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CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED) FINANCIAL/OPERATING FILING (CUSIP-9 BASED)

Rule 15c2-12 Disclosure

Annual Financial Information and Operating Data: Continuing Disclosure Annual Report, for the year ended 06/30/2015

Documents

□-Financial Operating Filing

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The following Issuers are associated with this Continuing Disclosure submission:

CUSIP-6	State	Issuer Name
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The following 4 securities have been published with this Continuing Disclosure submission:

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CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

ORANGE COUNTY PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, SERIES 2005



COUNTY OF ORANGE COUNTY EXECUTIVE OFFICE 333 West Santa Ana Boulevard, 3rd Floor Santa Ana, CA 92701-4062

ORANGE COUNTY PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, SERIES 2005

MATURITY DATE

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INTRODUCTION

THIS CONTINUING DISCLOSURE ANNUAL REPORT, dated February 25, 2016 (the "Annual Report") has been prepared to satisfy the requirements related to the Orange County Public Financing Authority Lease Revenue Refunding Bonds, Series 2005 (the "Bonds") of the County of Orange, a political subdivision of the State of California (the "County").

Delivery of the Annual Report

The County has agreed under the Disclosure Certificate and pursuant to the Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule") to provide certain annual financial information and operating data and notices of certain reporting of significant events. These covenants have been made in order to comply with the Rule. As provided in that certain Continuing Disclosure Certificate, dated August 16, 2005, executed by the County in connection with the issuance of the Bonds (the "Disclosure Certificate") this Annual Report is being prepared for publication with the Electronic Municipal Market Access, a service of the Municipal Securities Rulemaking Board ("EMMA") for the benefit of the owners of the Bonds and the participating underwriters. Capitalized terms used herein which are not otherwise defined shall have the respective meaning specified in the Disclosure Certificate.

The information herein is being provided as required under Section 4 of the Disclosure Certificate.

AUDITED FINANCIAL STATEMENTS

The comprehensive annual financial report of the County for the fiscal year ended June 30, 2015, which contains the audited financial statements of the County, is attached hereto as Appendix A.

TABLE A-6 - FINAL BUDGET OF THE COUNTY

The following table, as in the form to Table A-6 in the Official Statement, sets forth the County's Adopted and Final Budgets for the two most recent Fiscal Years, as well as the County's current Modified Budget for the current Fiscal Year.

TABLE A-6

COMPARISON OF GENERAL FUND ADOPTED BUDGETS FOR FISCAL YEAR 2013-14, 2014-15 AND 2015-16

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	201	3-14	2014-15		2015-16		
	Adopted Budget	Final Modified Budget ⁽¹⁾	Adopted Budget	Final Modified Budget ⁽¹⁾	Variance Between Adopted Budget and Final Budget	Modified Budget ⁽¹⁾	Change from 2014-15 Adopted Budget
REQUIREMENTS							
Public Protection	\$1,025,256,052	\$1,051,475,536	\$1,063,292,292	\$1,095,457,994	3.03%	\$1,145,251,879	7.71%
Health & Community & Social Services Infrastructure & Environmental	1,560,803,074	1,606,193,281	1,590,667,999	1,603,879,802	0.83%	1,634,927,256	2.78%
Resources General Government &	98,399,758	98,466,437	96,665,366	97,689,963	1.06%	95,089,167	-1.63%
Services ⁽²⁾	138,040,581	147,269,213	151,405,746	159,856,258	5.58%	175,226,084	15.73%
Capital Improvements (3)	23,761,347	29,945,072	33,232,394	49,278,986	48.29%	55,681,076	67.55%
Debt Service (4)	51,378,412	413,678,412	58,775,030	435,142,002	640.35%	50,124,689	-14.72%
Insurance, Reserves & Miscellaneous (5)	18,043,834	13,214,741	22,810,526	17,815,868	-21.90%	35,248,223	54.53%
Increases to Reserves ⁽⁶⁾	0	0	0	0	0.00%	13,000,000	100.00%
Total Requirements	\$2,915,683,058	\$3,360,242,692	\$3,016,849,353	\$3,459,120,873	14.66%	\$3,204,548,374	6.22%
AVAILABLE FUNDS							
Property Taxes (7)	\$569,100,585	\$569,100,585	\$604,555,616	\$604,033,335	-0.09%	\$645,114,419	6.71%
Sales Tax (8)	8,426,000	8,426,000	7,642,000	8,482,000	10.99%	7,642,000	0.00%
Licenses, Permits & Franchises	20,219,426	20,216,426	19,934,032	21,174,181	6.22%	23,401,856	17.40%
Fines, Forfeitures & Penalties	34,995,448	35,153,448	34,795,234	35,630,513	2.40%	33,973,817	-2.36%
Use of Money & Property ⁽⁹⁾	4,800,217	4,800,217	4,730,568	4,730,568	0.00%	5,768,004	21.93%
Intergovernmental Revenues ⁽¹⁰⁾	1,562,698,755	1,607,436,052	1,561,769,752	1,587,478,976	1.65%	1,643,384,988	5.23%
Charges for Services	419,130,165	422,395,830	432,796,777	438,726,367	1.37%	439,997,657	1.66%
Miscellaneous Revenues	31,327,132	31,874,007	22,689,559	22,901,548	.93%	24,057,729	6.03%
Other Financing Sources ⁽¹¹⁾	260,874,760	646,354,668	319,577,442	714,351,859	123.53%	341,255,290	6.78%
Decreases to Reserves (6)	4,110,570	14,485,459	8,358,373	21,611,526	158.56%	39,952,614	378.00%
Total Available Funds	\$2,915,683,058	\$3,360,242,692	\$3,016,849,353	\$3,459,120,873	14.66%	\$3,204,548,374	6.22%

Final & Modified Budgets include all mid-year budget adjustments.

- (8) Fiscal Year 2015-16 Sales tax revenue decline is due to reduced sales taxes on airplane gasoline.
- (9) Changes in Use of Money & Property is due to changes in interest earnings.

Source: County of Orange, County Budget Office.

⁽²⁾ Increase in FY 2015-16 includes \$6.5 million for the Countywide Accounting and Personnel System software upgrade and \$10 million in additional funding for current operations and one-time costs.

⁽³⁾ Fiscal Year 2014-15 includes one-time additional funding of \$10.6 million for the Health Care Agency facility acquisition, \$5.4 million for one homeless shelter acquisition, and \$1.9 million for El Toro land development project. Fiscal Year 2015-16 capital projects also include one-time additional funding of \$12.5 million for two homeless shelter acquisitions, \$6 million for Health Care Agency capital projects, and \$1.4 million for El Toro land development project.

⁽⁴⁾ Fiscal Year 2015-16 excludes appropriations for the 2005 Refunding Recovery Bonds which were paid off in Fiscal Year 2014-15 and a change to record the Taxable Pension Obligation Bonds as a balance sheet transaction.

⁽⁵⁾ Fiscal Year 2014-15 Budget includes \$5 million AB 701 Vehicle License Fee Revenue Allocation (VLFAA) settlement payment to the State and \$3.6 million ongoing funding for the homeless shelter. Fiscal Year 2015-16 includes \$15 million AB 701 VLFAA settlement payment to the State, \$6.5 million funding for the homeless shelter, and \$8.7 million contingency funds.

⁽⁶⁾ Fiscal Years 2013-14 and 2014-15 Beginning "Budgeted" Fund Balance Available is zero, which is consistent with GASB 54 classification requirements. GASB 54 requires all year-end Fund Balance Available be reclassified and transferred to reserves. Fiscal Years 2013-14 and 2014-15 actual year-end Fund Balance reclassified and transferred to reserves were \$67,054,388 and \$128,135,436 respectively. Table A-5 shows the net increase in Fund Balance including GASB 54 reclassifications and other adjustments.

⁽⁷⁾ Increase is due to a recovering housing market and additional allocation of residual property taxes from the dissolution of Redevelopment Agencies.

This funding is comprised of Federal and State grants and reimbursements, matching funds and State-distributed revenues. The overall changes are due to changes in caseload and additional revenues from the State for the 2011 Realignment of various public safety, social services, and health programs.

⁽¹¹⁾ Includes operating transfers from other funds within the County including transfers from the Teeter Program and departmental transfers from Non-General Funds for the reimbursement of program expenditures. Fiscal Years 2013-14 and 2014-15 Budgets include \$347 million and \$364 million respectively to account for the proceeds of the Taxable Pension Obligation Bonds. Fiscal Year 2015-16 excludes appropriations for Taxable Pension Obligation Bonds due to a change in recording the transaction to the balance sheet.

NUMERICAL AND TABULAR INFORMATION

Pursuant to the Disclosure Certificate, the Numerical and Tabular Information herein consists of updated versions of the financial information and operating data contained in Tables A-3 through A-5 and Tables A-7 through A-13 in the Official Statement.

Table A-3 – Governmental Funds Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances

The following table, as in the form of Table A-3 in the Official Statement, presents a summary of revenues and other financing sources, expenditures and other financing uses, and the net changes in fund balances for the governmental funds for the most recent two Fiscal Years.

TABLE A-3

GOVERNMENTAL FUNDS COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES June 30, 2014 and June 30, 2015 (In Thousands)

	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	2014	2015	2014	2015	2014	2015
General Fund	\$2,879,856	\$3,001,243	\$2,808,016	\$2,853,121	\$71,840	\$148,122
Roads	109,937	98,640	107,694	90,118	2,243	8,522
Flood Control District	169,260	163,096	154,993	121,287	14,267	41,809
Other Public Protection	49,261	66,846	48,203	66,747	1,058	99
Teeter Plan Notes	50,786	31,715	43,959	40,854	6,827	(9,139)
Other Governmental	600,011	652,592	615,209	622,938	(15,198)	29,654
TOTAL	\$3,859,111	\$4,014,132	\$3,778,074	\$3,795,065	\$81,037	\$219,067

Source: County of Orange Comprehensive Annual Financial Report for the Year Ended June 30, 2015.

Table A-4 – General Fund Balance Sheet

The following table, as in the form of Table A-4 in the Official Statement, sets forth the audited Total Governmental Funds and General Fund Combined Balance Sheet for the most recent two Fiscal Years.

TABLE A-4

GENERAL FUNDS BALANCE SHEET⁽¹⁾ (In Thousands)

•				
	2013	3-14	2014	-15
	Total		Total	
	Governmental		Governmental	
	Funds	General Fund	Funds	General Fund
<u>ASSETS</u>				
	A==	^ +	A =	***
Pooled Cash/Investments	\$1,670,607	\$425,057	\$1,806,741	\$441,060
Imprest Cash Funds	1,925	1,864	1,923	1,862
Restricted Cash and Investments with Trustee	196,780	1,536	185,604	9
Investments	14,809		120,287	118,940
Deposits In-Lieu of Cash	35		35	
Receivables				
Accounts	22,416	18,909	13,337	10,420
Taxes	44,897	11,900	31,969	7,035
Interest/Dividends	1,559	533	4,454	2,600
Deposits	5,260	492	4.924	460
Advances	30	30	40	33
Allowance for Uncollectible Receivables	(6,432)	(4,399)	(6,399)	(6,237)
Due from Other Funds	101,600	63,956	123,761	89,278
	455	455	201	,
Due from Component Unit				201
Due from Other Governmental Agencies	473,901	350,784	451,901	353,350
Inventory of Materials and Supplies	1,631	902	1,651	867
Prepaid Costs	336,613	316,320	352,263	331,939
Land and Improvements Held for Resale	145			
Advances to Other Funds	3,800	3,800	3,800	3,800
Notes Receivable, Net	28,747	·	28,255	·
Total Assets	\$2,898,778	\$1,192,139	\$3,124,747	\$1,355,617
LIADILITIES AND ELIND DALANCES				
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$91,904	\$65,154	\$67.881	\$49.300
Salaries and Employee Benefits Payable	61,066	57,182	88,954	83,350
Retainage Payable	10,185	2,044	6,005	1,395
Interest Payable			1.102	1,393
	1,156	1,135	, -	
Deposits from Others	35,877	1,553	36,721	1,654
Due to Other Funds	99,030	35,780	118,454	31,311
Due to Component Unit			4	3
Due to Other Governmental Agencies	42,393	27,847	31,316	13,822
Estimated Litigation and Claims	1,129		500	
Unearned Revenue	41,197	19,410	65,688	44,410
Bonds Payable	325,405	325,405	339,625	339,625
Advances from Other Funds	6,934	3,134	6,151	2,351
Total Liabilities	\$716,276	\$538.644	\$762,401	\$568,305
Total Elabilities	Ψ110,210	ψοσο,σ-τ-	Ψ102,401	ψ500,505
DEFERRED INFLOWS OF RESOURCES(2)				
Unavailable Revenue- Intergovernmental Revenues	149,103	73,769	121,819	72.172
Unavailable Revenue- SB 90 Mandated Claims, Net	47,926	47,926	39,653	39,653
				,
Unavailable Revenue- Property Taxes	10,929	9,485	11,312	9,078
Unavailable Revenue- Long-Term Notes Receivables	642	_ -	473	
Unavailable Revenue- Others	6,278	5,929	2,398	1,901
Total Deferred Inflows of Resources	214,878	137,109	175,655	122,804
FUND BALANCES				
Nonspendable (3)	342,229	321,022	257 002	336,606
			357,902	
Restricted	1,404,130	42,028	1,448,608	31,486
Assigned	221,265	153,336	353,294	269,529
Unassigned			26,887	26,887
Total Fund Balances	\$1,967,624	\$516,386	\$2,186,691	\$664,508
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$2,898,778	\$1,192,139	\$3,124,747	\$1,355,617
. Stat. Elaboration of Proposition and Paralleles	\$2,000,110	Ţ.,10 <u>2</u> ,100	ΨΟ, . Ε 1,1 11	ψ.,500,017

The Notes to the County's Basic Financial Statements are an integral part of this table and can be found in the County's Comprehensive Annual Financial Report for Fiscal Year Ending June 30, 2015 in Appendix B of this Annual Report.

result, GASB 54 presentation does not represent the County's budgetary and financial planning allocation of fund balance. Sources: County of Orange Comprehensive Annual Financial Reports for the Years Ended June 30, 2014 and June 30, 2015.

⁽²⁾ See Note 1 the "Notes to the County's Basic Financial Statements Fiscal Year Ended June 30, 2015" in Appendix B of this Annual Report.

⁽³⁾ Includes an amount equal to pension obligation bonds sold to prepay the subsequent year's pension obligations, which are reserved as nonspendable as a "prepaid cost". Pension prepayments represent \$316 million for Fiscal Year 2014, and \$332 million for Fiscal Year 2015. As a result, GASB 54 presentation does not represent the County's budgetary and financial planning allocation of fund balance.

Table A-5 – Comparison of Statement of General Fund Revenues, Expenditures and Changes in Fund Balances

The following table, as in the form of Table A-5 in the Official Statement, presents a more detailed summary of revenues, expenditures and changes in fund balances for the General Fund for the most recent four Fiscal Years.

TABLE A-5

COMPARISON OF STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE Fiscal Years Ending June 30 (In Thousands)

	2012	2013	2014	2015
REVENUES				
Taxes ⁽¹⁾	\$ 610,493	\$ 668,819	\$ 599,366	\$ 629,603
Licenses, Permits & Franchises	16,481	13,190	22,595	22,929
Fines, Forfeitures & Penalties	41,986	35,562	33,039	82,063
Use of Money and Property	5,394	3,510	5,260	5,272
Intergovernmental Revenues	1,419,777	1,551,407	1,593,107	1,602,817
Charges for Services	369,167	389,367	410,108	408,872
Other Revenues	19,364	18,147	13,124	15,601
TOTAL REVENUES	\$2,482,662	\$2,681,002	\$2,676,599	\$2,767,157
EXPENDITURES				
General Government	\$ 142,577	\$ 169,625	\$ 140,816	\$ 177,280
Public Protection	1,004,669	1,047,148	1,082,961	1,126,878
Public Ways and Facilities	37,654	36,614	35,570	32,192
Health and Sanitation	578,584	609,572	620,256	514,371
Public Assistance	735,713	749,128	795,582	851,488
Capital Outlay	16,713	12,459	12,454	18,901
Principal Retirement	19,484	20,252	21,622	21,568
Interest	15,228	9,204	9,844	8,172
Debt Issuance Costs			200	
TOTAL EXPENDITURES	\$2,550,622	\$2,654,002	\$2,719,305	\$2,750,850
Excess (Deficit) of Revenues Over				
Expenditures	\$ (67,960)	\$ 27,000	\$ (42,706)	\$ 16,307
Other Financing Sources (Uses)				
Transfers In ⁽²⁾	213,289	184,891	203,257	234,086
Transfers Out ⁽²⁾	(70,689)	(90,668)	(88,711)	(102,271)
Capital Lease Proceeds				
Total Other Fin. Sources (Uses)	142,600	94,223	114,546	131,815
Net Change in Fund Balances	\$ 74,640	\$ 121,223	\$ 71,840	\$ 148,122
Fund Balances – Beginning of Year	278,594	353,234	444,546	516,386
(3)			,	
Adjustments ⁽³⁾		(29,911)		
Fund Balances – Beginning of Year as Restated		323,323		
FUND BALANCES - End of Year	\$ 353,234	\$ 444,546	\$ 516,386	\$ 664,508

Primarily property taxes, as well as local sales and other taxes.

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, 2015" in Appendix B of this Annual Report.

⁽³⁾ 2013 adjustment due to a prior period adjustment.

Source: County of Orange Comprehensive Annual Financial Reports for FY 2011-12, 2012-13, 2013-14, and 2014-15.

Table A-7 – County of Orange Detail of Assessed Valuation

The following table, as in the form of Table A-7 in the Official Statement, shows a history of assessed valuations in the County for the last ten Fiscal Years.

TABLE A-7

COUNTY OF ORANGE
DETAIL OF ASSESSED VALUATION⁽¹⁾

Fiscal Year	Secured	Unsecured	Total	% Change
2005-06	\$325,401,404,927	\$17,175,454,566	\$342,576,859,493	9.87%
2006-07	361,161,415,703	19,845,975,295	381,007,390,998	11.22
2007-08	393,203,962,346	19,465,816,713	412,669,779,059	8.31
2008-09	408,491,848,742	20,317,375,534	428,809,224,276	3.91
2009-10	402,572,097,312	20,393,498,698	422,965,596,010	-1.36
2010-11	400,814,188,871	19,937,386,517	420,751,575,388	-0.52
2011-12	405,588,977,572	19,180,663,956	424,769,641,528	0.95
2012-13	414,121,659,108	18,780,614,687	432,902,273,795	1.92
2013-14	429,070,697,346	18,678,458,709	447,749,156,055	3.43
2014-15	455,733,167,806	20,570,122,070	476,303,289,876	6.38

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

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

Table A-8 – County of Orange Largest Local Secured Taxpayers

The following table, as in the form of Table A-8 in the Official Statement, provides a list of the ten largest secured taxpayers in the County for the most recent Fiscal Year.

TABLE A-8

COUNTY OF ORANGE TOP TEN SECURED TAXPAYERS FISCAL YEAR 2014-15

	Taxpayers ⁽¹⁾	Secured Tax Charge	% of Taxes ⁽²⁾
1.	Irvine Company	\$ 106,691,831	1.97%
2.	Walt Disney Parks & Resorts US	50,529,438	0.93
3.	So Cal Edison Company	31,303,467	0.58
4.	Heritage Fields El Toro	10,503,318	0.19
5.	United Laguna Hills Mutual	7,824,959	0.14
6.	Pacific Bell Telephone Company (AT&T)	7,671,733	0.14
7.	Oxy USA, Inc.	6,977,302	0.13
8.	OC/SD Holdings, LLC	5,091,498	0.09
9.	Southern California Gas Company	4,726,570	0.09
10.	Linn Western Operating, Inc.	4,611,102	0.09
	TOTAL	\$ 235,931,218	4.35%

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

Total Secured Taxes as of November 30, 2014 was \$5,416,121,731. Source: County of Orange Treasurer-Tax Collector.

Table A-9 – County of Orange Top Ten Unsecured Taxpayers

The following table, as in the form of Table A-9 in the Official Statement, provides a list of the ten largest unsecured taxpayers in the County for the most recent Fiscal Year.

TABLE A-9

COUNTY OF ORANGE TOP TEN UNSECURED TAXPAYERS FISCAL YEAR 2014-15

	Taxpayers ⁽¹⁾	Unsecured Tax Charge	% of Taxes ⁽²⁾
1.	Time Warner Cable, Inc.	\$ 3,616,920	1.58%
2.	Cox Communications, Inc.	2,781,178	1.22
3.	Broadcom Corp.	2,308,845	1.01
4.	Allergan USA, Inc.	1,807,475	0.79
5.	The Boeing Company	1,776,724	0.78
6.	Southwest Airlines Company	1,416,263	0.62
7.	Kimberly-Clark Worldwide, Inc.	1,360,321	0.60
8.	Jazz Semiconductor, Inc.	1,207,089	0.53
9.	New Albertson's, Inc.	1,189,481	0.52
10.	Western Digital Technologies, Inc.	1,130,560	0.49
	TOTAL	\$ 18,594,856	8.14%

Taxpayers are grouped under a parent company, if identifiable.

Total Unsecured Taxes as of July 31, 2014 was \$228,439,982. Source: County of Orange Treasurer-Tax Collector.

Table A-10 - County of Orange Outstanding Long-Term Debt and Lease Obligations

The County's outstanding long-term debt for the most recent Fiscal Year is shown in the following table, as in the form of Table A-10 in the Official Statement.

TABLE A-10

COUNTY OF ORANGE OUTSTANDING LONG-TERM DEBT AND LEASE OBLIGATIONS Year Ended June 30, 2015

Description	Source of Repayment	Outstanding Principal Balance (June 30, 2015)	Final Maturity Date
Orange County Public Facilities Corporation Refunding Certificates of Participation (Civic Center Parking Facilities Project), 1991	General Fund	\$ 1,743,427	2018
Orange County Public Financing Authority Lease Revenue Refunding Bonds, Series 2005	General Fund	64,805,000	2017
County of Orange Taxable Pension Refunding Obligation Bonds, Series 1996 $\boldsymbol{A}^{(1)}$	General Fund	11,015,278	2016
County of Orange Taxable Pension Refunding, Obligation Bonds, Series 1997 $\boldsymbol{A}^{(1)}$	General Fund	16,214,345	2021
Orange County Public Financing Authority Lease Revenue Bond, Series 2006 (Cogeneration Project)	General Fund	11,440,000	2018
South Orange County Public Financing Authority Juvenile Justice Center Facility Lease Revenue Refunding Bonds, Series 2012	General Fund	20,400,000	2019
SUBTOTAL- GENERAL FUND OBLIGATIONS		\$ 125,618,050	-
Airport Revenue Bonds, Series 2009A	Airport Revenues	\$62,290,000	2039
Airport Revenue Bonds, Series 2009B	Airport Revenues	141,985,000	2039
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014 (Neighborhood Development and Preservation Project)	Redevelopment Property Tax Trust Fund	13,275,000	2022
Successor Agency to the Orange County Development Agency Santa Ana Heights Project Area Tax Allocation Refunding Bonds of 2014	Redevelopment Property Tax Trust Fund	18,600,000	2023
TOTAL		\$ 361,768,050	<u>-</u>

⁽¹⁾ The outstanding Taxable Refunding Pension Obligation Bonds, Series 1996A and Series 1997A were economically defeased on June 22, 2000, through the deposit with the trustee of \$175.492 million principal amount of AAA-rated debt securities issued by Fannie Mae, together with irrevocable instructions that these securities and other cash amounts and investments held by the trustee, will be used solely to retire the remaining Pension Obligation Bonds as they mature.

