cash flows of the entities defined in the scope section below, all while in accordance with California State law and local laws. The Investment Policy Statement (IPS) is approved annually by the County Board of Supervisors as required by California Government Code Section (CGS) 53646 (a) (1) and reviewed annually by the Treasury Oversight Committee, pursuant to the requirements of CGS 27133. (All references are to the CGC unless otherwise stated.)

## **I. POLICY STATEMENT**

The IPS is prepared in accordance with California State law and based prudent money management practices. 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.

## **II. SCOPE**

This IPS governs the investment of the funds required to be deposited with the Treasurer into the county treasury. This IPS is more restrictive than State law in certain areas. The scope of the IPS excludes County and Educational District funds that are required to be deposited with the Treasurer that are governed separately by GCS 53601(m) in accordance with the bond indenture or governed separately in other ordinances, resolutions or trust documents. It also excludes employee and pension and medical trust funds, including those invested separately by the Orange County Employees Retirement System under California Constitution XVI Section 17.

### **1. FUNDS**

As required by State law, the Treasurer shall receive and keep all money safely for the County and for the Educational Districts. These funds exclude money that is in revolving accounts at the County or Educational Districts that may be established by the governing body. In addition, State law allows the Treasurer to accept funds from local agencies for investment purposes. The County Treasury Funds are reported in the County's Annual Comprehensive Financial Report (ACFR) and include:

- Governmental Funds, including the General Fund
- Enterprise Funds
- Fiduciary/Trust Funds
- Any other funds or new funds created by the County, unless specifically exempted by bond indenture or other trust documents

The Treasurer invests all funds covered by this IPS either in the pooled funds or as a specific investment account, and all these investments shall also be governed by the Government Code and must comply with the specific limitations set for them in this IPS.

**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, and the OCTP may be a permitted investment in bond indenture documents.

**b) Specific Investment Accounts:**

The County or a participant’s governing board that bank with the County may ask the Treasurer to set up a specific investment account to invest funds to manage specific investment objectives of the participant. These investments may include cash required for future long-term needs. All new accounts require approval of the Treasurer in a separate document. If the Treasurer approves the opening of a specific investment account, these investments will be matched to the time-horizon for their future use or to an identified liability. The County or the governance body of any 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 net interest earned (after deducting the investment administrative 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 GCS 27000.3 and 53600.3. 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 delegate to the Treasurer annually the authority to invest and reinvest the funds of the County and other depositors per GCS 27000.1 and 53607. 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 Office of the Treasurer-Tax Collector as deemed appropriate.

#### **V. OBJECTIVES**

The primary objectives, presented in their 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.

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 duration for OCTP. 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 moment with a minimal chance of principal loss. OCTP 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.

#### **MARK-TO-MARKET**

The OCTP and Specific Investment Accounts 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 OCTP's NAV above \$.9975. However, the OCTP \$1.00 NAV is not guaranteed or insured by the Treasurer nor is OCTP registered with the Securities Exchange Commission (SEC).

The Treasurer will provide the NAV of OCTP and each Specific Investment Account in the investment report.

## **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 OCTP and Specific Investment Accounts 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.

**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.
- c) Money market mutual funds will not exceed 20 percent of the agency's moneys. No more than 10 percent of the agency's moneys may be invested in shares of beneficial interest of any one mutual fund. For specific investment accounts, this constraint will apply to the agency's total balances in both OCTP and the specific investment account (s).

## **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

For OCTP and Specific Investment Accounts, 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 in a) and b): 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 in the table below:

NRSRO	Short-Term	Long-Term
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 the Long-Term rating may not be less than the minimum required Short-term debt ratings in the table above.

Exceptions to the Rating Policy above:

- 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.
- Money Market Mutual funds satisfying the requirements of Section VI.7.b. 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:

- an A-1+ or F1+ short-term rating; and
- 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 the OCTP and Specific Investment Accounts. Investments diversification is required to minimize the risk of loss resulting from assets off a specific maturity, issuer or a specific class of securities. The 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% of total agency funds	10% of total agency funds	N/A	20% (same)	10% (same)	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 Investment Accounts and any investment in the OCTP that is expressly 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**

The OCTP shall have a maximum duration of 1.50 years. There are no duration requirements for the Specific Investment Accounts.

## **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 termed in defined in the Ordinance. Under the Ordinance, the term “designated employee” includes every employee of the County who is designated in the County’s Conflict-of-Interest Code to file a Form 700 and every member of a board or commission under the jurisdiction of the Board of Supervisors required to file such a form. For purposes of the Treasurer’s Office, “designated employees” include: the 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 received 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 OCTP or the Specific Investment Account name as its registered owner except for municipal debt issued by the County of Orange and privately placed with the 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 Office's Investment Compliance unit. 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

## **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 IPS, 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 IPS shall be reviewed on an annual basis by the Treasury Oversight Committee prior to being presented 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.

## XXIV. 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.