Source: County of Orange County Executive Office Public Finance Unit.

Table A-11 – County of Orange Capital Lease Payments

The following table, in the form of Table A-11 in the Official Statement, is a schedule by years of future minimum lease payments required by the County under capital leases together with the present value of net minimum lease payments, as of June 30 of the most recent Fiscal Year.

TABLE A-11

COUNTY OF ORANGE CAPITAL LEASE PAYMENTS (In Thousands)

Fiscal Year Ending June 30

2016	\$ 15,677
2017	15,902
2018	16,076
2019	9,351
2020	9,510
2021-2025	34,646
2026-2030	980
Total Minimum Lease Payments Less: Amount Representing Interest Present Value of Net Minimum Lease Payments	102,142 (22,974) \$ 79,168

Source: County of Orange Comprehensive Annual Financial Report for the Year Ended June 30, 2015.

Table A-12 – County of Orange Operating Lease Payments

The following table, in the form of Table A-12 in the Official Statement, is the future minimum operating lease commitments of the County as of June 30 of the most recent Fiscal Year.

TABLE A-12

COUNTY OF ORANGE OPERATING LEASE PAYMENTS (In Thousands)

Fiscal Year Ending June 30	Equipment	Real Property	Total
2016	\$909	\$26,984	\$27,893
2017	320	19,158	19,478
2018	152	15,461	15,613
2019		13,156	13,156
2020		12,668	12,668
2021-2025		45,950	45,950
2026-2030		6,696	6,696
Total	\$1,381	\$140,073	\$141,454

Source: County of Orange Comprehensive Annual Financial Report for the Year Ended June 30, 2015.

Table A-13 - County of Orange Direct and Overlapping Debt

The County contains numerous municipalities, school districts, and special purpose districts such as water and sanitation districts, which have issued indebtedness that is repaid out of tax revenues. Set forth in the following table, in the form of Table A-13 in the Official Statement, is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. as of June 30, 2015.

TABLE A-13

COUNTY OF ORANGE DIRECT AND OVERLAPPING DEBT As of June 30, 2015

2014-15 Assessed Valuation: \$476,303,959,986 (includes unitary utility valuation)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/30/15
Metropolitan Water District	20.334%	\$ 22,452,803
Coast Community College District	100.	471,788,867
North Orange County Joint Community College District	98.702	182,740,845
Rancho Santiago Community College District	100.	347,875,443
Unified School Districts	0.134-100.	1,463,839,521
Anaheim Union High School District	100.	151,308,955
Fullerton Joint Union High School District	91.591	44,318,971
Huntington Beach Union High School District	100.	202,489,998
School Districts	100.	442,662,890
Irvine Ranch Water District Improvement Districts	100.	503,800,000
Moulton-Niguel Water District Improvement Districts	100.	15,850,000
Santa Margarita Water District Improvement Districts	100.	119,270,000
South Coast Water District	100.	1,375,000
Cities	100.	30,345,000
Orange County Community Facilities Districts	100.	296,728,468
Other Community Facilities Districts	100.	1,785,364,169
City and Special District Special Assessment Bonds	100.	835,164,400
County 1915 Act Bonds	100.	78,315,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	100.	\$6,995,690,330
TOTAL DIRECT AND OVERLAFFING TAX AND ASSESSIVENT DEBT		\$0,993,090,330
OTHER DIRECT AND OVERLAPPING DEBT:		
Orange County General Fund Obligations	100. %	\$ 98,388,000 ⁽¹⁾
Orange County Pension Obligation Bonds	100. /6	366,854,623
Orange County Office of Education Certificates of Participation	100.	15,190,000
Municipal Water District of Orange County Water Facilities Corporation	100.	
Unified School District Certificates of Participation	0.134-100.	5,360,000
· • • • • • • • • • • • • • • • • • • •		387,881,073
High School District Certificates of Participation	91.591-100.	115,552,762
School District Certificates of Participation	100.	72,123,666
City of Anaheim General Fund Obligations	100.	699,187,465
Other City General Fund Obligations	100.	417,890,116
Moulton-Niguel Water District Certificates of Participation	100.	77,825,000
Other Special District General Fund Obligations	100.	225,000
TOTAL GROSS OTHER DIRECT AND OVERLAPPING DEBT		\$2,256,477,705
Less: MWDOC Water Facilities Corporation (100% supported)		5,360,000
City of Anaheim supported obligations		699,187,465
Other city authority supported bonds		555,000
TOTAL NET OTHER DIRECT AND OVERLAPPING DEBT		\$1,551,375,240
OVERLARRING TAY INCREMENT REPT (Currence A remains):		
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	400 0/	¢ 000 075 000
Anaheim Redevelopment Agency	100. %	\$ 203,275,000
Brea Redevelopment Agency	100.	164,065,884
Westminster Redevelopment Agency	100.	119,860,000
Fullerton Redevelopment Agency	100.	95,445,000
Buena Park Redevelopment Agency	100.	83,415,000
Other Redevelopment Agencies	100.	509,769,114
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$1,175,829,998
ODOGO COMPINIED TOTAL DEDT		Φ40 407 000 000 ⁽²⁾
GROSS COMBINED TOTAL DEBT		\$10,427,998,033 ⁽²⁾
NET COMBINED TOTAL DEBT		\$9,722,895,568
Ratios to 2014-15 Assessed Valuation:		
Total Direct and Overlapping Tax and Assessment Debt 1.47%		
Total Direct Debt (\$465,242,623)0.10%		
Gross Combined Total Debt2.19%		
Net Combined Total Debt		
	a.a.	

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$53,648,609,612): Total Overlapping Tax Increment Debt......................2.19%

Source: California Municipal Statistics, Inc.

The percentage of overlapping debt applicable to the County is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the county divided by the district's total taxable assessed value. 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.

INVESTMENT POLICY

The Board of Supervisors of the County approved the 2016 Investment Policy on December 15, 2015. A copy of the Investment Policy is attached hereto as Appendix 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 Orange County Public Financing Authority ("OCPFA") undertake no responsibility to oppose any revision or withdrawal of such information contained in this Annual Report.

To the extent the County or the OCPFA provides information in this Annual Report, the County and the OCPFA are not obligated to present or update information in future Annual Reports. Investors are advised to refer to the applicable 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 OCPFA 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 OCPFA 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 OCPFA.

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

The information set forth herein, including information provided by others or incorporated by reference, is believed by the County and the OCPFA to be reliable but has not been independently verified by the County and the OCPFA and is not guaranteed as to accuracy by the County and the OCPFA.

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2015

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County of Orange

Comprehensive Annual Financial Report For The Year Ended June 30, 2015

Eric H. Woolery, CPA Son Auditor-Controller



County of Orange

State of California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2015



Eric H. Woolery, CPA Auditor-Controller

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COUNTY EXECUTIVE OFFICE COUNTY OF ORANGE

ROBERT E. THOMAS HALL OF ADMINISTRATION 333 W. SANTA ANA BLVD. SANTA ANA, CALIFORNIA 92701

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www.oc.ca.gov

December 24, 2015

The Citizens of Orange County:

The Comprehensive Annual Financial Report (CAFR) of the County of Orange, State of California (County), for the year ended June 30, 2015, 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 are accurate in all material respects and are 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 CAFR has been audited by the independent certified public accounting firm of Macias Gini & O'Connell LLP (MGO). 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, 2015, 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, 2015. The independent auditor's report is located at the front of the financial section of this report.

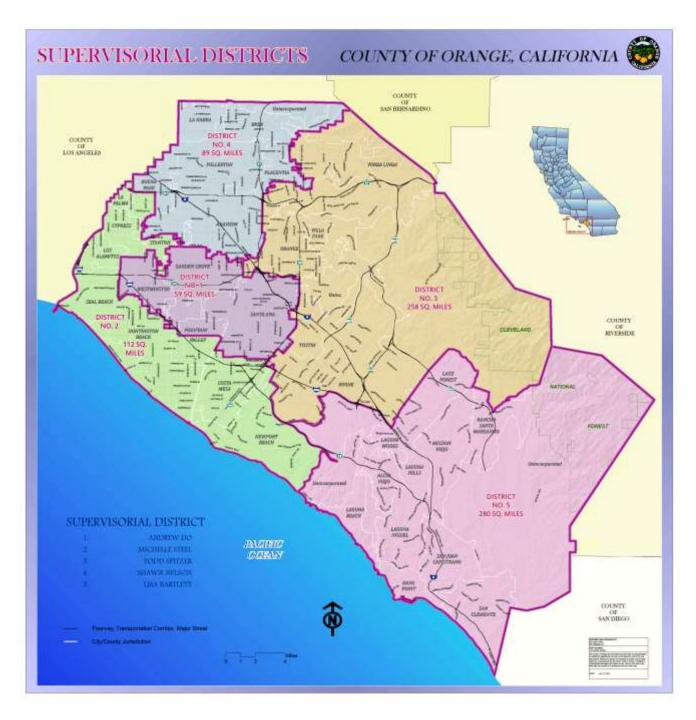
This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. MD&A provides a narrative introduction, overview, and an analysis of the basic financial statements.

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 is a charter county as a result of the March 5, 2002, voter approval of Measure V, which provides for an electoral process to fill mid-term vacancies on the Board of Supervisors. Before Measure V, as a general law county, mid-term vacancies would otherwise be filled by gubernatorial appointment. 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 of Orange in the Orange County Employees Retirement System (OCERS) or any successor retirement system, with the exception of statutorily-established cost of living adjustments, salary increases, and annual leave or compensatory time cash-outs. In June 2012, voters approved Measure B, which requires that any Orange County Supervisors elected or appointed 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. This measure amends the County Charter and applies to any current or previous Supervisor. In all other respects, the County is like a general law county. The County is governed by a five-member Board of Supervisors (the Board), who each serve four-year terms, and annually elect a Chairman and Vice-Chairman. The supervisors represent districts that are each approximately equal in population. The district boundaries were revised effective September 6, 2011, incorporating the results of the 2010 census. A County Executive Officer (CEO) oversees seventeen county departments, and elected 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 through cities. These services are outlined in the following table:

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

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

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

In addition to these services, the County is also financially accountable for the reporting of component units. Blended and fiduciary component units, although legally separate entities, are, in substance, part of the County's operations; and therefore, data from these units are combined with data of the County. The County has two component units, the Children and Families Commission of Orange County (CFCOC) and CalOptima, which require discrete presentation in the government-wide financial statements. The County's fiduciary component unit, Orange County Development Successor Agency (OCDA), was established as a result of the dissolution of the former Orange County Development Agency. The following entities are presented as blended component units in the basic financial statements for the year ended June 30, 2015: the Orange County Flood Control District, Orange County Housing Authority, Orange County Public Financing Authority, South Orange County Public Financing Authority, Orange County Public Foreign Authority, 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.

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 and major Debt Service Fund 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 to the following year's budget. 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.

The County of Orange 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, license pets, view, print, and pay current and prior year property tax bills, pay certain invoices, 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 Orange County economy are: how well the local economy performs relative to surrounding counties, the state, and the nation (external indicators); and how well the local economy performs relative to its own historical trends (internal indicators). This section provides various external and internal indicators that describe the current and projected outlook of the Orange County economy.

In terms of the external indicators, Orange County's economy continues to out-perform local surrounding counties, the state and national economies (in annual percentage growth), and, in fact, ranks higher (in absolute growth rate dollars) than the economies of the majority of the world's countries. Internal indicators show a continued slow but steady recovery of the local economy.

Orange County's unemployment rate continues to be below that of all surrounding Southern California counties, the State of California and the National level (see Table 1).

According to Chapman University, Orange County's job growth is expected to increase by 3.1% in 2015 and result in approximately 47,000 new jobs relative to 2014. This compares to 2.9% for the State of California and 2.0% for the national level.

According to Chapman University, inflation, as measured by the Consumer Price Index (CPI) in 2015, is expected to be 1.0% for Orange County, slightly lower than for the State of California at 1.4% and slightly higher than the U.S. at 0.8% (see Table 2).

Table 1: Unemployment Rate Comparison

Primary Government Entity	September 2015 Unemployment Rate
United States	4.9%
California	5.5%
Los Angeles County	6.5%
Riverside County	6.3%
San Bernardino County	5.8%
San Diego County	4.6%
Orange County	4.0%

Unemployment and Expected Job Growth Rates

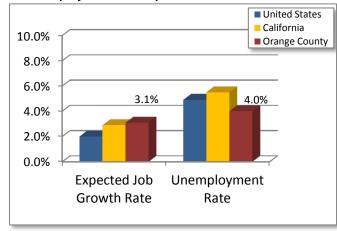


Table 2: 2015 - Projected Increase of the CPI

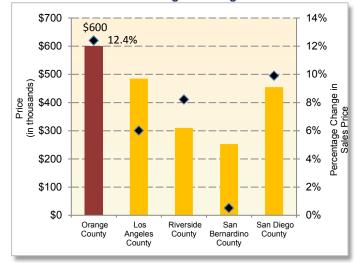
United States	California	Orange County
0.8%	1.4%	1.0%

Sources: State of California, Employment Development Department Economic & Business Review, Chapman University, June 2015 According to the Department of Housing and Urban Development, Orange County's median family income is expected to be \$85,900 (absolute dollars) in 2015, compared to \$84,900 (absolute dollars) in 2014. Median family incomes in Orange County continue to exceed all surrounding Southern California counties, the State of California and the nation (see Table 3).

According to CoreLogic Information Systems, the median home sales price for new and existing homes in Orange County was \$600,000 (absolute dollars) in April 2015, representing a 12.4% increase relative to 2014. 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 suggest that the Orange County economy will continue to gradually improve with 47,000 jobs added in 2015 and 41,000 in 2016.

Comparison of Median Home Sales Price and Price Changes Among Counties

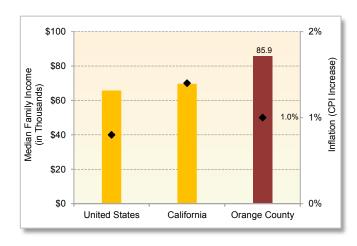


Sources: CoreLogic Information Systems, April 2015

Table 3: Median Family Income Comparison

Primary Government Entity	Median Family Income (absolute dollars)
United States	\$65,800
California	\$69,700
Orange County	\$85,900
San Diego County	\$73,000
Los Angeles County	\$63,000
Riverside County	\$60,500

Comparisons of Inflation and Median Family Income



Sources: Economic & Business Review, Chapman University, June 2015 U.S. Department of Housing and Urban Development, 2015

Table 4: Median Home Sales Price Comparison – Southern California Counties – April 2015

Primary Government Entity	Median Home Sales Price Change increase	Median Home Sales Price (absolute dollars)
Orange County	12.4%	\$600,000
Los Angeles County	6.0%	\$485,000
San Diego County	9.9%	\$455,000
Riverside County	8.2%	\$310,000
San Bernardino County	y 0.5%	\$252,500

Sources: State of California, Employment Development Department

Economic & Business Review, Chapman University, June 2015

Corelogic Information Systems, April 2015

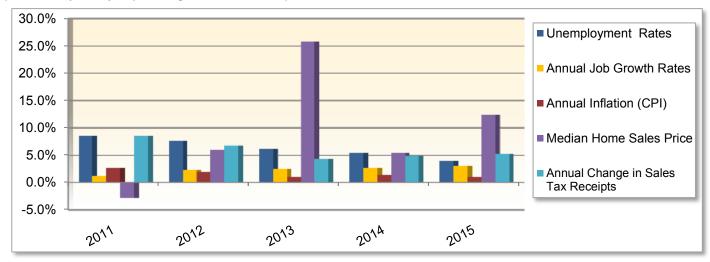
Note: Unemployment rates are for the month of September

Table 5 shows various internal indicators reflecting steady growth of Orange County's economy. The unemployment rate decreased to 4.0% in September 2015 relative to 5.4% in September 2014. Job growth is expected to increase slightly at 3.1% in 2015 compared to 2.6% in 2014. Median home prices increased by 12.4% in April 2015, relative to 5.4% in April 2014. Forecasted sales tax receipts slightly increased to 5.2% in 2015.

Table 5: Orange County Historical Data

Historical Indicators	2011	2012	2013	2014	2015
Unemployment Rates	8.6%	7.7%	6.2%	5.4%	4.0%
Annual Job Growth	1.2 %	2.3 %	2.5%	2.6%	3.1%
Annual CPI Inflation	2.7 %	2.0%	1.1%	1.4%	1.0%
Median Home Sales Price increase	(2.8%)	6.0%	25.8%	5.4%	12.4%
Annual Change in Sales Tax Receipts	8.5 %	6.8%	4.3%	4.8%	5.2%

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 2015 Corelogic Information Systems, April 2015

In summary, the economy in Orange County continues to show signs of steady growth.

Long-Term Financial Planning

Strategic Plan: In March 1997, the Board initiated a financial planning process that is a key component of the County's commitment to fiscal responsibility, accountability and efficiency. The plan includes projections of County general purpose revenues, departmental projections of operating costs, revenues and capital 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 recommended to ensure the ability to pay for long-term operational costs.

The 2015 Strategic Financial Plan (SFP) was presented to the Board on December 8, 2015. The 2015 SFP is the foundation in planning for continued financial stability and will be augmented by the monitoring and establishment of budgetary controls, via the quarterly budget reporting process and adoption of the Annual Budget. The five-year SFP projections indicate that General Purpose Revenue growth will be in the range of 4.3% for the first year of the plan with growth rates averaging 2.5% in years two through five. The moderate growth rate for revenue, coupled with the increasing cost of doing business, will require the County to carefully manage programs and services levels. The County continues to believe that sustained job growth and reduced unemployment are the key indicators for economic recovery.

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 2015 SFP reflects only a 1% increase in Fiscal Year (FY) 2016-17 Net County Cost limits, with the remaining excess funds distributed and/or set-aside to address the most critical strategic needs for the County
- Continuation of the policy to not backfill State budget reductions
- Elimination of vacant positions
- Internal financing program to support major capital and information technology projects
- Maintaining prudent levels of General Fund and Contingency Reserves

The County continues to move forward on several large projects identified below. In addition, the County is in various stages of planning for several other projects that will require long-term financial planning including upgrade of the 800 MHz Countywide Coordinated Communications System, replacement of Central Utility Facility infrastructure, the Civic Center Master Plan, and development of the County property at the former Marine Corps Air Station El Toro in Irvine ("100 acres"). Development of the 100 acres and other various County-owned properties will require up-front financial planning and investment in order to generate revenue in future years on a long-term basis.

Santa Ana River Mainstem Project: The Santa Ana River Mainstem Project (SARMP) was initiated in 1964, in partial response to a resolution of the United States House Committee on Public Works adopted May 8, 1964. A survey report was completed by the Orange County Flood Control District in 1975. The report was reviewed and submitted to Congress in September 1978. In September 1980, the United States Corps of Engineers completed the General Design Memorandum for the SARMP. Construction for the SARMP was authorized by the Water Resources Development Act of 1986. Construction for the SARMP was initiated in 1989, and completion is scheduled for December 2022.

The SARMP is designed to provide flood protection to the growing urban communities in Orange, Riverside and San Bernardino Counties. The proposed improvements to the system cover 75 miles, from the headwater of the Santa Ana River, east of the city of San Bernardino to the mouth of the river at the Pacific Ocean between the cities of Newport Beach and Huntington Beach. The project will increase levels of flood protection to more than 3.35 million people within the three county areas. The project includes seven independent features: Seven Oaks Dam, Mill Creek Levee, San Timoteo Creek, Oak Street Drain, Prado Dam, Santiago Creek and the Lower Santa Ana River. More information on the SARMP is available in Note 15, Construction and Other Significant Commitments. To learn more about the SARMP, visit the Orange County Flood Control Division's website at http://www.ocflood.com.

OC Dana Point Harbor Revitalization Plan: The OC Dana Point Harbor Capital Improvement Plan includes revitalization of Dana Point Harbor. The Revitalization Project is a multi-phased project with total costs estimated at \$140 million pending final project design approvals, and anticipating a systematic long-term repair and/or replacement project for the waterside as opposed to a total redesign and rebuild of the marinas. The initial phases of improvements are expected to be funded with a combination of external financing and funds on hand that have been reserved for the Harbor Improvement Plan. OC Dana Point Harbor and County Executive Office staff are expected to finalize the financial strategy for the complete Revitalization Plan next fiscal year.

<u>James A. Musick Facility Expansion:</u> On March 8, 2012, the State approved \$100,000 in funds for the County for expansion of the James A. Musick Facility (Assembly Bill 900 AB900). This project is currently in the design phase with construction estimated for completion in FY 2018-19. The County must front costs initially until the notice to proceed for construction is approved by the State. At that time, all past costs incurred can be invoiced for reimbursement by the State in full, and all future costs will be invoiced for reimbursement by the State on an ongoing basis until construction completion and occupancy. It is anticipated that costs will be reimbursed beginning in FY 2016-17. Funds from alternative liquidity sources will be utilized to fund the up-front costs and returned within the required three-year period as reimbursements are received from the State.

On March 13, 2014, the State conditionally approved \$80,000 in funds for the County for further expansion of the James A. Musick Facility. This project is in the initial stages and will be completed after the AB900 project in FY 2019-20, and the financial requirements are consistent with those described above.

La Pata Avenue Gap Closure & Camino Del Rio Extension Project: The County has begun the construction of the La Pata Avenue Gap Closure Project (Project) that will widen La Pata Avenue and implement a gap closure between the cities of San Juan Capistrano and San Clemente. This is a cooperative project between the City of San Clemente, City of San Juan Capistrano, OC Waste & Recycling, and OC Public Works, with the County acting as the lead agency. The total Project cost is estimated at \$127,000 and is funded from State 1B, Measure M1 and M2, gas tax, developer agreement, and community facility district revenues. A construction contract for \$72,741 was awarded by the Board of Supervisors to Sukut Construction, Inc. on December 10, 2013 and a construction management contract for \$7,706 was awarded to Hill International, Inc. on February 4, 2014. The groundbreaking ceremony was held on April 4, 2014. The Notice to Proceed for the initial phase was issued on April 22, 2014 and has a tentative completion date in fall of 2016. If the remaining two phases are executed within the first two years of the initial phase, all three phases are tentatively scheduled for completion in early spring of 2018.

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 of the United States and Canada (GFOA) and recognized by Fitch Ratings as best practices that promotes financial soundness, efficiency in government and solvency in public finance.

General Fund Reserves Policy

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

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

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

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

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

All of the above 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 FY (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. Analysis of the historical average of two months of operating revenues as well as FY 2015-16 adopted budgeted revenues, yielded a funding target of approximately 17% of General Fund operating revenues.

Contingencies

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

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

	Relevant Financial Policies
Multi-year SFP	The County's SFP is based on a five-year financial forecast and includes a 10-year analysis of operating costs in cases where new programs and facilities are recommended to ensure the ability to pay for long-term operational costs. Performance measures and strategies are key elements of the SFP process.
Five-Year Capital Improvement Plan	The County's five-year Capital Improvement Plan (CIP) is a long-term list of significant projects funded by the General Fund in the Capital Projects budget. It also includes the five-year capital program for non-General Fund agencies. The CIP aids the County in its assessment of the best use of funds available in order to establish and prioritize its capital asset goals, while maintaining long-term financial stability.
Quarterly Budget Report	The County Executive Office issues quarterly budget reports that provide the Board, County departments, members of the public, and other interested parties with an overview of the current status of budgeted revenues and expenditures, total budgeted positions and various departmental issues requiring adjustments to the County's budget.
Annual Budget Policies and Guidelines	The Annual Budget reflects the County's disciplined approach to fiscal management and is consistent with the County's SFP process. Department budgets are consistent with the priorities and operations plans contained in the SFP. Departments use these planning processes, along with outcome indicators, to evaluate programs and redirect existing resources as needed for greater efficiency to reduce costs and minimize the need for additional resources.
Fund Balance Reserve Policy	The County General Fund currently contains formal and informal reserves, appropriations for contingencies, appropriated reserve-type funds, and reserves held by others. The purpose of these reserves is to protect community programs and services from temporary revenue shortfalls and provide for unpredicted, sudden and unavoidable one-time expenditures.

	Relevant Financial Policies (Continued)
Contingency Planning Policy	The County's General Fund maintains a reserve for contingencies, which was established through the SFP process. The target amount for this reserve is 15% of ongoing annual general purpose revenues (excludes fund balance unassigned and one-time amounts and transfers), or \$102,040. This compares to the GFOA guidelines for funding contingencies at 15% or higher. The September 30, 2015 balance is \$61,300, approximately \$40,740 below the revised target. In addition to the reserve for contingencies, the County budgets an annual appropriation for significant unanticipated emergencies, catastrophes, one-time expenditures, and opportunities of no less than \$5,000 in the General Fund.
Debt Disclosure Practices	The County presents a set of disclosures in the County's adopted Budget document and the CAFR, as well as Continuing Disclosure Annual Reports on its website and the Electronic Municipal Market Access (EMMA) repository.
Pay-as–you-go Capital Funding	The County's long-term practice has been to use pay-as-you-go funding for capital projects whenever possible. The use of systematic long range financial planning assists in making fiscal decisions such as debt vs. pay-as-you-go capital project financing. The SFP forecasts sources of the County's revenue and operating expenses and incorporates a list of previously identified and prioritized projects that will benefit the citizens of the County. The financial planning for capital projects considers the County's limited funding sources, the capital and operating costs, useful life of projects, and good business practices.
Credit and Debt Management Policy	The County's long-term practice has been to rapidly repay debt when practicable. The County's Credit and Debt Management Policy states that one of its most important goals and objectives is to continue efficient debt reduction strategies through refunding or defeasance of debt to lower the financial burden on the General Fund.
Public Financing Advisory Committee	The Public Financing Advisory Committee (PFAC) is responsible for the review, approval, modification or denial of debt financing proposals. No debt financing proposal is considered by the Board unless recommended in writing by the PFAC. The PFAC membership consists of the following: five public voting members, each representing a district, and three Ex-Officio County government members (the County Executive Officer (non-voting), the elected Treasurer-Tax Collector, and the elected Auditor-Controller).
Audit Oversight Committee	The Audit Oversight Committee (AOC) is an advisory committee to the Board of Supervisors that provides oversight of the activities of the County Auditor-Controller's Internal Audit Division and the County's external audit coverage including financial reporting and federal and state audit activities, and that discusses the adequacy of the County's internal control structure. The AOC membership consists of the following: the Chairman and Vice-Chairman of the Board, the elected Auditor-Controller, the County Executive Officer, the elected Treasurer-Tax Collector, the Performance Audit Director, and four public members from the private sector appointed by the Board. The public members shall be appointed by the Board for a term of four years and may be reappointed or removed by the Board.

	Relevant Financial Policies (Continued)								
Treasury Oversight Committee	The Treasury Oversight Committee (TOC) is responsible for reviewing and monitoring the annual Investment Policy Statement (IPS) prepared by the Treasurer. In addition, the TOC causes an annual audit of the Treasurer's compliance with the IPS. The TOC shall also investigate any and all irregularities in the Treasurer's operations, which become known to the TOC. The TOC will develop and document policy and procedures to investigate and report such irregularities.								
	Annually, the TOC reviews the Treasurer's IPS, including all proposed amendments or modifications to the policy. The Treasurer then submits the IPS to the Board for approval, including any additions or amendments thereto. The TOC membership consists of the following: The elected Auditor-Controller, the County Executive Officer, the elected County Superintendent of Schools, or their respective designees, and four members of the public. The public members shall be nominated by the Treasurer and confirmed by the Board.								
24/7 Fraud Hotline	The Fraud Hotline is part of an ongoing fraud detection and prevention effort. The Fraud Hotline is intended for use by County employees, the general public, or vendors for reporting suspected waste, fraud, violations of County policy or misuse of County resources by vendors, contractors or County employees.								

Major Initiatives

<u>Funding Equity:</u> The County of Orange hovers at the bottom of funding for counties statewide, receiving the lowest percentage of property taxes in California to support services—about 6 cents on the dollar. The state average is 17 cents. The formula for returning local property taxes to the counties where they were collected was set in 1978 and has not been updated since. This systematically disadvantages the County's ability to provide services to its diverse population.

The County's predicament does not have easy fixes. Shifting funding formulas could affect other counties receiving more of their share of taxes, as well as other taxing entities such as cities, special districts, and schools, which have constitutional protections for state funding. The answer to assuring funding equity for Orange County, therefore, 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. Orange 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.

<u>State Prison Realignment:</u> In 2011, California, with passage of Assembly Bill 109, ordered the realignment of certain state prisoners to serve their sentences in county jails instead of state prisons to comply with court-ordered overcrowding reductions. Orange County accounts for 8.1% of the state's population and 6.4% of the total prison population. In FY 2014-15, the County spent \$63,400 and carried over \$4,600 surplus to FY 2015-16.

Realignment has led to multiple challenges, including the need for more in-custody housing options and bed space, additional case-management resources, inmate screening and medical/psychiatric programs. Felony caseloads have increased substantially with a corresponding increase in the need for additional court hearings and appearances. On November 4, 2014 voters passed Proposition 47, "The Safe Neighborhood and Schools Act," which reduced the classification of most non-serious, non-violent property and drug crimes from felonies to misdemeanors. This change reduced the number of new felony cases and permitted re-sentencing for anyone currently serving a sentence for those offenses, ultimately reducing the AB 109 and general jail populations. This change resulted in lower felony caseloads and a temporary increase in workloads due to the large number of resentencing hearings.

<u>Labor Agreements:</u> Most County employees are represented by 16 bargaining units within 7 labor organizations. The principal organization is the Orange County Employees Association (OCEA), which represents eight units

totaling about 12,059 employees. The next largest unions are the Association of Orange County Deputy Sheriffs, at about 2,020 members; and about 1,561 eligibility workers are represented by the American Federation of State and Municipal Employees. All but four contracts have been successfully negotiated and County employees continue to work under their contract terms with no interruption.

AWARDS AND ACKNOWLEDGEMENTS

<u>GFOA Awards:</u> The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Orange for its CAFR for the year ended June 30, 2014. This represents the County's 20th 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 CAFR, whose contents conform to program standards. Such a CAFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

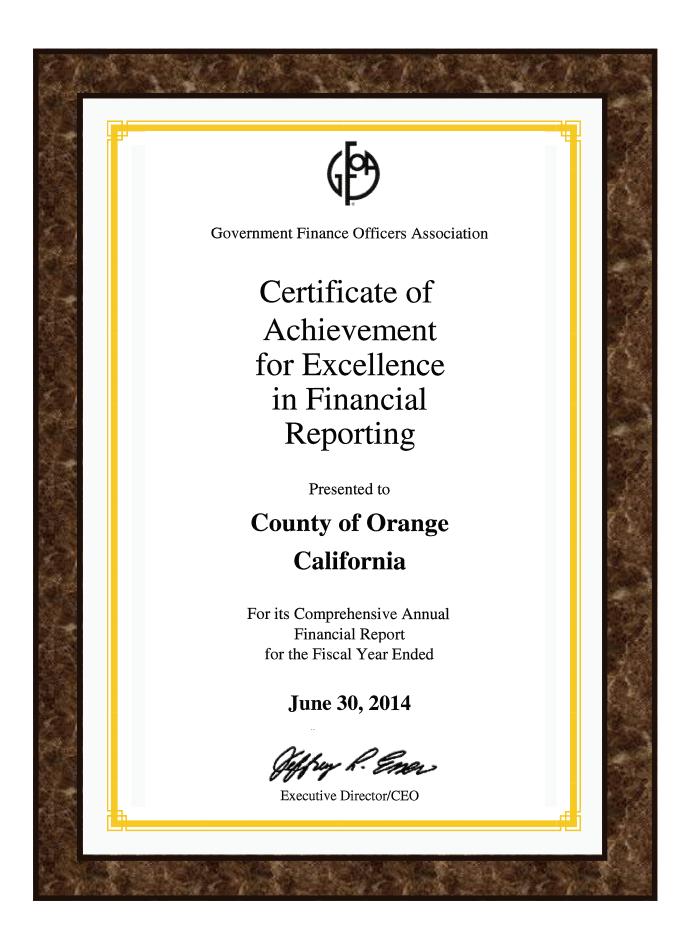
In addition, the County issued its 12th consecutive Popular Annual Financial Report (PAFR) titled the "OC Citizens' Report" for the year ended June 30, 2014. The County received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for this PAFR. The award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to be awarded, a government must publish a PAFR that reflects the program standards of creativity, presentation, understandability and reader appeal. The "OC Citizens' Report" is available for viewing at http://ac.ocgov.com/reports/pafr.

<u>Acknowledgments:</u> We would like to express our sincere appreciation to County staff and the staff of the certified public accounting firm of MGO. 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 activity of the County of Orange.

Respectfully submitted,

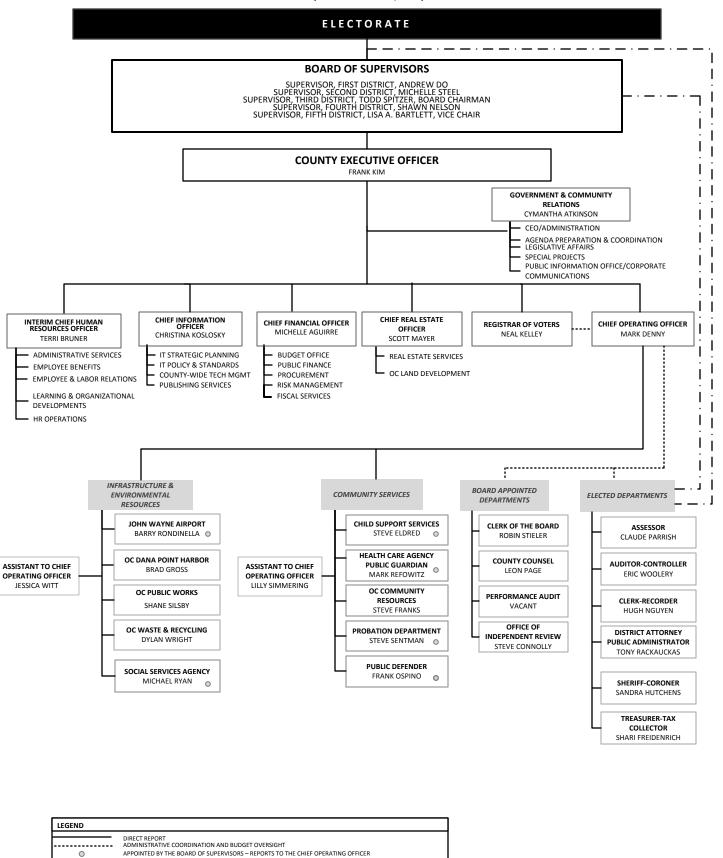
Ein H. Wooley

Eric H. Woolery, CPA Auditor-Controller Michelle Aguirre Chief Financial Officer



ORGANIZATIONAL CHART

(As of December 3, 2015)



ELECTED OFFICIALS: STATUTORILY – REQUIRED BOARD ADMINISTRATIVE AND BUDGET OVERSIGHT

0

ELECTED BY THE PUBLIC





Sacramento

Walnut Creek

Oakland

Los Angeles

Century City

Newport Beach

San Diego

Independent Auditor's Report

The Honorable Board of Supervisors County of Orange, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, California (County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Children and Families Commission of Orange County (CFCOC) and the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima), which collectively represent 100% percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CFCOC and CalOptima, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Roads Fund, Flood Control District Fund, and Other Public Protection Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, effective July 1, 2014, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. The implementation of these statements resulted in a restatement of net position as of July 1, 2014 in the amount of \$3,686,767,000, \$80,522,000, and \$116,315,000 for the governmental activities, the business-type activities, and the proprietary funds, respectively.

Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules related to the Orange County Extra-Help Defined Benefit Plan, schedules related to the Orange County Employees Retirement System, and schedule related to the Orange County Retiree Medical Plan as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Newport Beach, California

Macias Gini É O'Connell LAP

December 17, 2015



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

This section of the County's Comprehensive Annual Financial Report (CAFR) provides a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2015. 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, increased by \$324,462, or 19% as compared to last year.
- Long-term debt decreased by \$76,240 or 14% during the current fiscal year.
- The County's governmental funds reported combined ending fund balances of \$2,186,691, an increase of \$219,067, or 11% in comparison with the prior year.
- General Fund revenues and transfers ended the year 3% below budget.
- General Fund expenditures and other financing uses ended the year 7% below budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

The government-wide financial statements consist of the following two financial statements: the Statement of Net Position and the Statement of Activities. Both of these statements were prepared using an accounting method and a measurement focus similar to those used by private-sector companies, the <u>accrual basis of accounting</u> and the <u>economic resources measurement focus</u>. The **Statement of Net Position** provides information regarding <u>all</u> 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 airport, waste management, and compressed natural gas.

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, and therefore, data from these component units are combined with data of the primary government. Financial information for the Children and Families Commission of Orange County (CFCOC) and CalOptima, discretely presented component units, are reported separately from the financial information presented for the primary government itself. A separate standalone annual financial report can be obtained for the CFCOC by accessing Orange County's website at the following address: http://ac.ocgov.com/info/financial/. A separate stand-alone annual financial report can be obtained for CalOptima by accessing the website at http://wpso.dmhc.ca.gov/fe/search/#top, and select the Health Plan "Orange County Health Authority" and Statement Type "Annual Audit Reports."

Fund Financial Statements

- Fund a separate accounting entity with a self-balancing set of accounts.
- Focus is on <u>major funds</u>.
- 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.

<u>Governmental Funds</u> - 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 <u>modified accrual basis of accounting</u> and <u>current financial resources measurement focus</u>.

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, the County's proportionate share of the net pension liability and amounts owed for compensated absences and capital lease obligations, 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. Information for nonmajor funds is presented in the aggregate in these statements. Individual fund data for each of the nonmajor governmental funds is presented elsewhere in this report. The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with the budget.

<u>Proprietary Funds</u> - 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, Waste Management, and Compressed Natural Gas. Internal Service Funds are used to accumulate and allocate costs internally among the County's various functions such as insurance, transportation, publishing, and information technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds 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 Waste Management 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 funds financial statements with the individual fund data provided in combining statements, which can be found elsewhere in this report.

<u>Fiduciary Funds</u> - Fiduciary funds include the **Trust** and **Agency** funds and are used to account for assets held on behalf of outside parties, including other governments. Financial information for fiduciary funds is <u>not</u> 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 elsewhere in this report.

Notes to the Basic Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At June 30, 2015, the County's combined net position (governmental and business-type activities) totaled \$2,007,750, a decrease of 63% from unrestated FY 2013-14.

The largest component of the County's net position, which totals \$3,313,004, 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

The County's **restricted** net position totals \$1,324,014. Restricted net position 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 final component of net position is **unrestricted 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, 2015, governmental activities showed a deficit of \$2,991,814 in unrestricted net position, compared to \$331,408 at June 30, 2014. A key element contributing to the change is the implementation of 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-An Amendment of GASB Statement No. 68" (GASB Statement No. 71) to present the County's proportionate share of net pension liability on the financial statements. Refer to Note 18 Retirement Plans for more details.

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

NET POSITION – Primary Government June 30, 2015 and 2014									
	Governmental			Busine	ss-Ty	/pe			
	Acti	vitie	s	Acti	vities	i	Total		
	<u>2015</u>		<u>2014*</u>	<u>2015</u>		2014*	<u>2015</u>		<u>2014*</u>
ASSETS									
Current and other assets	\$ 3,216,086	\$	3,156,094	\$ 827,258	\$	784,278	\$ 4,043,344	\$	3,940,372
Capital assets	2,783,675		2,756,054	835,176		823,019	3,618,851		3,579,073
Total Assets	5,999,761		5,912,148	1,662,434		1,607,297	7,662,195		7,519,445
DEFERRED OUTFLOWS OF RESOURCES									
Deferred Charge on Refunding	6,225		9,622				6,225		9,622
Deferred Outflows of Resources Related to									
Pension	652,309			14,275			666,584		
Total Deferred Outflows of Resources	658,534		9,622	14,275		-	672,809		9,622
LIABILITIES									
Long-term liabilities	4,724,559		973,983	462,586		408,736	5,187,145		1,382,719
Other liabilities	666,496		622,850	79,365		72,921	745,861		695,771
Total Liabilities	5,391,055		1,596,833	541,951		481,657	5,933,006		2,078,490
DEFERRED INFLOWS OF RESOURCES									
Deferred Inflows of Resources Related to									
Pension	385,819			8,429			394,248		
Total Deferred Inflows of Resources	385,819		-	8,429		-	394,248		
NET POSITION									
Net Investment in Capital Assets	2,670,577		2,646,812	642,427		624,621	3,313,004		3,271,433
Restricted	1,202,658		1,346,717	121,356		116,148	1,324,014		1,462,865
Unrestricted	(2,991,814)		331,408	362,546		384,871	(2,629,268)		716,279
Total Net Position	\$ 881,421	\$	4,324,937	\$ 1,126,329	\$	1,125,640	\$ 2,007,750	\$	5,450,577

^{*} The balances shown in FY 2014 have not been restated to include adjustments in Note 2, Change in Accounting Principle

As of June 30, 2015, the County's total assets and deferred outflows of resources increased by 11% or \$805,937 during the current fiscal year. Deferred outflows of resources related to pension increased by \$666,584 due to the changes in net pension liability measurements, such as the difference between expected and actual expense, changes of assumption, changes in proportion and difference between employer contributions and proportionate share of contributions, used in the actuarial study and the County's pension contribution after the measurement date as required by GASB Statement No. 68 and GASB Statement No. 71. Partially offsetting this increase was a decrease in deferred outflows for charges on refunding due to the amortization of the deferred loss on refunding for the 2005A Refunding Recovery Bonds and 2005 Lease Revenue Bonds. Refer to Note 2, Change in Accounting Principle and Note 18 Retirement Plans for further information regarding the implementation of GASB Statement No. 68 and GASB Statement No. 71.

Total liabilities and deferred inflows of resources for FY 2014-15 increased by 204% or \$4,248,764. Long-term liabilities increased by 275% or \$3,804,426, as a result of the County's proportionate share of the net pension

liability. Deferred inflows of resources related to pension increased \$394,248 due to the changes in the net pension liability measurements used in the actuarial study as required by GASB Statement No. 68.

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

CHANGES IN NET POSITION – Primary Government For the Years Ended June 30, 2015 and 2014							
	Govern Activ	mental vities		ss-Type vities	То	tal	
	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014*</u>	
REVENUES							
Program Revenues:							
Charges for Services	\$ 563,013	\$ 535,382	\$ 281,368	\$ 261,857	\$ 844,381	\$ 797,239	
Operating Grants							
and Contributions	1,996,861	2,033,550	255	900	1,997,116	2,034,450	
Capital Grants							
and Contributions	33,241	54,478	9,215	5,277	42,456	59,755	
General Revenues:							
Property Taxes	505,189	444,104			505,189	444,104	
Property Taxes in Lieu of							
Motor Vehicle License Fees	314,957	295,798			314,957	295,798	
Other Taxes	71,613	73,178	109	101	71,722	73,279	
Grants and Contributions not Restricted							
to Specific Programs	49,476	14,192			49,476	14,192	
State Allocation of Motor							
Vehicle License Fees	764	895			764	895	
Other General Revenues	76,585	72,871	4,639	6,241	81,224	79,112	
Total Revenues	3,611,699	3,524,448	295,586	274,376	3,907,285	3,798,824	
EXPENSES							
General Government	191,793	131,026			191,793	131,026	
Public Protection	1,326,028	1,261,984			1,326,028	1,261,984	
Public Ways and Facilities	114,398	127,561			114,398	127,561	
Health and Sanitation	537,580	626,063			537,580	626,063	
Public Assistance	1,049,665	988,735			1,049,665	988,735	
Education	43,314	41,240			43,314	41,240	
Recreation and Cultural	-,-	,			-,-	, .	
Services	102,069	96,820			102,069	96,820	
Interest on	,	,			•	ŕ	
Long-Term Debt	23,560	28,028			23,560	28,028	
Airport		, 	124,778	120,731	124,778	120,731	
Waste Management			69,307	94,161	69,307	94,161	
Compressed Natural Gas			331	379	331	379	
Total Expenses	3,388,407	3,301,457	194,416	215,271	3,582,823	3,516,728	
Excess before Transfers	223,292	222,991	101,170	59,105	324,462	282,096	
Transfers	19,959	17,557	(19,959)				
Change in Net Position	243,251	240,548	81,211	41,548	324,462	282,096	
Net Position - Beginning	-,	-,	,	,,,,,	- ,	. ,	
of the Year, as Restated	638,170	4,084,389	1,045,118	1,084,092	1,683,288	5,168,481	
Net Position - End						· ·	
of the Year	\$ 881,421	\$ 4,324,937	\$ 1,126,329	\$ 1,125,640	\$ 2,007,750	\$ 5,450,577	

^{*} The balances shown in FY 2014 have not been restated to include adjustments in Note 2, Change in Accounting Principle

As of June 30, 2015, the County's change in net position, excluding the restatement of net position, increased by \$324,462 during the current fiscal year. Revenues for the year totaled \$3,907,285, an increase of \$108,461 from prior year's total revenues. Expenses totaled \$3,582,823, an increase of \$66,095 from the previous year's total expenses.

Governmental Activities

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

At the end of FY 2014-15, total revenues for governmental activities, including transfers from the business-type activities, were \$3,631,658, an increase of \$89,653 from the previous year. Expenses totaled \$3,388,407, an increase of \$86,950 from the prior year. During the current fiscal year, net position for governmental activities increased by \$243,251 from the prior fiscal year after restatement of beginning net position as of July 1, 2014 for an ending balance of \$881,421. Key elements of the increase are as follows:

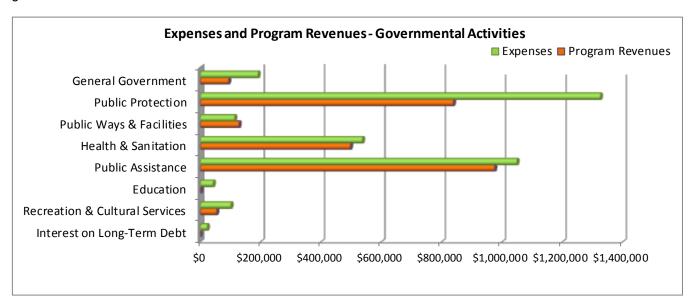
Revenues

- Property Taxes increased by \$61,085, mainly due to a change in the secured assessed values and a change in the Teeter Plan Reserve methodology for calculating the reserve requirement for the Tax Loss Reserve Fund. This reserve methodology is legally allowable to be changed by the California Revenue and Taxation Code and was adopted by a Board resolution.
- Grants and Contributions not restricted to Specific Programs increased by \$35,284, primarily due to an increase
 in monies received from the State for reimbursement of mandate related costs incurred prior to 2004 which were
 previously allowed for.
- Charges for Services increased by \$27,631, due primarily to an increase in mental health services for educational related mental health and Medi-Cal programs under Proposition 63 Mental Health Services Act (MHSA). In addition, revenues increased from road and street services for the La Pata fee program. Partially offsetting the increase in Charges for Services was a decrease in revenues recognized for the Immigration Customs and Enforcement (ICE) program.
- Partially offsetting the general increase in revenues was a decrease of \$36,689 in operating grants and
 contributions, primarily due to the Affordable Care Act, which decreased revenues from the Low Income Health
 Program. In addition, revenues decreased for the Highway Users Tax as a result of a lower allocation and a
 change in methodology for not accruing the July payment regulated by the State.

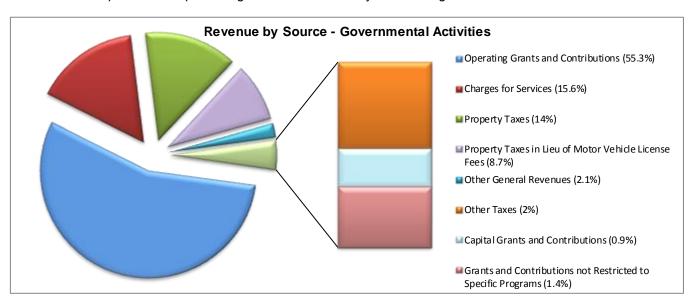
Expenses

- An increase in general government expenses of \$60,767 was primarily due to the implementation of GASB Statement Nos. 68 and 71, which increased pension related expense items not previously accounted for. In addition, partly contributing to the increase was the intangible asset impairment loss of the Property Tax Management System.
- Expenses in public protection and public assistance increased by \$64,044 and \$60,930 respectively, primarily
 due to an increase salaries and benefits (S&EB) due to additional positions added to support new and ongoing
 demands in social services programs. In addition, there was an increase in pension related expense items as a
 result of the implementation of GASB Statement Nos. 68 and 71.
- Partially offsetting the increase in expenses was a decrease in health and sanitation by \$88,483 due to a
 decrease in services as a result of the transition of Low Income Health Program (LIHP) to CalOptima as
 required in the Affordable Health Care Act, which resulted in a lower enrollment in the Medical Safety Net
 program.
- Public Ways and Facilities decreased by \$13,163, which was primarily attributable to the decrease in professional services for various road projects that were completed. In addition, there was a reduction in salaries and benefits due to the reorganization of various positions to other departments.

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

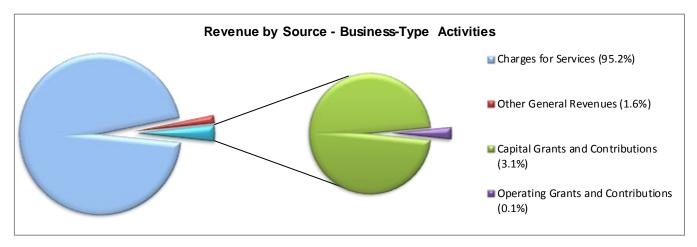


The chart below presents the percentage of total revenues by source for governmental activities:



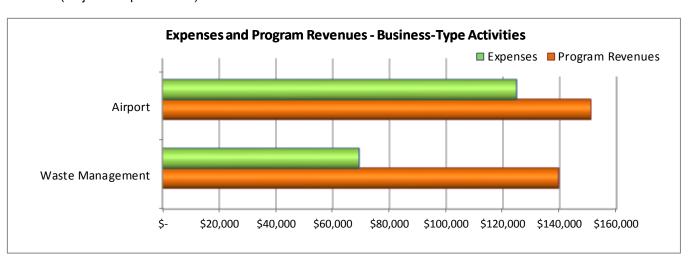
Business-Type Activities

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



At the end of FY 2014-15, the business-type activities' total revenues exceeded expenses and transfers resulting in an increase of \$81,211 in net position compared to the prior year's increase of \$41,548. Revenues totaled \$295,586, an increase of \$21,210 from the previous fiscal year, which is attributable to an increase in revenues received by the Airport for passenger parking, rental car and specialty concessions, operation of the international arrival facilities and cost reimbursements for federally funded construction projects. Also, the increase in revenue was in part due to an increase to Waste Management's revenues from importation and in-county disposal tonnage and fees. Expenses, including transfers to governmental activities, totaled \$214,375, representing a decrease of \$18,453 from the previous year. The decrease was primarily the result of decreases in closure and postclosure care costs, pollution remediation, and cost of services and supplies. The decrease was offset by increases in depreciation and amortization expenses and impairment loss related to the Common Use Passenger Processing System (CUPPS). Other factors concerning the finances of the County's two major enterprise funds are discussed in the Proprietary Funds section of the "Financial Analysis of the County's Funds."

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



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to demonstrate legal compliance and to 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 and current liabilities 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 County's Board of Supervisors (the Board) in order to achieve the established function of the respective funds.

At June 30, 2015, the County's governmental funds reported total fund balances of \$2,186,691 which is an increase of \$219,067 in comparison with prior year ending fund balances.

Comparative Analysis of Changes in Fund Balances

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

GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND
BALANCES
For the Years Ended June 30, 2015 and 2014

	Revenues	and	d Other	Expenditure	s a	nd Other	Net Change in				
	Financing	y So	ources	Financi	ng l	Uses		Fund Ba	lan	ces	
	<u>2015</u>		<u>2014</u>	<u>2015</u>		<u>2014</u>		<u>2015</u>		<u>2014</u>	
General Fund	\$ 3,001,243	\$	2,879,856	\$ 2,853,121	\$	2,808,016	\$	148,122	\$	71,840	
Roads	98,640		109,937	90,118		107,694		8,522		2,243	
Flood Control District	163,096		169,260	121,287		154,993		41,809		14,267	
Other Public Protection	66,846		49,261	66,747		48,203		99		1,058	
Teeter Plan Notes	31,715		50,786	40,854		43,959		(9,139)		6,827	
Other Governmental	652,592		600,011	622,938		615,209		29,654		(15,198)	
Total	\$ 4,014,132	\$	3,859,111	\$ 3,795,065	\$	3,778,074	\$	219,067	\$	81,037	

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 2014-15, revenues and other financing sources exceeded expenditures and other financing uses resulting in an increase in fund balances of \$148,122 compared to last year's increase in fund balances of \$71,840. Revenues and other financing sources increased by \$121,387 and expenditures and other financing uses increased by \$45,105. 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 2014-15:

Revenues

- Tax revenue increased by \$30,237, which was primarily due to increases in secured property taxes and property taxes in-lieu of vehicle license fees (VLF) resulting from an increase in secured assessed values. Partially offsetting the increase in tax revenues was a decrease in supplemental and other property tax revenues.
- Fines, Forfeitures, and Penalties revenue increased by \$49,024, primarily due to the adoption of Board Resolution 14-096 which changed the minimum reserve requirements for the Teeter Plan Loss Reserve.
- Transfers to the General Fund increased by \$30,829 due to an increase in Social Services Agency (SSA) Wraparound claims for Children's Services, General Relief Assistance, and facilities development and maintenance costs. Wraparound is a State funded program that offers intensive services to children and youth at risk of placement in group homes. The County is authorized to use the State and County's share of foster

- care placement dollars that would have otherwise been paid to a group home to provide wraparound services. The program is funded by the 2011 Public Safety Realignment (AB109) dedicated State sales tax and vehicle license fees.
- There were also increases in transfers from the Juvenile Justice Reform fund due to fund closure, Excess Public Safety Sales Tax for the District Attorney's budget requirement and the Sheriff Department's Field Based Reporting System. In addition, there were transfers from various funds including the Sheriff Narcotics programs and Supplemental Law Enforcement Services funds for overtime costs related to asset forfeiture seizures, equitable sharing of asset forfeiture revenue and expenses incurred at County Jails. These increases were partially offset by a decrease in transfers for OC Tobacco Settlement Revenue due to lower reimbursement claims in FY 2014-15.

Expenditures

- Expenditures for the general government increased by \$36,265, which was primarily due to the County not utilizing funds available in the County Investment Account to meet its Annual Required Contribution compared to prior year, the first of five payments per the Vehicle License Fee Adjustment Amount (VLFAA) settlement agreement, and centralization of property tax systems to improve data sharing, processes, and efficiencies across departments. In addition, there were increased professional services expenditures for capital projects including the developer contract for the master planning of the MCAS El Toro 100-Acre parcel and increased S&EB expenses for the centralization of County Executive Office real estate functions.
- Expenditures for public protection increased by \$43,917. Factors contributing to this increase in expenditures
 were the County's loss in the OC Attorney's Association lawsuit which increased the S&EB expenses for the
 District Attorney and Public Defender departments, the County's loss in the Gang Injunction lawsuit, and
 ongoing operational cost increases in the Sheriff's Department for S&EB and Services and Supplies (S&S). In
 addition, the Probation department had an increase in S&S for Enterprise IT billings and other professional
 services, offset by a decrease in temporary help services.
- Expenditures for health and sanitation decreased by \$105,885, primarily due to a decrease in professional services and S&S related to the Low Income Health Program (LIHP) and Medical Services Initiative (MSI) claims and pharmacy contracts.
- Expenditures for public assistance increased by \$55,907 primarily due to increases in operational costs for SSA in the areas of S&EB, S&S and Other Charges resulting from increases in staffing needs, contracts for services, information technology, facility improvements and other services required for the CalWORKs program, In-Home Supportive Services, Children and Family Services and Administrative Services.
- Expenditures for transfers increased by \$13,562 due primarily to higher transfers to the Plan of Adjustment Available Cash Fund used to amortize bankruptcy related losses to County administered accounts and transfers for various capital projects including HVAC Systems, Central Utility Facility infrastructure upgrades, and purchase of a dispatch console platform for the Sheriff's 800 MHz Countywide Coordinated Communication System (800 MHz CCCS).

Roads

This fund accounts for the maintenance and construction of roadways, and for specialized engineering services to other governmental units and the public. At the end of FY 2014-15, fund balance increased by \$8,522 compared to last year's increase in fund balance of \$2,243. Revenues and other financing sources decreased by \$11,297 primarily due to a decrease in intergovernmental revenues for the Highway Users Tax as a result of a lower allocation and a change in methodology for accruing the July payment from the State. Slightly offsetting this decrease was an increase in charges for services as a result of the revenue recognition for the La Pata Fee Program, reduced by lower amounts of revenues recorded for fee credit relinquishments that are done throughout the year once projects are completed for the South County Roadway Improvement Program (SCRIP). Expenditures decreased by \$17,576 primarily due to a decrease in professional services by \$12,330 related to the completion of asphalt overlay resurfacing of various streets on March 14, 2014 and completion of various road and bridge projects such as the Moulton Parkway Widening, Segment 3, Phase II completed in November 2014 and the Cerritos Avenue Reconstruction and Sewer Modification completed in July 2014.

Flood Control District

This fund accounts 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 2014-15, there was an increase in fund balances of \$41,809 compared to last year's increase in fund balances of \$14,267. Revenues and other financing sources decreased by \$6,164 due mainly to a decrease in intergovernmental revenues of \$25,907 from the Department of Water Resources for the Santa Ana River Interceptor (SARI) Line project claims, partially offset by an increase in other revenues as a result of a litigation settlement for the Los Alamitos Pump Station. Refer to Note 11 for detailed information regarding the SARI project and financing agreement. Expenditures and other financing uses decreased by \$33,706 primarily due to a decrease in capital outlay expenditures related to the completion of construction for the SARI main line in August 2014 and the East Garden Grove Wintersburg Channel Improvements in December 2014. Partially offsetting the decrease was an increase in expenditures for the purchase of real property as part of the Prado Dam Project.

Other Public Protection

This group of funds is used to account for safety and law enforcement activities. At the end of FY 2014-15, there was an increase in fund balances of \$99 compared to last year's increase in fund balances of \$1,058. Revenues and other financing sources increased by \$17,585 which was attributable to an increase in fines, forfeitures and penalties of \$9,189, primarily for penalty and settlement collections in the District Attorney's Consumer Protection funds, offset by a decrease in penalty assessment revenues for the Orange County Jail Fund. Charges for services increased \$4,837 primarily due to cost sharing with various cities and governmental entities for the replacement of obsolete radio equipment to extend the life of the existing 800 MHz Countywide Coordinated Communication System and charges for the CAL-ID Automated Fingerprint Identification System. Expenditures and other financing uses increased by \$18,544 primarily due to transfers out of \$15,828 to reimburse the Sheriff's department for overtime on the Sheriff Narcotics Program, Gang Enforcement Team, South Patrol, and communications rebanding project and transfers out of the Juvenile Justice Reform fund to the Probation Department due to fund closure.

Teeter Plan Notes

This fund accounts for the financing of the County's purchase of delinquent taxes receivable pursuant to the Teeter Plan. At the end of FY 2014-15, fund balances decreased by \$9,139 compared to last year's increase in fund balances of \$6,827. Revenues and other financing sources decreased by \$19,071 primarily due to a decrease of \$8,098 in notes issued and a decrease of \$10,889 in penalties and costs on delinquent taxes which are now recorded in the General Fund based on a Board resolution adopted in FY 2014-15. Expenditures decreased by \$3,105 primarily due to a decrease in principal retirement for the partial redemption of the Teeter Plan Notes.

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 2014-15, fund balances increased by \$29,654 in comparison to prior year's decrease in fund balances of \$15,198. Revenues and other financing sources increased by \$52,581 primarily due to an increase in intergovernmental revenues for State allocations of the MHSA, an increase in transfers in for non-General Fund multi-year countywide capital projects, and higher secured taxes apportioned in FY 2014-15. Expenditures and other financing uses increased by \$7,729, primarily due to transfers out to the General Fund to cover unanticipated SSA wraparound and general relief costs. The increase in expenditures was partially offset by a decrease in transfers for the Tobacco Settlement Fund due to a continued decline in cigarette sales and a decrease in miscellaneous expenses due to the closing of Community Facility District (CFD) construction funds.

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

COMPARATIVE FUND BALANCE Governmental Funds June 30, 2015 and 2014				
		2015	2014	Increase/(Decrease) %
General Fund		\$ 664,508	\$ 516,386	29 %
Roads		61,802	53,280	16 %
Flood Control District		418,945	377,136	11 %
Other Public Protection		145,960	145,861	
Teeter Plan Notes		52,505	61,644	(15)%
Other Governmental Funds		842,971	813,317	4 %
	Total	\$ 2,186,691	\$ 1,967,624	11 %

Proprietary Funds

The proprietary funds 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 Waste Management funds, which are considered to be major funds of the County, and Compressed Natural Gas 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' actual revenues, expenses, contributions, transfers, and changes in fund net position for the current and previous fiscal year:

ENTERPRISE FUNDS COMPARATIVE SCHEDULE OF REVEN For the Years Ended June 30, 2015 and 2		, EXPENSES	S, C	CONTRIBUTIO	ONS	S, TRANSFE	RS.	AND CHANG	ES	IN FUND NE	ET F	POSITION	
Revenues, Contributions Expenses												in	
	and Transfers					and Tra	fers	Fund Net Position					
		<u>2015</u> <u>2014</u>			<u>2015</u>	<u>2014</u>		<u>2014</u>			<u>2015</u>		<u>2014</u>
Airport	\$	152,732	\$	143,766	\$	125,072	\$	121,514	\$	27,660	\$	22,252	
Waste Management		142,250		130,025		89,117		111,380		53,133		18,645	
Compressed Natural Gas		423		497		480		729		(57)		(232)	
Total	\$	295,405	\$	274,288	\$	214,669	\$	233,623	\$	80,736	\$	40,665	

Airport

This fund accounts for major construction and self-supporting aviation related activities rendered at John Wayne Airport, Orange County (JWA). At the end of FY 2014-15, there was an increase in fund net position of \$27,660 compared to the prior year increase of \$22,252. Revenues and contributions increased by \$8,966 primarily due to an increase in revenue for passenger parking, revenue received for rental car and specialty concession lease agreements, revenue from operation of the international arrival facilities, and cost reimbursements for federally funded construction projects. Expenses increased by \$3,558 primarily due to an increase in depreciation and amortization expense and impairment loss of a capital asset related to the Common Use Passenger Processing System (CUPPS) hardware and software, partially offset by a decrease in professional and specialized services.

Waste Management

This fund is used to account for the operation, expansion, closing of existing landfills and the opening of new landfills. Monies are collected through gate tipping fees, which users pay based primarily on tonnage. At the end of FY 2014-15, there was an increase in fund net position of \$53,133 compared to the prior year increase of \$18,645. Revenues and transfers increased by \$12,225, which was primarily due to an increase in sanitation and landfill

disposal fees collected for waste, recycling, and importation, as well as importation tonnage and in-county disposal tonnage. Expenses and transfers decreased by \$22,263 primarily due to a decrease in closure and postclosure care costs and pollution remediation expenses, as well as decreased transfers to the General Fund for net imported waste revenue in support of the County Bankruptcy Recovery Plan. Offsetting the decrease in expenses and transfers was an increase in professional and specialized service costs.

Compressed Natural Gas (CNG)

This fund was established in FY 2009-10 and accounts for the operation and maintenance of the CNG facility. Revenues consist primarily of compressed natural gas sales to both the County and the public.

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 Amended Budget; and 2) the Final Amended Budget and the 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 Budgetary Comparison Statement for details on this 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 amended budget revenues compared to the original budget revenues:

Transfers In

- An increase of \$11,046 due to an agreement with the OC Waste and Recycling (OCWR) Department to transfer net imported waste revenue in support of the County Bankruptcy Recovery Plan.
- An increase of \$3,303 for the Probation Department primarily due to closing of the Juvenile Justice Reform fund and transfer of remaining balances to Probation.
- An increase of \$4,792 in the Sheriff-Coroner Department primarily due to transfers from Proposition 69 DNA Identification fund, Excess Public Safety Sales Tax fund, and Regional Narcotics Suppression Program to enhance DNA processing, upgrade the current reporting system to improve workflow efficiencies and reimburse overtime costs related to asset forfeitures.
- An increase of \$7,100 in the General Relief budget control due to transfers from Facilities Development and Maintenance Fund to offset costs from increased caseloads in the General Relief budget control.

Intergovernmental Revenue

- An increase of \$8,588 in the Sheriff-Coroner Department for AB 109 realignment revenue and Proposition 172 revenue to support department operations, as well as for various program revenue adjustments for grants and reimbursement agreements.
- An increase of \$11,614 in the Social Services Agency (SSA) to align with the FY 2014-15 State and Federal allocations and grants for various programs including Medi-Cal, CalFresh, and CalWORKs.

Bond Issuance Proceeds

 An increase of \$365,000 due to the anticipated proceeds from the County's issuance of the Taxable Pension Obligation Bonds, 2015 Series A. Refer to Note 10 for information regarding the Taxable Pension Obligation Bonds, 2015 Series A.

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 compared to the final revenue budget:

Fines, Forfeitures, and Penalties

• A \$47,393 positive variance primarily due to a one-time accrual of Teeter Penalty revenue resulting from the change in the Teeter Plan Reserve calculation methodology.

Transfers In

- A \$121,399 negative variance primarily comprised of the following:
 - A \$60,727 negative variance in Health Care Agency primarily due to a reduction in Mental Health Services Act (MHSA) transfers because of delays in projects and start-up of contracted services, as well as a delay in transfers from the OC Tobacco Settlement Revenue Fund.
 - A \$12,681 negative variance in Social Services Agency primarily due to lower claims as a result of lower expenditures caused by the deferral of facility maintenance projects and other budgeted expenditures, as well as reduced spending in Wraparound direct services contracts and other Wraparound funded expenditures.
 - A \$22,506 negative variance was due to no transfer of penalty revenue occurring in FY 2014-15. Instead, this revenue was directly recorded in Fines, Forfeitures, and Penalties in the General Fund.
 - A \$6,344 negative variance in Capital Projects due to the deferral of the Orange County Homeless Shelter project and a delay in transferring corresponding project funding from the CEO Single Family Housing fund.

Bond Issuance Proceeds

• A \$25,375 negative variance in Prepaid Pension Obligation due to several County departments that had sufficient funds to prepay their pension contribution costs to OCERS so they opted out of the financing.

Original Expenditure Budget vs. Final Expenditure Budget

The following provides a brief summary of the primary factors attributable to the increase in the General Fund final amended budget expenditures compared to the original budget expenditures:

Prepaid Pension Obligation

 An increase of \$365,000 in appropriations for the retirement prepayments to OCERS for the County's FY 2014-15 employer contribution and related expenses.

Capital Projects

• An increase of \$16,047 in appropriations primarily for the purchase of a leasehold interest in the Air Space Lease in the Transit Tower and adjacent parking structure, and the purchase of a dispatch console platform and upgrades to the workstation to accommodate the new equipment for the Sheriff's 800 MHz CCCS, and an increased budget for various capital projects, such as rebuilding air-handling units in the Central Men's Jail, replacing the structural wood sub-floor in the James A. Musick Jail Facility West Compound Barracks, replacing steam lines for the kitchen at the Theo Lacy Jail Facility, and replacing vehicle gates at the Central Men's Jail.

Sheriff-Coroner

 An increase of \$18,622 in appropriations primarily to offset overtime and S&S costs associated with providing law enforcement services, traffic safety, forensic science and homeland security, as well as increased overtime and S&S costs associated with the 2011 Public Safety Realignment (AB109).

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 expenditures budget:

Prepaid Pension Obligation

 A \$24,737 positive variance primarily due to a lesser financing of the County's FY 2014-15 prepayment to OCERS. Several County departments had sufficient funds available to prepay their pension contribution costs to OCERS so they opted out of the financing.

Probation

• A \$18,771 positive variance primarily due to lower salaries and benefits caused by a high vacancy rate as retirements and separations outpaced recruitments. In addition, the department experienced lower than anticipated facility costs and continues its search for a suitable location for the South County Office.

Sheriff-Coroner

• A \$10,170 positive variance primarily due to cost containment efforts by the department to delay filling vacant positions and the deferral of facility maintenance and equipment purchases.

Health Care Agency

A \$71,931 positive variance resulting from S&S savings, primarily due to the delayed startup of MHSA program.
Additionally, lower salaries and benefits from delays in recruitments, savings from shifting the Royale
Convalescent Hospital from a lease purchase to a lease agreement and lower than budgeted support and care
costs for the California Children services programs were realized.

Aid To Families with Dependent Children - Foster Care

 A \$6,319 positive variance due to reduced spending in direct service contracts for Wraparound and lower than anticipated supportive service for CalWin caseloads.

OC Community Resources

• A \$19,428 positive variance primarily due to a minor reorganization in OC Community Resource's Central Projects Office, that lead to decreased contract spending and salaries and benefits.

Social Services Agency

• A \$43,070 positive variance due to lower salaries and benefits as a result of higher than anticipated vacancies, decreased contract services spending, and delayed IT and facility projects.

Capital Assets

At June 30, 2015, the County's capital assets for both the governmental and business-type activities amounted to \$3,618,851, net of accumulated depreciation. The investment in capital assets includes land, structures and improvements, land improvements, equipment, software, infrastructure (roads, bridges, flood channels, trails, traffic signals, and harbors), intangible in progress, land use rights, and construction in progress. The total increase in the County's investment in capital assets for the current year was 1%.

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

CAPITAL ASSETS (Net of Depreciation) June 30, 2015 and 2014															
		Govern	ıme	ental		Busine	ss-	Туре					Increase		
	Activities					Activ	/iti	es		То	tal		(Decrease)		
		<u>2015</u>		<u>2014</u>		<u>2015</u>							% Change		
Land	\$	823,484	\$	813,756	\$	37,842	\$	38,083	\$	861,326	\$	851,839	1 %		
Structures and															
Improvements		585,638		604,987		507,111		533,683		1,092,749		1,138,670	(4)%		
Land Improvements		473								473					
Equipment		96,094		64,649		21,998		20,950		118,092		85,599	38 %		
Software		46,589		50,575		891		809		47,480		51,384	(8)%		
Infrastructure		1,113,759		1,095,609		192,367		201,410		1,306,126		1,297,019	1 %		
Intangible in															
Progress		857		22,273		879				1,736		22,273	(92)%		
Land Use Rights		6,992		6,992						6,992		6,992			
Construction in															
Progress		109,789		97,213		74,088		28,084		183,877		125,297	47 %		
Total	\$	2,783,675	\$	2,756,054	\$	835,176	\$	823,019	\$	3,618,851	\$	3,579,073	1 %		

The following lists the significant capital asset acquisitions in FY 2014-15:

General Fund

• \$10,464 for the purchase of a leasehold interest in the Air Space Lease in the Transit Tower, occupied by the Health Care Agency

- \$1,364 for construction costs associated with recentralization of the Human Resource Services Department
- \$1,088 for the purchase of IT equipment for the Information Services Bureau at the Sheriff-Coroner

Roads

- \$20,025 for the La Pata Avenue Gap Closure Calle Saluda to South of Ortega Highway
- \$3,039 for the Lincoln Avenue Bridge Widening at the Santa Ana River
- \$1,157 for Crystal Canyon Road Drainage and Rehabilitation Project
- \$1,047 for the Moulton Parkway Widening Segment 3 Phase II North of El Toro Road to North of Santa Maria

Flood Control District

- \$9,205 for the Newland Storm Channel Improvement Project
- \$4,584 for the Trabuco Creek Channel Phase VII Project
- \$2,220 for the acquisition of property located within the Prado Dam Project for flood control protection
- \$2,080 for the Rossmoor Storm Channel Improvement Project
- \$1,077 for the Los Alamitos Pump Station Project

Other Governmental Funds

- \$6,294 for the purchase of law enforcement vehicles
- \$4,853 for the replacement of dispatch console systems at the Sheriff's main dispatch center system at Loma Ridge
- \$3,888 for major utility upgrades at the Irvine Ranch Historic Park
- \$3,302 for the purchase of an Automated Biometric Identification System by the Sheriff-Coroner
- \$2,674 for the expansion of the James A. Musick Facility Jail Expansion Design Phase I
- \$2,084 for the purchase of a mainframe to service Sheriff-Coroner's Data Center operations
- \$1,922 for expansion of the San Clemente Branch Library

<u>Airport</u>

- \$11,958 for the construction of the Terminals A & B Baggage Handling System
- \$2,136 for the Bristol Street Stabilization Project
- \$1,634 for the improvements of the Terminals A & B

Waste Management and Recycling

- \$20,962 for the construction of the East Flank Landslide Remediation Project
- \$7,370 for the construction and utility improvement for the Olinda Alpha Phase I Partial Final Closure
- \$3,936 for heavy equipment at the Central Regional Landfill
- \$1,104 for heavy equipment at the South Regional Landfill

Additional information on the County's capital assets can be found in Note 5, Changes in Capital Assets.

Commitments for Capital Expenditures

At the end of FY 2014-15, significant commitments for capital expenditures included the following:

- \$42,195 for the La Pata Avenue Gap Closure/Widening
- \$6,406 for the Newland Storm Channel Confluence to Bolsa
- \$6,282 for the Santa Ana River Interceptor Line Project
- \$6,280 for the Olinda Alpha Landfill Phase I Partial Final Closure Construction and Utility Improvements
- \$5,627 for the Greenville-Banning Channel Improvement Project
- \$3,338 for the Los Alamitos Pump Station and Pump House
- \$3,385 for the Cow Camp Road Project
- \$2,991 for the purchase of law enforcement vehicles
- \$2,973 for the Fletcher Channel and Retarding Basin-From Santa Ana River to Upstream
- \$2,652 for the Airport Parking Structure C, Phase 2
- \$2,583 for the Airport Main Street and Employee Lot Resurfacing

Additional information on the County's commitments for capital acquisitions can be found in Note 15, Construction and Other Significant Commitments.

Long-Term Debt

At June 30, 2015, the County had total debt obligations outstanding of \$467,513 excluding capital lease obligations, compensated absences and other liabilities. During the year, the County's outstanding bond obligations decreased by 14%, which is attributable to the retirement of \$118,191 of bond obligations, which includes the full redemption of the Recovery Bonds and the retirement of \$36,010 in Revenue Bonds. Partially offsetting the decrease was the addition of \$31,541 of Teeter Plan Notes.

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

The following table summarizes the County's outstanding bonds at June 30, 2015:

LONG-TERM DEBT BOND OF June 30, 2015 and 2014	BLIG	ATIONS								
		Govern	mental	Busine	S	s-Type				
		Activ	/ities	Activ	vi	ties	To	otal		(Decrease)
		<u>2015</u>	<u>2014</u>	<u>2015</u>		<u>2014</u>	<u>2015</u>		<u>2014</u>	% Change
Revenue Bonds	\$	96,645	125,660	\$ 204,274	9	211,269	\$ 300,919	\$	336,929	(11)%
Certificates of Participation		1,744	2,262				1,744		2,262	(23)%
Pension Obligation Bonds		27,227	32,193				27,227		32,193	(15)%
Recovery Bonds			17,556						17,556	(100)%
Teeter Plan Notes		33,823	39,830				33,823		39,830	(15)%
Add: Premium/(Discount)										
on Bonds Payable		9,235	13,071	(1,738)		(1,465)	7,497		11,606	(35)%
Add: Interest Accretion										
on CABs		96,303	103,377				96,303		103,377	(7)%
Total	\$	264,977	\$ 333,949	\$ 202,536	\$	209,804	\$ 467,513	\$	543,753	(14)%

The following summarizes the County's long-term debt issuance during FY 2014-15:

<u>Teeter Plan Notes</u> On July 15, 2014, the County issued an additional \$31,541 in Teeter Plan Notes to finance the purchase of the delinquent property tax receivables associated with the Teeter Plan. Proceeds of this issuance paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll.

On December 30, 2014 and June 25, 2015, the County used all of the accumulated base taxes to redeem \$27,532 and \$10,016, respectively, of the Teeter Plan Notes. As of June 30, 2015, the outstanding principal amount of the Teeter Plan Notes was \$33,823.

Additional information on the County's long-term debt activity can be found in Note 11, Long-Term Obligations.

Bond Ratings

The County maintained its issuer ratings of AA from Standard & Poor's Rating Services (S&P), Aa1 from Moody's Investors Service, and currently Fitch Ratings does not provide issuer ratings. In FY 2014-15, the following change occurred in the County's underlying debt:

On June 1, 2015, the 2005A Refunding Recovery Bonds were fully redeemed and will no longer be disclosed as part of the County's underlying debt.

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

LONG-TERM DEBT RATINGS June 30, 2015			
	Standard & Poor's	Moody's	Fitch
2005 Lease Revenue Bonds	AA-	Aa3	AA
1991 Parking COPs	NR	Aa3	NR
2006 Lease Revenue Bonds	AA-	Aa3	AA
2012 Lease Revenue Bonds	AA-	Aa3	NR
Teeter Plan Notes	NR	NR	NR
1996A Pension Obligation Bonds	NR	Aa1	AA
1997A Pension Obligation Bonds	NR	Aa1	AA
Airport 2009A Revenue Bonds	AA-	Aa3	AA-
Airport 2009B Revenue Bonds	AA-	Aa3	AA-

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

Orange County Vehicle License Fees (VLF)

On June 30, 2011, the Governor signed SB 89, which redirected Orange County's annual receipt of approximately \$49,000 in VLF revenue (Revenue & Taxation Code Section 11001.5(a)(1) and 11005(a)).

All counties in California receive property taxes in lieu of VLF pursuant to Section 97.70 of the Revenue and Taxation Code as a result of the VLF for property tax swap of 2004. However, in 2004, Orange County's share of property tax in lieu of VLF, which is also known as its "vehicle license fee adjustment amount (VLFAA)," was reduced by approximately \$54,000. This reduction was to offset the amount of VLF the County received until the passage of SB 89, and that had been pledged for the service of bankruptcy related indebtedness at the time that Section 97.70 was adopted in 2004.

The elimination of the County's VLF revenue required the Orange County Auditor-Controller to calculate Orange County's allocation of property taxes in lieu of VLF in a manner consistent with the other 57 counties in the State. Due to the growth in property valuation since 2005, when the VLF Swap was enacted, the calculated property tax in lieu of VLF was \$73,500 for FY 2012-13. This amount was included in the County's budget for FY 2011-12 and 2012-13. In an attempt to deprive the County not only of the \$54,000 in VLF revenue, but also the \$73,500 of annual property tax revenue that was legally owed, the State Department of Finance initiated litigation to challenge the County's calculation of the VLFAA. Ultimately, the Court ruled in favor of the State.

The Court's ruling resulted in the loss of the \$73,500 VLFAA revenue and a requirement for the County to repay \$150,000 to the State (\$147,000 retained in FYs 2011-12 and 2012-13, plus interest). On September 27, 2013, Assembly Bill (AB) 701 was signed by the Governor to resolve the dispute between the State and the County. AB 701 provides for an additional \$53,000 in annual VLFAA beginning in FY 2013-14, including growth, in lieu of the \$50,000 in property tax revenue previously provided by SB 8 X3, which was a flat amount with no growth. AB 701 provides stability for the County by securing the property tax revenues, including growth, and by allowing for repayment of the \$150,000 over five years. The \$150,000 due to the State was formally set aside in reserve in the FY 2013-14 First Quarter Budget Report. The first payment of \$5,000 was paid to the State in FY 2014-15. The second payment of \$15,000 will be paid to the State in FY 2015-16.

Long-Term Financial Planning

Property Tax Management System Upgrade

The County's property tax assessment, collection and allocation system processes property taxes and special assessments for the county, cities, school districts and special districts within the County. The current system was developed in the late 1980's in a now obsolete programming language. Maintenance of the system requires specialized knowledge that is hard to obtain. Under direction from the Board to rewrite the system and to respond to the Grand Jury's recommendation to replace the mainframe with an open system platform, the Auditor-Controller, Clerk of the Board, and Treasurer-Tax Collector embarked on a multi-year phased implementation of the new Property Tax Management System (PTMS).

In January 2006, a contract was awarded to Sierra Systems to conduct a needs assessment and to document the requirements of the new PTMS. This project also included documenting the business rules, identifying areas for improvement, and creating a blueprint for implementation. The needs assessment project was completed in July 2007.

On July 15, 2008, the Board approved a contract to develop and implement the new PTMS based on the required specifications documented during the needs assessment. In May 2010, a few modules went live initially. But out of twenty-seven (27) modules that were required, only two minor modules remain in partial operation. Additional software development was performed during FY 2011-12 and FY 2012-13; however, as of January 9, 2013, the contract expired and the project was placed on hold.

The PTMS upgrade incurred \$18,112 in capitalized costs. This amount was reported as a loss in the Statement of Activities because the resulting product is incomplete and was rendered inoperable. Refer to Note 5, Changes in Capital Assets, for further information regarding the impairment.

In looking into the solution for Property Tax Management, the PTMS Steering Committee is exploring replatforming the system. As opposed to complete development from new specifications, this would take the existing system and transform it to operate on an open system platform with similar functionality. A Request for Proposal will be issued for this project.

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. The funded ratio (actuarial value of plan assets divided by actuarial accrued liability) dropped from 82.76% in 2002 to 70.85% in 2004. Since 2004, the funded ratio increased to 74.08% in 2007 before dropping to 62.52% as of December 31, 2012. As of December 31, 2014, the funded ratio was 69.76%. An increase in funding status is caused by multiple factors, including additional UAAL (Unfunded Actuarial Accrued Liability) payments by certain plan sponsors, lower than expected salary growth, lower than expected cost of living adjustment (COLA) increases, and changes in actuarial assumptions, which included a net increase in mortality rates.

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

Reduction in OCERS Assumed Investment Rate of Return

The assumed investment rate of return is the rate of investment yield that the Plan 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 further reducing to 7.25% effective July 2015. The assumed rate of return reduction had the impact of increasing contribution rates of members and plan sponsors.

Actuarial Funding Policy (Amortization)

On December 5, 2013, the OCERS Board voted to reduce the amortization period for future Unfunded Actuarial Accrued Liability (UAAL) from 30 years to 20 years. 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.

Actuarial Assumptions

The 2012 valuation was impacted by economic assumption changes including a decrease in inflation assumptions from 3.50% to 3.25% per annum and an increase in the current real "across the board" salary assumption increase from .25% to .50%. These two assumptions had a cancelling effect on one another.

Requests for Information

We hope that the preceding information provided 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, 12 Civic Center Plaza, Santa Ana, CA 92702 or you can access our website at http://ac.ocgov.com.



		Primary Governm	Component Units			
	Governmental Activities	Business-Type Activities	Total	Governmental CFCOC	Proprietary CalOptima	
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 2,022,702	\$ 549,320	\$ 2,572,022	\$ 51,814	\$ 26,297	
Restricted Cash and Cash Equivalents	185,614	197,131	382,745		300	
Investments	120,287	29,182	149,469		1,205,075	
Deposits In-Lieu of Cash	35	44,142	44,177			
Internal Balances	19,840	(19,840)				
Due from Component Unit	201		201			
Due from Primary Government				4		
Prepaid Costs	290,834	4,146	294,980	156	20,411	
Inventory of Materials and Supplies	2,104		2,104			
Receivables, Net of Allowances						
Accounts	6,984	15,735	22,719		559,110	
Taxes	31,969		31,969	4,337		
Interest/Dividends	4,754	1,127	5,881	23		
Deposits	4,924	100	5,024	9,027		
Advances	40		40			
Due from Other Governmental Agencies, Net	452,487	6,215	458,702	4,061		
Notes Receivable, Net	28,255		28,255			
Net Other Postemployment Benefits	45,056		45,056			
Capital Assets						
Not Depreciable/Amortizable	941,122	112,809	1,053,931		8,887	
Depreciable/Amortizable, Net	1,842,553	722,367	2,564,920		44,462	
Total Capital Assets	2,783,675	835,176	3,618,851		53,349	
Total Assets	5,999,761	1,662,434	7,662,195	69,422	1,864,542	
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charge on Refunding	6,225		6,225			
Deferred Outflows of Resources Related to Pension	652,309	14,275	666,584	522	4,951	
Total Deferred Outflows of Resources	658,534	14,275	672,809	522	4,951	

		Primary Governm	Component Units		
	Governmental Activities	Business-Type Activities	Total	Governmental CFCOC	Proprietary CalOptima
<u>LIABILITIES</u>					
Assessate Describbe	© 04.44 7	¢ 47.044	f 440,000	6 4000	f 40.047
Accounts Payable Salaries and Employee Benefits Payable	\$ 94,447 89,855	\$ 17,641 2,069	\$ 112,088 91,924	\$ 4,232 83	\$ 10,247 9,232
Retainage Payable	6,008	2,069	91,924 8,186	1,914	9,232
Interest Payable	2,827	5,249	8,076	1,914	
Deposits from Others	36,721	45,890	82,611		
Due to Primary Government				201	
Due to Component Unit	4		4		
Due to Other Governmental Agencies	31,321	3,177	34,498	4,204	17,705
Unearned Revenue	65,688	3,161	68,849		207,946
Short-Term Bonds Payable	339,625		339,625		
Long-Term Liabilities					
Net Pension Liability	3,815,663	83,384	3,899,047	3,957	1,059
Due Within One Year					
SARI Line Loans	1,429		1,429		
Estimated Liability - Litigation and Claims	15,500		15,500		
Interest Accretion on Capital Appreciation Bonds Payable	31,089		31,089		
Insurance Claims Payable Medical Claims Payable	51,836		51,836 		670.333
Capitation and Withholds					290,633
Compensated Employee Absences Payable	88,516	2,278	90,794	67	290,000
Arbitrage Rebate Payable	837	2,270	837		
Capital Lease Obligations Payable	11,444		11,444		
Notes Payable	33,823		33,823		
Bonds Payable	41,593	7,409	49,002		
Net Other Postemployment Benefit Obligation					26,802
Pollution Remediation Obligation		514	514		
Landfill Site Closure/Postclosure Liability		1,319	1,319		
Due in More than One Year					
SARI Line Loans	34,848		34,848		
Estimated Liability - Litigation and Claims	130,000		130,000		
Interest Accretion on Capital Appreciation Bonds Payable	65,214		65,214		
Insurance Claims Payable	155,741		155,741		
Compensated Employee Absences Payable	85,870	2,611	88,481	31	
Arbitrage Rebate Payable	19		19		
Capital Lease Obligations Payable	67,724	405 407	67,724		
Bonds Payable	93,258	195,127	288,385		
Pollution Remediation Obligation	 155	12,218	12,218 155		
Capital Asset Obligation Landfill Site Closure/Postclosure Liability	100	157,726	157,726		
Total Liabilities	5,391,055	541,951	5,933,006	14,689	1,233,957
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension	385,819	8,429	394,248	783	5,581
Total Deferred Inflows of Resources	385,819	8,429	394,248	783	5,581
NET POSITION					
Net Investment in Capital Assets	2,670,577	642,427	3,313,004		53,349
Restricted for:					
Expendable					
Pension Benefits	112,544		112,544		
Capital Projects	6,154		6,154		
Debt Service	37,734	7,324	45,058		
Legally Segregated for Grants and Other Purposes	1,045,897		1,045,897		
Regional Park Endowment	141		141		
CalOptima					86,145
Passenger Facility Charges Approved Capital Projects		70,538	70,538		
Capital Projects - Replacements and Renewals		1,000	1,000		
Landfill Closure/Postclosure Landfill Corrective Action		33,337 8,174	33,337 8,174		
Wetland		8,174 879	8,174 879		
Prima Deshecha/La Pata Closure		879 104	879 104		
Nonexpendable		104	104		
Regional Park Endowment	188		188		
Unrestricted (deficit)	(2,991,814)	362,546	(2,629,268)	54,472	490,461
Total Net Position	\$ 881,421	\$ 1,126,329	\$ 2,007,750	\$ 54,472	\$ 629,955

	Expenses				Program Revenues						
Functions/Programs		Direct Expenses		Indirect Expenses Allocation		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	
Primary Government											
Governmental Activities											
General Government	\$	243,565	\$	(51,772)	\$	36,924	\$	57,585	\$		
Public Protection		1,293,891		32,137		286,644		540,844		11,580	
Public Ways and Facilities		115,626		(1,228)		53,834		63,606		11,443	
Health and Sanitation		530,693		6,887		102,599		395,364			
Public Assistance		1,040,036		9,629		37,650		938,197			
Education		42,445		869		1,480		306		220	
Recreation and Cultural Services		100,357		1,712		43,882		959		9,998	
Interest on Long-Term Debt		23,560									
Total Governmental Activities		3,390,173		(1,766)		563,013		1,996,861		33,241	
Business-Type Activities											
Airport		123,890		888		141,563		189		9,215	
Waste Management		68,435		872		139,493		66			
Compressed Natural Gas		325		6		312					
Total Business-Type Activities		192,650		1,766		281,368		255		9,215	
Total Primary Government	\$	3,582,823	\$		\$	844,381	\$	1,997,116	\$	42,456	
Component Units											
Children and Families											
Commission of Orange County	\$	36,298	\$		\$		\$	30,138	\$		
CalOptima	,	2,889,540	,		,	3,112,079		3,255			
Total Component Units	\$	2,925,838	\$		\$	3,112,079	\$	33,393	\$		

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

Net (Expense) Revenue and Change in Net Position

	F	Primary Government	t	Compor	nent	Units	
Gov	/ernmental	Business-Type		Governmental		Proprietary	-
A	ctivities	Activities	Total	CFCOC		CalOptima	Functions/Programs
							Primary Government
							Governmental Activities
\$	(97,284)	\$	\$ (97,284)	\$	\$		General Government
•	(486,960)		(486,960)		Ψ		Public Protection
	14,485		14,485				Public Ways and Facilities
	(39,617)		(39,617)				Health and Sanitation
	(73,818)		(73,818)				Public Assistance
	(41,308)		(41,308)				Education
	(47,230)		(47,230)				Recreation and Cultural Services
	(23,560)		(23,560)				Interest on Long-Term Debt
	(795,292)		(795,292)		_		-
							Business-Type Activities
		26,189	26,189				Airport
		70,252	70,252				Waste Management
		(19)	(19)				Compressed Natural Gas
		96,422	96,422				'
	(795,292)	96,422	(698,870)				Total Primary Government
	(100,202)	- 00,122	(000,070)		_		_ Total Filmary Covernment
							Component Units
							Children and Families
				(6,160)			Commission or Orange County
						225,794	
				(6,160)	_	225,794	Total Component Units
							General Revenues
							Taxes
	328,500		328,500				Property Taxes, Levied for General Fund
	77,090		77,090				Property Taxes, Levied for Flood Control District
	57,266		57,266				Property Taxes, Levied for OC Parks
	42,333		42,333				Property Taxes, Levied for OC Public Libraries
	314,957		314,957				Property Taxes in-Lieu of Motor Vehicle License Fees
	71,613	109	71,722				Other Taxes
	49,476		49,476				Grants and Contributions Not Restricted to Specific Programs
	764		764				State Allocation of Motor Vehicle License Fees
	6,796	3,042	9,838	206			Unrestricted Investment Earnings
	69,789	1,597	71,386	151		5,233	
	19,959	(19,959)					
	1,038,543	(15,211)	1,023,332	357		5,233	
	243,251	81,211	324,462	(5,803)		231,027	•
	638,170	1,045,118	1,683,288	60,275		398,928	_
\$	881,421	\$ 1,126,329	\$ 2,007,750	\$ 54,472	\$	629,955	Net Position - End of Year

	General Fund	Roads	Flood Control District
<u>ASSETS</u>			
Pooled Cash/Investments	\$ 441,060	\$ 81,340	\$ 415,896
Imprest Cash Funds	1,862		
Restricted Cash and Investments with Trustee Investments	9		
	118,940		
Deposits In-Lieu of Cash Receivables			
Accounts	10,420	471	473
Taxes	7,035		1,364
Interest/Dividends	2,600	142	584
Deposits	460	22	2,329
Advances Allowance for Uncollectible Receivables	(6,237)	(21)	(107)
Due from Other Funds Due from Component Unit	89,278 201	2,700	1,558
Due from Other Governmental Agencies, Net	353,350	17,602	53,011
Inventory of Materials and Supplies	867		453
Prepaid Costs Advances to Other Funds	331,939	3,939	4,617
	3,800		
Notes Receivable, Net Total Assets	\$ 1,355,617	\$ 106,195	\$ 480,178
LIABILITIES			
Accounts Payable Retainage Payable	\$ 49,300	\$ 3,583	\$ 2,771
	1,395	631	2,136
Salaries and Employee Benefits Payable Interest Payable	83,350 1,084	1,052	1,251
Deposits from Others	1,654	7,636	7,807
Due to Other Funds	31,311	3,729	13,429
Due to Component Unit Due to Other Governmental Agencies	3		
	13,822	1,156	1,223
Estimated Litigation and Claims Unearned Revenue		500	
	44,410	10,495	750
Bonds Payable	339,625		
Advances from Other Funds	2,351		
Total Liabilities	568,305	28,782	29,367
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Intergovernmental Revenues	72,172	15,262	30,906
Unavailable Revenue - Senate Bill 90 Mandated Claims, Net	39,653		
Unavailable Revenue - Property Taxes	9,078		960
Unavailable Revenue - Long-Term Notes Receivables			
Unavailable Revenue - Other	1,901	349	31,866
Total Deferred Inflows of Resources	122,804	15,611	
FUND BALANCES			
Nonspendable	336,606	3,939	5,070
Restricted	31,486	57,863	413,875
Assigned Unassigned	269,529 26,887		
Total Fund Balances Total Liabilities, Deferred Inflows of Resources	664,508	61,802	418,945
and Fund Balances	\$ 1,355,617	\$ 106,195	\$ 480,178

F	Other Public Protection	Teeter Plan Notes	Go	Other vernmental Funds	G	Total overnmental Funds	ACCETO
							<u>ASSETS</u>
\$	181,305	\$ 30,718	\$	656,422	\$	1,806,741	Pooled Cash/Investments
				61		1,923	Imprest Cash Funds
		18		185,577		185,604	Restricted Cash and Investments with Trustee
				1,347		120,287	Investments
				35		35	Deposits In-Lieu of Cash Receivables
	48			1,925		13,337	Accounts
		21,806		1,764		31,969	Taxes
	273	50		805		4,454	Interest/Dividends
	 7			2,113		4,924	Deposits Advances
	<i>'</i>			(34)		40 (6,399)	Advances Allowance for Uncollectible Receivables
	3,612			26,613		123,761	Due from Other Funds
	3,012			20,013		201	Due from Component Unit
	2,831			25,107		451,901	Due from Other Governmental Agencies, Net
	331			20,107		1,651	Inventory of Materials and Supplies
	1,241			10,527		352,263	Prepaid Costs
						3,800	Advances to Other Funds
				28,255		28,255	Notes Receivable, Net
\$	189,648	\$ 52,592	\$	940,517	\$	3,124,747	Total Assets
							<u>LIABILITIES</u>
\$	518	\$ 67	\$	11,642	\$	67,881	Accounts Payable
	1			1,842		6,005	Retainage Payable
	328			2,973		88,954	Salaries and Employee Benefits Payable
	45.450	18		4 470		1,102	Interest Payable
	15,152	2		4,472		36,721	Deposits from Others
	20,045			49,938 1		118,454 4	Due to Other Funds
	5,801			9,314		31,316	Due to Component Unit Due to Other Governmental Agencies
	3,001			9,514		500	Estimated Litigation and Claims
	1,492			8,541		65,688	Unearned Revenue
						339,625	Bonds Payable
				3,800		6,151	Advances from Other Funds
	43,337	 87		92,523		762,401	Total Liabilities
						<u> </u>	DEFERRED INFLOWS OF RESOURCES
	224			3,255		121,819	Unavailable Revenue - Intergovernmental Revenues
						39,653	Unavailable Revenue - Senate Bill 90 Mandated Claims. Net
				1,274		11,312	Unavailable Revenue - Property Taxes
				473		473	Unavailable Revenue - Long-Term Notes Receivables
	127			21		2,398	Unavailable Revenue - Other
	351			5,023		175,655	Total Deferred Inflows of Resources
							FUND BALANCES
	1,572			10,715		357,902	Nonspendable
	144,388	52,505		748,491		1,448,608	Restricted
				83,765		353,294	Assigned
_	145.060	 E2 E0E	_	042.074	_	26,887	Unassigned Total Fund Releases
_	145,960	 52,505	_	842,971	_	2,186,691	Total Fund Balances
\$	189,648	\$ 52,592	\$	940,517	\$	3,124,747	Total Liabilities, Deferred Inflows of Resources and Fund Balances

The governmental funds Balance Sheet includes a reconciliation between fund balances – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position. The difference in fund balances of (\$1,305,270) 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	Ralances -	Governmental	Funds
TOTAL LUNG	Dalalices -	Governmental	i uiius

\$ 2,186,691

Capital assets used in the operations of the County are not reported in the governmental funds financial statements because governmental funds focus on current financial resources. Such assets must be included in the Statement of Net Position for purposes of government-wide reporting. These capital assets consist of:

Land	823,484	
Structures and Improvements	1,208,113	
Equipment	276,721	
Software	109,737	
Infrastructure	1,649,089	
Land Use Rights	6,992	
Land Improvements	485	
Construction/Intangible in Progress	109,822	
Accumulated Depreciation/Amortization	(1,452,101)	2,732,3

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

Prepaid pension Investment with OCERS	112,544	
Prepaid Bond Insurance	326	112,870

Internal service funds primarily serve governmental funds and consequently the assets and liabilities of internal service funds are incorporated as part of governmental activities for purposes of government-wide financial reporting. In addition, the cumulative internal balance resulting from current year's and last year's allocation of internal service funds to business-type activities are also reported in the Statement of Net Position.

(7,115)

342

Deferred outflows of resources are similar to assets, but they do not meet the definition of an asset at June 30, 2015. When all the recognition criteria are met, the deferred outflows of resources will become an expense. The couterpart to deferred outflows of resources are deferred inflows of resources, which are not technically liabilities at June 30, 2015. When all recognition criterial are met, the deferred inflows of resources will become revenue or an increase to net position. 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:

Deferred charge on refunding	6,225
Employer retirement contribution cube support to messurement data	

Employer retirement contribution subsequent to measurement date and deferred recognition of changes to the net pension liability

469,936

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

Prepaid	(175,955)
Deferred outflows of resources	175,955

Deferred Inflows of Resources:

Deferred inflows of resources that have been earned but not available to finance expenditures in the current period

Deferred inflows of resources related to pension

175,655 (382,056)

Governmental funds report only those liabilities that are expected to be liquidated with current available financial resources. Thus, governmental funds typically do not report any liability for the unmatured portion of long-term debt or any liability that does not consume current available financial resources. However, all liabilities must be reported in the government-wide financial statements. The adjustment to reduce net position for the unmatured long-term liabilities on the Statement of Net Position consists of the following:

Bonds and COPs Payable, Net	(134,851)	
SARI Line Loans Payable	(36,277)	
Teeter Plan Notes Payable	(33,823)	
Compensated Employee Absences Payable	(172,282)	
Capital Lease Obligations Payable	(58,468)	
Capital Asset Obligation	(155)	
Arbitrage Rebate Payable	(856)	
Interest Payable on Bonds	(1,725)	
Interest Accreted on Capital Appreciation Bonds	(96,303)	
Estimated Liability - Litigation and Claims	(145,000)	
County's Net Pension Liability	(3,778,443)	(4,458,183)

Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" requires an employer to record a net Other Postemployment Benefits (OPEB) obligation (asset) for the difference between the annual required contribution (ARC) and the amounts actually contributed to the OPEB Plan.

45,056

Net Position of Governmental Activities

881,421

Revenues	General Fund	Roads	Flood Control District		
Taxes	\$ 629,603	\$	\$ 85,530		
Licenses, Permits, and Franchises	22,929	336	φ 65,550 269		
Fines, Forfeitures and Penalties	82,063	7	12		
Use of Money and Property	5,272	289	2,740		
Intergovernmental	1,602,817	68,161	43,808		
Charges for Services	408,872	28,538	14,004		
Other	15,601	1,309	14,185		
Total Revenues	2,767,157	98,640	160,548		
Expenditures Current					
General Government	177,280				
Public Protection	1,126,878		81,626		
Public Ways and Facilities	32,192	62,900	01,020		
Health and Sanitation	514,371	02,900			
Public Assistance	851,488				
Education					
Recreation and Cultural Services					
Capital Outlay	18,901	26,985	24,938		
Debt Service	10,001	20,000	21,000		
Principal Retirement	21,568		11,133		
Interest	8,172				
Total Expenditures	2,750,850	89,885	117,697		
Excess (Deficit) of Revenues					
Over Expenditures	16,307	8,755	42,851		
Other Financing Sources (Uses)					
Transfers In	234,086		2,548		
Transfers Out	(102,271)	(233)	(3,590)		
Debt Issued					
Capital Leases					
Total Other Financing Sources (Uses)	131,815	(233)	(1,042)		
Net Change in Fund Balances	148,122	8,522	41,809		
Fund Balances - Beginning of Year	516,386	53,280	377,136		
Fund Balances - End of Year	\$ 664,508	\$ 61,802	\$ 418,945		

Other Public Protection		Teeter Plan Notes	Go	Other vernmental Funds	Go	Total overnmental Funds	D
•	Φ.		Φ.	407.070	Φ.	000 544	Revenues
\$ -	\$		\$	107,378	\$	822,511	Taxes
31	-			1,011		24,583	Licenses, Permits, and Franchises
11,609				14,424		108,115	Fines, Forfeitures and Penalties
4,29		173		60,928		73,700	Use of Money and Property
21,69				327,873		2,064,354	Intergovernmental
13,14				15,463		480,023	Charges for Services
8,998		1		31,113		71,207	Other
59,78	4	174		558,190		3,644,493	Total Revenues
							Expenditures
							Current
-		2,954		32,571		212,805	General Government
22,35	5			19		1,230,878	Public Protection
-				7,640		102,732	Public Ways and Facilities
-				1,189		515,560	Health and Sanitation
-				178,916		1,030,404	Public Assistance
-				41,949		41,949	Education
-				98,001		98,001	Recreation and Cultural Services
10,63	4			21,405		102,863	Capital Outlay
							Debt Service
-		37,548		34,507		104,756	Principal Retirement
-		352		22,989		31,513	Interest
32,989	9	40,854		439,186		3,471,461	Total Expenditures
				<u>.</u>			Excess (Deficit) of Revenues
26,79	5	(40,680)		119,004		173,032	Over Expenditures
							Other Financing Sources (Uses)
7,062	2			94,359		338,055	Transfers In
(33,75	8)			(183,752)		(323,604)	Transfers Out
-		31,541				31,541	Debt Issued
				43		43	Capital Leases
(26,69)	6)	31,541		(89,350)		46,035	Total Other Financing Sources (Uses)
9:	9	(9,139)		29,654		219,067	Net Change in Fund Balances
145,86	1	61,644		813,317		1,967,624	Fund Balances - Beginning of Year
\$ 145,960	0 \$	52,505	\$	842,971	\$	2,186,691	Fund Balances - End of Year

The Net Change in Fund Balances for governmental funds of \$219,067 in the Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Position for governmental activities of \$243,251 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

\$ 219,067

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

Expenditures for Capital Outlay:		
Land	3,345	
Structures and Improvements		
and Construction in Progress	74,305	
Equipment	19,062	
Software	155	
Net of Gains/Losses on Capital Assets Dispositions	(19,765)	
Depreciation/Amortization Expense	(89,619)	
Capital Contributions	9,261	(3,256)

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	(31,541)	
Arbitrage Rebate Addition	(201)	
Principal and Other Long-Term Liability Payments:		
Bonds Payable	52,055	
Teeter Plan Notes Payable	37,548	
SARI Line Loans Payable	11,133	
Capital Lease Obligations	3,978	72,972

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:

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	(39,609) 381	(39,228)
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 Amortization of Deferred Charges Compensated Employee Absences Expense OCERS Investment Income Estimated Litigation and Claims Expense Interest Accretion on Capital Appreciation Bonds	606 17,756 606 2,559 5,000 (10,410)	16,117
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 loss of internal service funds 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 internal service funds are recorded in governmental activities.		
Allocation of ISF's Operating Income to Governmental Activities, net of Business-Type Activities	9,268	
Consolidation of Nonoperating Revenues, Expenses and Transfers to Governmental Activities	12,921	22,189
For FY 2014-15, the Other Postemployment Benefits (OPEB) cost was \$44,854, and the County contributed \$41,181, which was deposited in the Retiree Medical Trust. The County contributed less than the required OPEB cost. Cumulatively, the County still has a net		
OPEB Asset.		(3,673)
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.		(40,937)
Change in Net Position of Governmental Activities	\$	243,251

BUDGETARY COMPARISON STATEMENT MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
evenues and Other Financing Sources Taxes	\$ 612,198	\$ 612,515	\$ 632,701	\$ 20,1
Licenses, Permits, and Franchises	19,934	21,174	21,147	(20,1)
Fines, Forfeitures and Penalties	34,795	35,631	83,024	47,3
Use of Money and Property	4,731	4,731	5,627	8
Intergovernmental	1,561,770	1,587,479	1,587,521	(47.4
Charges for Services Other	432,797 22,696	438,726 22,908	421,269 22,499	(17,4: (4)
Other Transfers In	319,571	349,345	227,946	(121,3
Bond Issuance Proceeds		365,000	339,625	(25,3)
Total Revenues and Other Financing Sources	3,008,492	3,437,509	3,341,359	(96,1
xpenditures and Other Financing Uses				
General Government: Assessor	36,106	36,706	36,636	
Auditor-Controller	14,766	14,840	14,301	5
Board of Supervisors - 1st District	955	955	833	1:
Board of Supervisors - 2nd District	955	955	784	1
Board of Supervisors - 3rd District	955	955	981	(:
Board of Supervisors - 4th District	955	955	967	(
Board of Supervisors - 5th District	955	955	933	:
Capital Acquisition Financing	5,857	5,857	5,840	
Capital Projects	24,134	40,180	35,560	4,6
CAPS Program	11,425	11,425	11,861	(4:
Clerk of the Board	3,588	3,588	3,272	3
County Counsel	9,155	14,056	14,015	2.2
County Executive Office	18,899	19,068	16,682	2,3
Data Systems Development Project	9,099	9,099	3,951	5,1 3
Employee Benefits Human Resources	1,574 5,637	1,574 5,574	1,186 4,956	6
Internal Audit	2,680	2,680	2,559	1
IBM Mainframe	3,171	3,171	3,171	'
IT Support Services	3,171	5,171	5,171	
Miscellaneous	18,066	13,066	9,104	3,9
Office of Independent Review	437	437	390	0,0
Prepaid Pension Obligation	· -	365,000	340,263	24,7
Property Tax System Centralized O & M Support	3,326	3,326	3,017	3
Registrar of Voters	14,018	16,642	15,062	1,5
The Office of the Performance Audit	772	772	729	
Treasurer-Tax Collector	12,087	12,167	12,364	(1
Utilities	23,358	24,012	22,960	1,0
2005 Lease Revenue Refunding Bonds	34,486	45,853	45,853	
2005 Refunding Recovery Bonds	18,433	18,433	18,433	
Public Protection: Alternate Defense	5,587	5,587	4,355	1,2
Building & Safety	9,282	9,956	9,638	1,2
Child Support Services	58,100	58,100	55,448	2,6
Clerk-Recorder	14,172	14,237	13,778	2,0
Detention Release	1,618	1,618	1,322	2
District Attorney	125,348	133,723	133,484	2
Emergency Management Division	2,966	3,008	2,752	2
Grand Jury	510	510	476	
Juvenile Justice Commission	171	171	165	
Probation	176,892	180,195	161,424	18,7
District Attorney-Public Administrator	2,063	2,672	1,888	7
HCA Public Guardian	5,739	6,256	5,572	6
Public Defender	73,357	73,357	70,727	2,6
Sheriff-Coroner	546,711	565,333	555,163	10,1
	10,282	11,242	10,332	9
Sheriff-Coroner Communications			51,252	2,1
Sheriff Court Operations	53,386	53,386	01100	
Sheriff Court Operations Trial Courts	53,386 63,965	53,386 64,219	64,122	
Sheriff Court Operations Trial Courts rublic Ways and Facilities:	63,965	64,219		2.0
Sheriff Court Operations Trial Courts 'ublic Ways and Facilities: OC Public Works			64,122 44,450	2,8
Sheriff Court Operations Trial Courts rublic Ways and Facilities: OC Public Works lealth and Sanitation:	63,965 48,017	64,219 47,308	44,450	2,8
Sheriff Court Operations Trial Courts 'tublic Ways and Facilities: OC Public Works lealth and Sanitation: Health Care Agency	63,965 48,017 606,886	64,219 47,308 597,980	44,450 526,049	2,8 71,9
Sheriff Court Operations Trial Courts Ublic Ways and Facilities: OC Public Works lealth and Sanitation: Health Care Agency OC Watersheds	63,965 48,017	64,219 47,308	44,450	2,8 71,9
Sheriff Court Operations Trial Courts Public Ways and Facilities: OC Public Works Health and Sanitation: Health Care Agency OC Watersheds Public Assistance:	63,965 48,017 606,886 16,008	64,219 47,308 597,980 16,414	44,450 526,049 11,730	2,8 71,9 4,6
Sheriff Court Operations Trial Courts Unblic Ways and Facilities: OC Public Works dealth and Sanitation: Health Care Agency OC Watersheds Public Assistance: Aid to Families with Dependent Children - Foster Care	63,965 48,017 606,886 16,008 121,480	64,219 47,308 597,980 16,414 121,480	44,450 526,049 11,730 115,161	2,8 71,9 4,6 6,3
Sheriff Court Operations Trial Courts Dublic Ways and Facilities: OC Public Works Health and Sanitation: Health Care Agency OC Watersheds Public Assistance: Aid to Families with Dependent Children - Foster Care Aid to Refugees	63,965 48,017 606,886 16,008 121,480 675	64,219 47,308 597,980 16,414 121,480 675	44,450 526,049 11,730 115,161 496	2,8 71,9 4,6 6,3
Sheriff Court Operations Trial Courts Unblic Ways and Facilities: OC Public Works lealth and Sanitation: Health Care Agency OC Watersheds Public Assistance: Aid to Families with Dependent Children - Foster Care Aid to Refugees California Works Opportunities and Responsibility to Kids	63,965 48,017 606,886 16,008 121,480 675 135,005	64,219 47,308 597,980 16,414 121,480 675 135,005	44,450 526,049 11,730 115,161 496 134,720	2,8 71,9 4,6 6,3 1 2
Sheriff Court Operations Trial Courts Public Ways and Facilities: OC Public Works Health and Sanitation: Health Care Agency OC Watersheds Public Assistance: Aid to Families with Dependent Children - Foster Care Aid to Refugees California Works Opportunities and Responsibility to Kids OC Community Resources	63,965 48,017 606,886 16,008 121,480 675 135,005 72,421	64,219 47,308 597,980 16,414 121,480 675 135,005 73,038	44,450 526,049 11,730 115,161 496 134,720 53,610	2,8 71,9 4,6 6,3 1 2 19,4
Sheriff Court Operations Trial Courts Public Ways and Facilities: OC Public Works Health and Sanitation: Health Care Agency OC Watersheds Public Assistance: Aid to Families with Dependent Children - Foster Care Aid to Refugees California Works Opportunities and Responsibility to Kids OC Community Resources General Relief	63,965 48,017 606,886 16,008 121,480 675 135,005 72,421 6,944	64,219 47,308 597,980 16,414 121,480 675 135,005 73,038 14,044	44,450 526,049 11,730 115,161 496 134,720 53,610 12,605	2,8 71,9 4,6 6,3 1 2 19,4
Sheriff Court Operations Trial Courts Public Ways and Facilities: OC Public Works Health and Sanitation: Health Care Agency OC Watersheds Public Assistance: Aid to Families with Dependent Children - Foster Care Aid to Refugees California Works Opportunities and Responsibility to Kids OC Community Resources	63,965 48,017 606,886 16,008 121,480 675 135,005 72,421	64,219 47,308 597,980 16,414 121,480 675 135,005 73,038	44,450 526,049 11,730 115,161 496 134,720 53,610	2,8 71,9 4,6 6,3 1 2 19,4 1,4 4 43,0
Sheriff Court Operations Trial Courts Public Ways and Facilities: OC Public Works Health and Sanitation: Health Care Agency OC Watersheds Public Assistance: Aid to Families with Dependent Children - Foster Care Aid to Refugees California Works Opportunities and Responsibility to Kids OC Community Resources General Relief In-Home Supportive Services - IHSS	63,965 48,017 606,886 16,008 121,480 675 135,005 72,421 6,944 44,738	64,219 47,308 597,980 16,414 121,480 675 135,005 73,038 14,044 46,038	44,450 526,049 11,730 115,161 496 134,720 53,610 12,605 45,638	2,8 71,9 4,6 6,3 1 2 19,4 1,4
Sheriff Court Operations Trial Courts Public Ways and Facilities: OC Public Works Health and Sanitation: Health Care Agency OC Watersheds Public Assistance: Aid to Families with Dependent Children - Foster Care Aid to Refugees California Works Opportunities and Responsibility to Kids OC Community Resources General Relief In-Home Supportive Services - IHSS Social Services Agency Total Expenditures and Other Financing Uses Excess (Deficit) of Revenues and Other Financing	63,965 48,017 606,886 16,008 121,480 675 135,005 72,421 6,944 44,738 538,680 3,016,852	64,219 47,308 597,980 16,414 121,480 675 135,005 73,038 14,044 46,038 551,264 3,459,122	44,450 526,049 11,730 115,161 496 134,720 53,610 12,605 45,638 508,194 3,221,219	2,8 71,9 4,6 6,3 1 2 19,4 1,4 4
Sheriff Court Operations Trial Courts Public Ways and Facilities: OC Public Works Health and Sanitation: Health Care Agency OC Watersheds Public Assistance: Aid to Families with Dependent Children - Foster Care Aid to Refugees California Works Opportunities and Responsibility to Kids OC Community Resources General Relief In-Home Supportive Services - IHSS Social Services Agency Total Expenditures and Other Financing Uses	63,965 48,017 606,886 16,008 121,480 675 135,005 72,421 6,944 44,738 538,680	64,219 47,308 597,980 16,414 121,480 675 135,005 73,038 14,044 46,038 551,264	44,450 526,049 11,730 115,161 496 134,720 53,610 12,605 45,638 508,194	2,8 71,5 4,6 6,3 1 2 19,4 43,0 237,5

BUDGETARY COMPARISON STATEMENT MAJOR GOVERNMENTAL FUNDS - ROADS

	Original Budget		Final Budget		Actual on Budgetary Basis		Variance Positive (Negative)	
Revenues and Other Financing Sources								
Licenses, Permits, and Franchises	\$	405	\$	405	\$	333	\$	(72)
Fines, Forfeitures and Penalties		8		8		7		(1)
Use of Money and Property		257		257		272		15
Intergovernmental		93,632		93,632		79,075		(14,557)
Charges for Services		54,570		61,199		28,628		(32,571)
Other		724		724		1,309		585
Transfers In		5,000		5,000				(5,000)
Total Revenues and Other Financing Sources		154,596		161,225	_	109,624		(51,601)
Expenditures and Other Financing Uses Public Ways and Facilities: OC Road Foothill Circulation Phasing Plan		130,055 1,064		134,055 927		92,286 499		41,769 428
South County Roadway Improve Prog (SCRIP)		15,300		32,040				32,040
Total Expenditures and Other Financing Uses		146,419		167,022		92,785		74,237
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		8,177		(5,797)		16,839	\$	22,636
Fund Balances - Beginning of Year		60,104		60,104		60,104		
Fund Balances - End of Year	\$	68,281	\$	54,307	\$	76,943		

BUDGETARY COMPARISON STATEMENT MAJOR GOVERNMENTAL FUNDS - FLOOD CONTROL DISTRICT

	Orig	inal Budget	 Final Budget	ctual on getary Basis	F	'ariance Positive legative)
Revenues and Other Financing Sources						
Taxes	\$	80,053	\$ 80,053	\$ 85,837	\$	5,784
Licenses, Permits, and Franchises		448	448	269		(179)
Fines, Forfeitures and Penalties		11	11	12		1
Use of Money and Property		2,340	2,340	2,667		327
Intergovernmental		23,276	23,276	40,311		17,035
Charges for Services		14,801	14,879	14,291		(588)
Other		2,312	2,312	14,185		11,873
Transfers In		1,205	2,548	2,548		
Total Revenues and Other Financing Sources		124,446	125,867	160,120		34,253
Expenditures and Other Financing Uses						
Public Protection: OC Flood		424 400	420.000	07.055		40 405
		134,100 70	138,090 70	97,655		40,435 70
OC Santa Ana River						
OC Flood - Capital		45,689	 45,689	 23,657		22,032
Total Expenditures and Other Financing Uses		179,859	 183,849	 121,312		62,537
Excess (Deficit) of Revenues and Other Financing					_	
Sources Over Expenditures and Other Financing Uses		(55,413)	(57,982)	38,808	\$	96,790
Fund Balances - Beginning of Year		376,132	376,132	376,132		
Fund Balances - End of Year	\$	320,719	\$ 318,150	\$ 414,940		

BUDGETARY COMPARISON STATEMENT MAJOR GOVERNMENTAL FUNDS - OTHER PUBLIC PROTECTION

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises	\$	\$	\$ 38	\$ 38
Fines, Forfeitures and Penalties	2,817	2,817	5,108	2,291
Use of Money and Property	3,059	4,360	4,142	(218)
Intergovernmental	22,053	22,719	22,232	(487)
Charges for Services	9,587	9,688	13,146	3,458
Other	10,253	10,297	8,988	(1,309)
Transfers In	3,457	9,825	9,296	(529)
Total Revenues and Other Financing Sources	51,226	59,706	62,950	3,244
Expenditures and Other Financing Uses Public Protection:				
Orange County Methamphetamine Lab Investigation Team	1,029	1,029	256	773
County Automated Fingerprint Identification	1,368	1,443	1,161	282
Building and Safety - Operating Reserve	1,099	1,099	187	912
Narcotic Forfeiture and Seizure	415	415	341	74
Sheriff-Regional Narcotics Suppression Program	12,094	11,022	2,651	8.371
Motor Vehicle Theft Task Force	3,041	3,075	2,847	228
Regional Narcotic Suppression Program-Dept of Treasury		224	136	88
Regional Narcotic Suppression Program-Other		1,353	1,266	87
Clerk Recorder Special Revenue	16.432	16,432	6,482	9,950
Clerk Recorder Operating Reserve	2,048	1,852	1	1,851
Real Estate Prosecution	1,534	1,534	1,521	13
Proposition 64 - Consumer Protection	3,460	3,460	3,219	241
Proposition 69 - DNA Identification	684	1,439	468	971
Juvenile Justice Reform	3	3,296	3,296	
Traffic Violator	1,012	1,160	203	957
Sheriff Narcotics Program-Dept of Treasury	1,012	1,100	203	15
Sheriff Narcotics Program-Dept of Justice	9,984	12,198	3,615	8,583
Sheriff Narcotics Program-Other	9,904	266	223	43
Orange County Jail	1,591	2,582	952	1,630
Sheriff Narcotics Program-CALMMET-DOJ	1,591	2,562 574	952	1,630 574
Sheriff Narcotics Program-CALMMET-Treasury		709	166	543
Sheriff's State Criminal Alien Assistance Program	3,206	3,209	2,103	1,106
· · · · · · · · · · · · · · · · · · ·	1,022	1,022	2,103 795	1,106
California Automated Fingerprint Identification Operational Costs	,	,		23.558
California Automated Fingerprint Identification Systems Costs	23,809	27,510	3,952	-,
Sheriff's Supplemental Law Enforcement Services	1,973	3,068	902	2,166
District Attorney's Supplemental Law Enforcement Services	931	1,050	1,050	2 204
Excess Public Safety Sales Tax	6,242	9,790	6,509	3,281
Equitable Sharing Forfeiture Program		2	2	44.040
Sheriff-Coroner Replacement and Maintenance	14,121	14,757	2,844	11,913
Ward Welfare	175	175	152	23
Court Facilities	1,315	1,352		1,352
Sheriff's Substations Fee Program	3,318	3,318	2	3,316
Jail Commissary	9,454	10,311	7,453	2,858
Inmate Welfare	9,331	11,107	4,346	6,761
Child Support Program Development	2,491	2,491	339	2,152
800 MHz County-Wide Coordinated Communications System	4,159	10,167	8,719	1,448
Delta Special Revenue	28	28	7	21
Total Expenditures and Other Financing Uses	137,369	164,534	68,166	96,368
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(86,143)	(104,828)	(5,216)	\$ 99,612
Fund Balances - Beginning of Year	137,073	137,073	137,073	
Fund Balances - End of Year	\$ 50,930	\$ 32,245	\$ 131,857	

Business-Type Activities -Enterprise Funds

ASSETS	Airport		Ma	Waste Natural Gas Management (Nonmajor)		ural Gas	Total		Governmental Activities - Internal Service Funds	
Current Assets										
Pooled Cash/Investments	\$	125,672	\$	394,033	\$	476	\$	520,181	\$	213,905
Cash Equivalents/Specific Investments	Ψ	20,755	Ψ		Ψ		Ψ	20,755	Ψ	210,000
Cash/Cash Equivalents		8,335						8,335		
Imprest Cash Funds		14		35				49		133
Restricted Cash and Investments with Trustee		12.573						12.573		10
Restricted Pooled Cash/Investments		70,707		544				71,251		
Deposits In-Lieu of Cash		27,526		16,616				44.142		
Receivables		2.,020		.0,0.0				,		
Accounts		4,011		9,525				13,536		137
Passenger Facility Charges		1,906						1,906		
Interest/Dividends		433		692		2		1,127		300
Deposits				100				100		
Pollution Remediation Obligation Recoveries		299						299		
Allowance for Uncollectible Receivables		(5)		(1)				(6)		(91)
Due from Other Funds		11		1,061		2		1,074		2,657
Due from Other Governmental Agencies		3,673		2,542				6,215		586
Inventory of Materials and Supplies		·		·				·		453
Prepaid Costs		1,923		2,223				4,146		1,657
Total Current Assets		277,833		427,370		480		705,683		219,747
Noncurrent Assets										
Restricted Cash and Investments with Trustee		13,821						13,821		
Restricted Pooled Cash/Investments				9,285				9,285		
Restricted Pooled Cash/Investments - Closure										
and Postclosure Care Costs				90,201				90,201		
Specific Investments		29,182						29,182		
Advances to Other Funds				2,351				2,351		
Capital Assets:										
Land		15,678		22,164				37,842		
Construction in Progress		24,220		49,868				74,088		824
Intangible Assets in Progress		812		67				879		
Structures and Improvements		741,638		24,409				766,047		11,788
Accumulated Depreciation		(248,388)		(10,548)				(258,936)		(5,807)
Equipment		12,205		66,308				78,513		115,167
Accumulated Depreciation		(9,270)		(47,245)				(56,515)		(70,639)
Infrastructure		223,492		312,899				536,391		
Accumulated Depreciation		(173,358)		(170,666)				(344,024)		
Intangible Assets - Amortizable		418		592				1,010		
Accumulated Amortization		(56)		(63)				(119)		
Total Capital Assets		587,391		247,785				835,176		51,333
Total Noncurrent Assets		630,394		349,622	-			980,016		51,333
Total Assets		908,227		776,992		480		1,685,699		271,080
DEFERRED OUTFLOWS OF RESOURCES										
Deferred Outflows of Resources Related to Pension		6,301		7,974				14,275		6,417
Total Deferred Outflows of Resources		6,301		7,974				14,275		6,417
		.,					_			

Business-Type Activities -Enterprise Funds

LIABILITIES	Ai	rport		Waste nagement	Nati	ipressed ural Gas nmajor)		Total	A	vernmental ctivities - Internal vice Funds
Current Liabilities	•	7.504	•	40.407			•	47.044	•	00.500
Accounts Payable	\$	7,534	\$	10,107	\$		\$	17,641	\$	26,566
Retainage Payable		282		1,896				2,178		3
Salaries and Employee Benefits Payable		896		1,173				2,069		901
Unearned Revenue		3,068		93				3,161		
Due to Other Funds		2,648		5,554		16		8,218		820
Due to Other Governmental Agencies		195		2,982				3,177		5
Insurance Claims Payable		1.041		 1,237				2 270		51,836
Compensated Employee Absences Payable		1,041						2,278		971
Pollution Remediation Obligation		55		459				514		
Landfill Site Closure/Postclosure Liability		 7 400		1,319				1,319		
Bonds Payable		7,409						7,409		6 000
Capital Lease Obligations Payable										6,900
Interest Payable		5,249						5,249		
Deposits from Others	-	28,600		17,290		16		45,890		99 002
Total Current Liabilities		56,977		42,110		10		99,103		88,002
Noncurrent Liabilities										
Insurance Claims Payable										155.741
Compensated Employee Absences Payable		1,112		1,499				2,611		1,133
Pollution Remediation Obligation		939		11,279				12,218		1,100
Landfill Site Closure/Postclosure Liability				157,726				157,726		
Bonds Payable		195,127		157,720				195,127		
Capital Lease Obligations Payable		100,127						100,127		13,800
Net Pension Liability		37,012		46,372				83,384		37,220
Total Noncurrent Liabilities	-	234,190		216,876				451,066		207,894
Total Notice It Elabilities		201,100		210,070				401,000		201,001
Total Liabilities		291,167		258,986		16		550,169		295,896
DEFERRED INFLOWS OF RESOURCES										
Deferred Inflows of Resources Related to Pension		3,743		4,686				8,429		3,763
Total Deferred Inflows of Resources		3,743		4,686				8,429		3,763
NET POSITION										
Net Investment in Capital Assets		394,642		247,785				642,427		51,333
Restricted for:		004,042		241,100				042,421		31,000
Debt Service		7,324						7,324		
Passenger Facility Charges Approved Capital Projects		70,538						70,538		
Capital Projects - Replacements and Renewals		1,000						1,000		
Landfill Closure/Postclosure		1,000		33,337				33,337		
Landfill Corrective Action				8,174				8,174		
Wetland				879				879		
Prima Deshecha/La Pata Closure				104				104		
Unrestricted		146,114		231,015		464		377,593		(73,495)
Total Net Position	\$	619,618	\$	521,294	\$	464	\$	1,141,376	\$	(22,162)
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds Cumulative Effect of Prior Years' Internal Service Funds Allocation Net Position of Business-type Activities	n						\$	475 (15,522) 1,126,329		

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS (Dollar Amounts in Thousands)

Business-Type Activities -Enterprise Funds

				Littorpii	oo i anao					
				Waste	Natu	oressed ral Gas		Takal		vernmental ctivities - Internal
		Airport	Ma	anagement	(Noi	nmajor)		Total	Ser	vice Funds
0 (0										
Operating Revenues	•	405 500	•	0.707	•		•	400 000	•	4.070
Use of Property	\$	105,586	\$	3,737	\$		\$	109,323	\$	1,970
Licenses, Permits, and Franchises		40.000		64		312		64		
Charges for Services Insurance Premiums		16,862		135,675		312		152,849		88,104
Total Operating Revenues		122,448		139,476		312		262,236		297,564 387,638
Total Operating Nevertues		122,440		139,470		312	_	202,230		307,030
Operating Expenses										
Salaries and Employee Benefits		19,142		25,111				44,253		18,665
Services and Supplies		25,766		21,063		262		47,091		31,171
Professional Services		37,581		16,014		68		53,663		45,471
Operating Leases		258		849		1		1,108		2,472
Insurance Claims and Premiums										275,732
Pollution Remediation Expense				(609)				(609)		
Other Charges										196
Taxes and Other Fees				11,855				11,855		10
Landfill Site Closure/Postclosure Costs				(19,746)				(19,746)		
Depreciation/Amortization		28,561		14,770				43,331		4,178
Total Operating Expenses		111,308		69,307		331		180,946		377,895
Operating Income		11,140		70,169		(19)		81,290		9,743
Nonoperating Revenues (Expenses)										
Fines, Forfeitures and Penalties		164		17				181		
Intergovernmental Revenues		189		66				255		1,115
Interest Revenue		913		2,127		2		3,042		778
Interest Expense		(9,697)						(9,697)		
Gain (Loss) on Disposition of Capital Assets		(4,067)		6				(4,061)		212
Passenger Facility Charges Revenue		18,951				-		18,951		
Other Taxes						109		109		
Other Revenue, Net		852		558				1,410		5,196
Total Nonoperating Revenues		7,305		2,774		111		10,190		7,301
Income Before Contributions and Transfers		18,445		72,943		92		91,480		17,044
Capital Grant Contributions		9,215						9,215		
Capital Grant Contributions Capital Contributions		9,∠13						9,215		112
Transfers In										5.758
Transfers Out				(19,810)		(149)		(19,959)		(250)
Change in Net Position		27,660		53,133		(57)	-	80,736		22,664
_										
Net Position - Beginning of Year, as Previously Reported		627,698		512,943		521				(9,033)
Adjustment Due to Change in Accounting Principle		(35,740)		(44,782)						(35,793)
Net Position - Beginning of Year, as Restated	_	591,958		468,161	•	521				(44,826)
Net Position - End of Year	\$	619,618	\$	521,294	\$	464			\$	(22,162)
Adjustment to Reflect the Consolidation of Internal Se	rvice									
Funds' Activities Related to Enterprise Funds								475		

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

Increase in Net Position of Business-Type Activities

81,211

Business-Type Activities -Enterprise Funds

	Airport	Waste Management	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 121,933	\$ 138,514	\$ 312	\$ 260,759	\$ 90,719
Cash Received for Premiums within the County's Entity					297,564
Payments to Suppliers for Goods and Services	(64,442)	(35,213)	(331)	(99,986)	(330,423)
Payments to Employees for Services	(18,705)	(24,854)	` <u>-</u>	(43,559)	(19,620)
Payments for Interfund Services		4,763	(15)	4,748	(2,178)
Receipts for Interfund Services Used	(64)		` <u>-</u>	(64)	231
Landfill Site Closure/Postclosure Care Costs		(1,319)		(1,319)	
Taxes and Other Fees		(11,855)		(11,855)	(10)
Other Operating Receipts (Payments) - Net	1,106	(190)		916	2,520
Net Cash Provided (Used) by Operating Activities	39,828	69,846	(34)	109,640	38,803
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In					5,758
Transfers Out		(19,810)	(149)	(19,959)	(250)
Intergovernmental Revenues	494	66		560	1,115
Other Taxes			109		
Advances to Other Funds		783		783	
Net Cash Provided (Used) by Noncapital Financing					
Activities	494	(18,961)	(40)	(18,616)	6,623
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(19,109)	(34,247)	-	(53,356)	(14,188)
Principal Paid on Bonds	(6,995)			(6,995)	
Interest Paid on Long-Term Debt	(10,603)			(10,603)	
Capital Grant Contributions	9,675			9,675	
Passenger Facility Charges Received	18,982			18,982	
Proceeds from Sale of Capital Assets	12	6		18	
Net Cash Used by Capital and Related Financing					
Activities	(8,038)	(34,241)		(42,279)	(14,188)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	731	1,846	3	2,580	633
Purchase of Investments	(7,380)			(7,380)	
Net Cash Provided (Used) by Investing Activities	(6,649)	1,846	3	(4,800)	633
Net Increase (Decrease) in Cash and Cash Equivalents	25,635	18,490	(71)	44,054	31,871
Cash and Cash Equivalents - Beginning of Year	212,421	475,608	547	688,576	182,177
Cash and Cash Equivalents - End of Year	\$ 238,056	\$ 494,098	\$ 476	\$ 732,630	\$ 214,048

Business-Type Activities -Enterprise Funds

				Litter	orioc i unao					
		Airport	Ma	Waste anagement	Nat	npressed ural Gas nmajor)		Total	A	vernmental ctivities - Internal vice Funds
Reconciliation of Operating Income to Net Cash										
Provided by Operating Activities										
Operating Income	\$	11,140	\$	70,169	\$	(19)	\$	81,290	\$	9,743
Adjustments to Reconcile Operating Income to										
Net Cash Provided by Operating Activities:										
Depreciation/Amortization		28,561		14,770				43,331		4,178
Fines, Forfeitures and Penalties		164		17				181		
Other Revenue		902		558				1,460		5,196
(Increases) Decreases In:										
Deposits In-Lieu of Cash		(211)		17				(194)		
Accounts Receivable (Net of Allowances)		687		(474)		2		215		125
Due from Other Funds		(10)		2,969				2,959		(14)
Due from Other Governmental Agencies		(4)		(457)				(461)		512
Inventory of Materials and Supplies										36
Prepaid Costs		1,457		2,102				3,559		1,559
Deferred Outflows and Inflows of Resources		(0.400)		(4.450)				(7.040)		(0.500)
from Pension Contributions		(3,490)		(4,453)		-		(7,943)		(3,590)
Increases (Decreases) In:		(470)		000				454		40.000
Accounts Payable		(479)		630 1,279				151 1,049		16,068
Retainage Payable		(230) 244		345				589		3 262
Salaries and Employee Benefits Payable										
Unearned Revenue Due to Other Funds		(930)		13 1.794		 (17)		(917) 1,723		(1,933)
		(54)		, -		(17)				,
Due to Other Governmental Agencies		(235)		(44)				(279)		(193)
Insurance Claims Payable		(406)		(88)				 (194)		4,478 7
Compensated Employee Absences Payable		(106)		, ,				, ,		
Pollution Remediation Obligation		(64) 282		(942)				(1,006) 234		
Deposits from Others		202		(48)				234		
Net Pension Liability from Portion Related to		2,204		2,755				4,959		2,366
Pension Contributions and Expenses Landfill Site Closure/ Postclosure Liability		2,204		(21,066)				(21,066)		2,300
Total Adjustments		28,688		(323)	-	(15)		28,350		29,060
· · · · · · · · · · · · · · · · · · ·	•		\$	<u>`</u> _	\$	(34)	\$		\$	
Net Cash Provided by Operating Activities	<u> </u>	39,828	Þ	69,846	p	(34)	p	109,640	Ф	38,803
Reconciliation of Cash and Cash Equivalents to										
Statement of Net Position Accounts										
Pooled Cash/Investments	\$	125,672	\$	394,033	\$	476	\$	520,181	\$	213,905
Cash Equivalents/Specific Investments		20,755						20,755		
Cash/Cash Equivalents		8,335						8,335		
Imprest Cash Funds		14		35				49		133
Restricted Cash and Investments with Trustee		12,573 (1)					12,573		10
Restricted Pooled Cash/Investments		70,707		9,829				80,536		
Restricted Pooled Cash/Investments - Closure and										
Postclosure Care Costs				90,201				90,201		
Total Cash and Cash Equivalents	\$	238,056	\$	494,098	\$	476	\$	732,630	\$	214,048

- Schedule of Noncash Investing, Capital, and Financing Activities:
 The Information & Technology Internal Service Fund received \$112 of capital contribution from the General Fund.
- The Internal Service Funds gained \$212 on disposition of capital assets.
- Airport had a \$4,067 loss on disposition of capital assets.
- Waste Management gained \$6 on disposition of capital assets.
- The Internal Service Funds' acquisition of capital assets with accounts payable is \$16,148.
- Airport's acquisition of capital assets with accounts payable is \$4,035.
- Waste Management's acquisition of capital assets with accounts payable is \$4,104.
- (1) Does not include \$13,821 from Airport's nonliquid Restricted Cash and Investments with Trustee.

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

<u>ASSETS</u>	Purp	Private- pose Trust Funds		nvestment rust Funds	Emplo	Pension and Other Post- Employment Benefit Trust Funds		Agency Funds
	æ	E7 264	æ	4 000 705	œ.	0.207	æ	220.000
Pooled Cash/Investments Cash/Cash Equivalents	\$	57,364	\$	4,098,725	\$	9,297	\$	338,086 326
Restricted Cash and Investments								320
Restricted Investments with Trustee								
Money Market Mutual Funds		4,630				84,194		31,075
Mutual Bond Funds						2,017		
Stable Value Fund						7,597		
Restricted Cash with Orange County								
Employees Retirement System (OCERS)						206,118		
Total Restricted Cash and Investments		4,630	_			299,926	_	31,075
Investments								1,082
Deposits In-Lieu of Cash								19,247
Receivables								
Accounts								3
Taxes								317,620
Interest/Dividends		143		7,143		28		7,328
Allowance for Uncollectible Receivables								(154,807)
Due from Other Governmental Agencies		2				2,788		5,565
Land and Improvements Held for Resale		619						
Notes Receivable								30,376
Total Assets		62,758		4,105,868		312,039		595,901
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Charge on Refunding		305						
Total Deferred Outflows of Resources		305						
<u>LIABILITIES</u>								
Salaries and Employee Benefits Payable						8		
Bonds Payable		33,628						
Interest Payable		429						6,015
Deposits from Others								30,386
Monies Held for Others								155,775
Due to Other Governmental Agencies		644		293				50,808
Unapportioned Taxes								352,917
Total Liabilities		34,701		293		8		595,901
NET POSITION								
Restricted for Pension Benefits and Other Purposes		28,362		4,105,575		312,031		
Total Net Position	\$	28,362	\$	4,105,575	\$	312,031	\$	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2015

	Private- Purpose Trust Funds		Investment Trust Funds		Employ	and Other Post- ment Benefit ast Funds
Additions:						
Contributions to Pension and Other Postemployment						
Benefit Trust Funds:						
Employer	\$		\$		\$	51,126
Employee						3,816
Contributions to Pooled Investments				7,668,230		
Contributions to Private-Purpose Trust		83,033				
Intergovernmental Revenues		17,568				
Other Revenues		786		71		
Interest and Investment Income		112		17,947		6,728
Less: Investment Expense		(7)		(2,926)		(244)
Total Additions		101,492		7,683,322		61,426
Deductions:						
Benefits Paid to Participants						33,628
Distributions from Pooled Investments				7,059,092		
Distributions from Private-Purpose Trust		78,892				
Professional Services/Administrative Expense		274				37
Bond Issuance Costs		183				
Tax Pass-Throughs		4,000				
Interest Expense		1,539				
Total Deductions		84,888		7,059,092		33,665
Change in Net Position:						
Private-Purpose Trust		16,604				
External Investment Pool				624,230		
Employees' Pension and Other Post-						
Employment Benefits						27,761
Net Position, Beginning of Year		11,758		3,481,345		284,270
Net Position, End of Year	\$	28,362	_	4,105,575	\$	312,031



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The County is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through an elected five-member Board of Supervisors (the 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 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 governmentwide 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," and Statement No. 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34" 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

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

<u>Orange County Housing Authority</u> 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.

<u>South Orange County Public Financing Authority</u> 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. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</u>

A. Reporting Entity (Continued)

Blended Component Units (Continued)

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

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

<u>In-Home Supportive Services (IHSS) Public Authority</u> The governing body of the Authority is the County's governing body. The Public 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 Public Authority include collective bargaining for the individual providers, establishing a registry of providers, investigating the background of providers and providing training to both IHSS providers and consumers. The Authority is reported in governmental fund types.

Fiduciary Component Unit

Orange County Development Agency (OCDA) Redevelopment Successor Agency On January 24, 2012, the County elected to become the Successor Agency to the former OCDA in accordance with ABX1 26 (Dissolution Act). An Oversight Board was appointed to oversee the dissolution process. A Private-Purpose Trust Fund, administered by the County of Orange, was established to account for the assets and liabilities of the former OCDA. For additional information related to the activities of the Successor Agency and its on-going Enforceable Obligations, please refer to its separate financial statements. Copies of the Successor Agency's financial statements can be obtained from the OC Community Resources Department or by accessing Orange County's website at the following address: http://ac.ocgov.com/info/financial/

Discretely Presented Component Units

Children and Families Commission of Orange County The Commission 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, funded by additional State taxes on tobacco products approved by California voters via Proposition 10 in November 1998. The Commission is presented as a discretely presented component unit of the County because, although the County Board has no control over the revenues, budgets, staff, or funding decisions made by the Commission, the appointed Commission members serve at the will of the Board members who appoint them. A separate stand-alone annual financial report can be obtained by writing to the Children and Families Commission of Orange County, 1505 E. 17th Street, Suite 230, Santa Ana, CA 92705, or by accessing Orange County's website at the following address: http://ac.ocgov.com/info/financial/

Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) The Board established CalOptima in 1993. The governing board of CalOptima is comprised of eleven members and includes two County board members and one County board member alternate; all other members are appointed by the Board. This is a County organized health system whose purpose is to administer health insurance programs for low-income families, children, seniors, and persons with disabilities throughout the County. These programs

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (Cal Optima) (Continued)

include Medi-Cal, OneCare (HMO SNP), and Program of All-Inclusive Care for the Elderly (PACE). CalOptima is presented as a discretely presented component unit of the County because, although the County Board has no control over the revenues, budgets, staff, or funding decisions made by CalOptima, the appointed CalOptima members serve at the will of the Board members who appoint them. CalOptima will continue until such time as the Board takes action to terminate CalOptima. A separate stand-alone annual financial report can be obtained by writing to CalOptima, 505 City Parkway West, Orange, CA 92868. Alternately, access website you can the http://wpso.dmhc.ca.gov/fe/search/#top, and select the Health Plan "Orange County Health Authority" and statement type "Annual Audit Reports."

B. Government-Wide and Fund Financial Statements

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

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

Government-Wide Financial Statements

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

- Statement of Net Position
- Statement of Activities

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

Governmental activities, which are normally supported by taxes, intergovernmental revenues, other nonexchange revenues, and business-type activities, which are financed by fees charged to external parties for goods or services, are reported in separate columns with a combined total column presented for the primary government. Likewise, the primary government is reported separately from the legally separate

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

Government-Wide Financial Statements (Continued)

component units, Children and Families Commission of Orange County and CalOptima, for which the primary government is financially accountable. The government-wide Statement of Net Position displays the financial position of the primary government, in this case, the County and its discretely presented component units. The Statement of Net Position reports the County's financial and capital resources, including infrastructure, as well as the County's long-term obligations. The difference between the County's assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources is its net position. Net position represents the resources that the County has available for use in providing services after its debt is 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 debts incurred by the County, including debt-related deferred outflows and inflows of resources, to buy or construct capital assets shown in the Statement of Net Position, net of depreciation.
- Restricted Net Position This category represents restrictions imposed on the use of the County's resources by parties outside of the government or by law through constitutional provisions or enabling legislation. All of the County's net position restrictions are externally imposed by outside parties, constitutional provisions or enabling legislation. Examples of restricted net position include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments. At June 30, 2015, the County's governmental activities reported restricted net position of \$1,202,658 restricted for pension benefits related to the Orange County Retirement System (OCERS) Investment Account, capital projects, legally segregated funds restricted for grants and other purpose, and regional park endowment. Restricted Net Position for business-type activities amounted to \$121,356 and is restricted for the use of Airport and Waste Management activities, including debt service, passenger facility charges (PFC), replacements and renewals, landfill closure/postclosure, and landfill corrective action. At June 30, 2015, the County reported \$70,538 of net position restricted by enabling legislation related to the Airport's PFC.
- <u>Unrestricted Net Position</u> 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 restricted fund that exceed the amounts required to be restricted by external parties or enabling legislation are reported as unrestricted net position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

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

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

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

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," sets forth minimum criteria (specified minimum percentages of the assets plus deferred outflows, liabilities plus deferred inflows, 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.

<u>Roads</u> 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, federal funds, and charges for engineering services provided.

<u>Flood Control District</u> 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. Intergovernmental revenues, 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, forfeitures, penalties, and charges for services.

<u>Teeter Plan Notes</u> This debt service 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.

The County reports the following proprietary enterprise funds:

<u>Airport</u> 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.

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

Fund Financial Statements (Continued)

<u>Waste Management</u> 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.

<u>Compressed Natural Gas (CNG)</u> 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 Funds. These proprietary funds are used to account for the financing of services provided by one County department or agency to other County departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The services provided by these funds are Insurance, Transportation, Publishing, and Information and Technology. Internal Service Funds are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the County's governmental activities, financial statements of Internal Service Funds are consolidated into the governmental activities column when presented at the government-wide level.

<u>Fiduciary Fund Types</u> The County has a total of 351 individual trust and agency funds for FY 2014-15. These trust and agency funds are used to account for assets held on behalf of outside parties or employees, including other governments. When these assets are held under the terms of a formal trust agreement, a private-purpose trust or pension trust fund is used. An investment trust fund is used for the portion of the County investment pool representing external pool participants. Agency 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 agency funds:

<u>Private-Purpose Trust</u> 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. Beginning in FY 2011-12, the County accounts for the former redevelopment agency as a fiduciary component unit for the OCDA Redevelopment Successor Agency.

Investment Trust

Orange County Investment Pool

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

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.

<u>Pension and Other Employee Benefits Trust</u> The County reports six Pension and Other Postemployment Benefit Trust funds. 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 postemployment benefit plans.

Agency Funds These funds are generally used to account for assets that the County holds on behalf of others as their agent in a purely custodial capacity, such as the receipt, temporary investments, and

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

Fund Financial Statements (Continued)

Agency Funds (Continued)

remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, assets reported in the agency funds are offset by a liability for resources held on behalf of others.

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, deferred inflows of resources, and all liabilities 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 (i.e., 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 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.

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

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 grant reimbursement 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. As of June 30, 2015, the County reported \$175,655 of deferred inflows of resources, and \$65,688 of unearned revenue, in the governmental funds' Balance Sheet.

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

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

Proprietary Fund Financial Statements

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, Waste Management, and CNG. The principal operating revenues of the Airport, Waste Management, and CNG enterprise funds are charges to customers for (1) landing fees, terminal space rental, auto parking, concessions, and aircraft tie-down fees, (2) disposal fees charged to users of the waste disposal sites, and (3) natural gas sales, respectively.

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

C. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Fund Financial Statements

Fiduciary funds are used to account for assets held in a trustee or agency capacity and cannot be used to support the County's own programs. Trust funds are accounted for using the economic resources measurement focus and accrual basis of accounting. Agency funds report only assets and liabilities and therefore, do not have a measurement focus; however, agency funds use the accrual basis of accounting to recognize receivables and payables.

D. Budget Adoption and Revision

No later than October 2nd of each year, after conducting public hearings concerning the recommended budget, the Board adopts a budget in accordance with Government Code Sections 29000-29144 and 30200. The County publishes the results of this initial budgeting process in a separate report, the "Adopted Budget," which specifies all accounts established within each fund/department/budget control (a collection of account numbers necessary to fund a certain division or set of goal-related activities).

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

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

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

- Roads
- Flood Control District
- Other Public Protection

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/encumbrances and other financing uses presented in the Budgetary Comparison Statements and the revenues, expenditures, and other financing sources (uses) reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, which is prepared in accordance with GAAP. The major areas of difference are as follows:

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

D. <u>Budget Adoption and Revision (Continued)</u>

- Under the budgetary basis, redirected investment income is recognized as investment income in the
 recipient fund. In accordance with GASB Statement No. 31, investment income assigned to another
 fund due to management decision is recognized in the fund that reports the investment and reported
 as a transfer to the recipient fund in the GAAP financial statements.
- Under the budgetary basis, revenues are recorded when earned. For GAAP basis, in accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 65, it states that 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 or August 30. In order to ensure all transactions for the current fiscal year meet this criterion, the County analyzes revenue receipts through August 30 and records adjustments to deferred inflows of resources for transactions that are not collected.
- GASB Statement No. 34 states, "Fiduciary funds should be used to report assets held in a trustee or
 agency capacity for others and therefore cannot be used to support the government's own programs."
 For the GAAP financial statements, an adjustment to record public purpose trust monies as revenue
 in the benefitting funds is recorded for funds which continue to be accounted for as fiduciary funds on
 a budgetary basis but no longer 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 interfund transfers.
- The County reclassified to the General Fund all the activities of certain special revenue funds, which no longer meet the definition of a special revenue fund in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB Statement No. 54).
- For budgetary purposes, the loan from Waste Management to the General Fund was recognized as
 other financing sources (uses). In accordance with GASB Statement No. 34, an adjustment to record
 the interfund loan as an interfund receivable in the lender fund and interfund payable in the borrower
 fund was recorded for the GAAP financial statements.
- Under the budgetary basis, interfund reimbursements or repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are recorded as revenues in the payer fund. In accordance with GASB Statement No. 34, an adjustment to eliminate interfund reimbursements is recorded for the GAAP financial statements.
- In accordance with GAAP, the County has established guidelines for recording 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.
- Bond Issuance Proceeds related to short-term debt that was reported on the Budgetary Comparison Statement as revenues and other financing sources are reported as a fund level liability for GAAP financial statements.
- Per GAAP, a rental rebate should be recorded as a reduction to rental expense.
- The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For the GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet.
- Revenues and expenditures recorded as reimbursements for retirement costs and administration fees.

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:

Revenues and Other Financing Sources		General Fund		Roads		Flood Control District		Other Public Protection
Total Revenues and Other Financing Sources from the Budgetary							_	
Comparison Statements	\$	3,341,359	\$	109,624	\$	160,120	\$	62,950
Differences-budget to GAAP:	Ψ	0,041,000	Ψ	100,024	Ψ	100,120	Ψ	02,550
Change in unrealized gain/(loss) on investment		(67)		17		72		37
GASB 31 adjustment to report redirected investment		(01)						0,
income as transfers								70
GASB 33 adjustment of revenue accruals for 60 day recognition period		(11,805)		(10,904)		3,107		(537)
GASB 34 adjustment to record Public Purpose Trust Fund's monies		(11,000)		(10,304)		0,107		(557)
as revenue in benefitting fund		1,954				84		
Adjustment to eliminate intrafund transfers		1,554						(2,245)
Reclassification of direct billing reimbursements paid by fund for the								(2,240)
benefit of other funds		(12,112)		(97)		(287)		
Certain budgeted special revenue funds do not meet the criteria for		(12,112)		(31)		(201)		_
separate reporting and are reported within the General Fund in the								
GAAP financial statements		22,590						
		22,590		-				
Revenues and Other Financing sources for non-budgeted funds are								6 E71
excluded in the Budgetary Comparison Statements								6,571
Short-Term Bond Issuance Proceeds that were reported on the Budgetary								
Comparison Statement as an other financing source are reported as		(000,005)						
a fund level liability for GAAP financial statements		(339,625)						
Rent Rebate for HCA		(298)						
Reimbursement of Retirement Cost & Admin Fee		(753)					_	
Total Revenues and Other Financing Sources as reported on the Statement			_					
of Revenues, Expenditures, and Changes in Fund Balances	\$	3,001,243	\$	98,640	\$	163,096	\$	66,846
Expenditures and Other Financing Uses		General Fund		Roads		Flood Control District		Other Public Protection
				Roads		Control		Public
Actual expenditures and Other Financing Uses from the Budgetary		Fund				Control District		Public Protection
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements	\$		\$	Roads 92,785	\$	Control	\$	Public
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP:	\$	Fund	\$		\$	Control District	\$	Public Protection
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment	\$	Fund	\$	92,785	\$	Control District	\$	Public Protection 68,166
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers	\$	Fund 3,221,219	\$	92,785	\$	Control District	\$	Public Protection 68,166
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences	\$	3,221,219 (15,789)	\$	92,785	\$	Control District	\$	Public Protection 68,166 70 (105)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers	\$	Fund 3,221,219	\$	92,785	\$	Control District	\$	Public Protection 68,166
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the	\$	3,221,219 (15,789)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	\$	3,221,219 (15,789)	\$	92,785	\$	Control District	\$	Public Protection 68,166 70 (105)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison	\$	3,221,219 (15,789)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial	\$	3,221,219 (15,789)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost	\$	3,221,219 (15,789) (12,111)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet	\$	3,221,219 (15,789)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet Expenditures and Other Financing Uses for non-budgeted	\$	3,221,219 (15,789) (12,111)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105) (2,245)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements	\$	3,221,219 (15,789) (12,111)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements Certain budgeted special revenue funds do not meet the criteria for separate	\$	3,221,219 (15,789) (12,111)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105) (2,245)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements Certain budgeted special revenue funds do not meet the criteria for separate reporting and are reported within the General Fund in the GAAP	\$	Fund 3,221,219 (15,789) (12,111) (339,117)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105) (2,245)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements Certain budgeted special revenue funds do not meet the criteria for separate reporting and are reported within the General Fund in the GAAP Financial Statements	\$	Fund 3,221,219 (15,789) (12,111) (339,117) (3)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105) (2,245)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements Certain budgeted special revenue funds do not meet the criteria for separate reporting and are reported within the General Fund in the GAAP Financial Statements Rent Rebate for HCA	\$	Fund 3,221,219 (15,789) (12,111) (339,117)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105) (2,245)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements Certain budgeted special revenue funds do not meet the criteria for separate reporting and are reported within the General Fund in the GAAP Financial Statements Rent Rebate for HCA Reclassification of loan repayment from General Fund	\$	Fund 3,221,219 (15,789) (12,111) (339,117) (3) (298)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105) (2,245)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements Certain budgeted special revenue funds do not meet the criteria for separate reporting and are reported within the General Fund in the GAAP Financial Statements Rent Rebate for HCA Reclassification of loan repayment from General Fund to OC Waste Magagement	\$	Fund 3,221,219 (15,789) (12,111) (339,117) (3)	\$	92,785 (3,070) 500 	\$	Control District 121,312 262	\$	Public Protection 68,166 70 (105) (2,245)
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements Differences-budget to GAAP: GASB 31 adjustment to report redirected investment income as transfers Adjustment of expenditure accruals for timing differences Adjustment to eliminate intrafund transfers Reclassification of direct billing reimbursements paid by fund for the benefit of other funds The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements Certain budgeted special revenue funds do not meet the criteria for separate reporting and are reported within the General Fund in the GAAP Financial Statements Rent Rebate for HCA Reclassification of loan repayment from General Fund	\$	Fund 3,221,219 (15,789) (12,111) (339,117) (3) (298)		92,785 (3,070) 500 		Control District 121,312 262		Public Protection 68,166 70 (105) (2,245)

E. Fund Balance

The County applies 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.

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

<u>Committed Fund Balance</u> 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 (County Executive Officer (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, approved by the Board for appropriation in FY 2014-15, through the County's budget process.

<u>Unassigned Fund Balance</u> 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.

In 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:

E. Fund Balance (Continued)

		General Fund	Roads	Flood Control District	Other Public Protection	Teeter Plan Notes	Other Governmental Funds	Total Governme Funds
onspendable:	•	007	œ.	r 450	Ф 224	Φ.	•	c 4.0
Inventory Prepaid costs	\$	867 331,939	\$ - 3,939	\$ 453 4,617	\$ 331 1,241	\$ -	\$ - 10,527	\$ 1,6 352,2
Endow ment		-	-	-	-	-	188	
Long-Term Advances to Other Funds		3,800			- 4.570		- 40.745	3,8
Total Nonspendable Fund Balance		336,606	3,939	5,070	1,572		10,715	357,9
estricted for:								
Court Operations		10,068	-	-	-	-	-	10,0
Tobacco and CHIP Programs		124	-	-	-	-	-	•
Public Safety Realignment		21,294	-	-	-	-	-	21,2
Civic Center Parking/Maintenance		-	-	-	-	-	359	3
Roads		-	57,863	-	-	-	-	57,8
Public Libraries		-	-	-	-	-	23,676	23,6
Flood Control District		-	-	413,875	-	-	-	413,
OC Parks		-	-	-	-	-	68,629	68,
Service Areas, Lighting, Maintenance								
and Assessment Districts		-	-	-	-	-	5,102	5,
Other Environmental Management		-	-	-	-	-	1,391	1,3
Public Safety		_	-	_	144,388	_	-	144,
Teeter Note		-	-	_	_	52,505	-	52,
OC Dana Point Harbor Projects		_	_	_	_	_	61,916	61,
Community and Welfare Services		_	_	_	_	_	50,361	50,
Low and Moderate Income							,	,
Housing Program		_	_	_	_	_	32,142	32,
Health Care Programs		_	_	_	_	_	260,050	260,
Bankruptcy Litigation		_	_	_	_	_	6,036	6,
Bankruptcy Recovery		_	_	_	_	_	20,877	20,
Tobacco Settlement Programs		-	-	-	-	-	12,079	20, 12,
<u> </u>		-	-	-	-	-		
Housing Programs		-	-	-	-	-	15,775	15,
Technological and Capital								
Acquisitions/Improvements		-	-	-	-	-	933	
Endow ment		-	-	-	-	-	141	
OC Public Facilities Corporation Bonds,								
Master Lease		-	-	-	-	-	3,287	3,
Pension Obligation Bonds		-	-	-	-	-	135,548	135,
South OC Public Financing Authority		-	-	-	-	-	3,744	3,
Orange County Public Financing Authority Capital Projects:		-	-	-	-	-	40,775	40,
Criminal Justice Facilities Improvement		_	-	_	_	_	5,670	5,
Total Restricted Fund Balance	\$	31,486	\$ 57,863	\$ 413,875	\$ 144,388	\$ 52,505	\$ 748,491	\$ 1,448,
ssigned to:						-		· <u>· · · · · · · · · · · · · · · · · · </u>
General Services		166,674						166,
Imprest Cash		1,862	-	-	-	-	-	1,
Public Safety			-	-	-	-	-	
•		22,962	-	-	-	-	-	22,
Public Works		1,794	-	-	-	-	-	1,
Health Care Programs		2,120	-	-	-	-	13,588	15,
Watershed Programs		654	-	-	-	-	-	
Social Services Programs		4,251	-	-	-	-	-	4,
Community Resources Programs		794	-	-	-	-	-	
Tax Loss Reserve		46,653	-	-	-	-	-	46,
Debt Service		5,368	-	-	-	-	-	5,
Capital Projects:								
Countywide Projects		-	-	-	-	-	13,365	13,
Property Tax Software Development			_	-	-	-	-	
		731						4,
Computer Upgrade		731 4,060	_	-	-	-	-	
, ,			-	-	-	-	-	4,
Computer Upgrade		4,060	- - -	-	- - -	-	- - -	
Computer Upgrade Criminal Justice Facilities Central Utilities Facility		4,060 4,445	- - -	- - -	- - -	- - -	- - -	
Computer Upgrade Criminal Justice Facilities Central Utilities Facility Animal Care Facility		4,060 4,445 842 4,423	- - - -	- - - -	- - - -	- - - -	- - -	4,
Computer Upgrade Criminal Justice Facilities Central Utilities Facility Animal Care Facility Other Projects		4,060 4,445 842	- - - -	- - - -	- - - -	- - - -	- - - - - 520	4, 1,
Computer Upgrade Criminal Justice Facilities Central Utilities Facility Animal Care Facility Other Projects Parking Facilities		4,060 4,445 842 4,423	- - - -	- - - - -	- - - - -	- - - - -	- - - - 520 11 939	4, 1,
Computer Upgrade Criminal Justice Facilities Central Utilities Facility Animal Care Facility Other Projects Parking Facilities OC Parks		4,060 4,445 842 4,423	- - - - -	- - - - - -	- - - - -	- - - - - -	11,939	4, 1, 11,
Computer Upgrade Criminal Justice Facilities Central Utilities Facility Animal Care Facility Other Projects Parking Facilities OC Parks Air Quality Improvement		4,060 4,445 842 4,423	- - - - - -	- - - - - -	- - - - - -	- - - - - -	11,939 2,038	4, 1, 11, 2,
Computer Upgrade Criminal Justice Facilities Central Utilities Facility Animal Care Facility Other Projects Parking Facilities OC Parks Air Quality Improvement Community and Welfare Services	ф.	4,060 4,445 842 4,423 1,896	- - - - - -	- - - - - -	- - - - - - -	- - - - - - -	11,939 2,038 42,315	4,. 1,. 11,. 2,. 42,.
Computer Upgrade Criminal Justice Facilities Central Utilities Facility Animal Care Facility Other Projects Parking Facilities OC Parks Air Quality Improvement Community and Welfare Services Total Assigned Fund Balance	\$	4,060 4,445 842 4,423 1,896 - - - - 269,529	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	11,939 2,038	4, 4, 1, 11, 2, 42, \$ 353,
Computer Upgrade Criminal Justice Facilities Central Utilities Facility Animal Care Facility Other Projects Parking Facilities OC Parks Air Quality Improvement Community and Welfare Services Total Assigned Fund Balance		4,060 4,445 842 4,423 1,896 - - - - 269,529 26,887		-	-	-	11,939 2,038 42,315 \$ 83,765	4,4,4,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1
Computer Upgrade Criminal Justice Facilities Central Utilities Facility Animal Care Facility Other Projects Parking Facilities OC Parks Air Quality Improvement Community and Welfare Services Total Assigned Fund Balance	\$	4,060 4,445 842 4,423 1,896 - - - - 269,529	- - - - - - - - - - - - - - - - - - -				11,939 2,038 42,315	4,, 1,, 11,, 2, 42,, \$ 353,

E. Fund Balance (Continued)

Annually, the Board adopts a five-year Strategic Financial Plan (SFP). The County of Orange 2015 Strategic Financial Plan includes a policy for Fund Balance Unassigned (FBU) that eliminates FBU as a funding source for the next year's budget as a significant step toward reducing structural reliance on one-time funds. Positive variances in estimated FBU are to be added to Strategic Reserves, consistent with the Board policy.

The County prepays its pension contribution and reports the prepaid amount as Nonspendable Fund Balance rather than Unassigned Fund Balance as required by GASB Statement No. 54. For FY 2014-15, the proceeds of \$339,625 was for short-term Taxable Pension Obligation Bonds to prepay a portion of its FY 2015-16 pension contribution at a discount. Of this amount, \$331,591 is the prepaid costs for General Fund and is Nonspendable. Refer to Note 10, Short-Term Obligations and Note 18, Retirement Plans for additional information.

F. Deposits and Investments

The County maintains two cash and investment pools: 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. These pools are maintained for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. In addition, the County maintains certain other non-pooled specific investments.

The County has stated required investments at fair value in the accompanying financial statements. Management contracts with outside services to provide pricing for the fair value of investments in the portfolio, which are based on quoted market prices.

Other than proceeds held by the County in the OCIP, proceeds from County-issued bonds are held by trustees and are invested in instruments authorized by the respective trust agreements including mediumterm notes, money market mutual funds, investment agreements, repurchase agreements, and U.S. Government securities. Short-term debt investments are reported at amortized cost, while long-term investments, such as U.S. Government securities are stated at fair value. The trustee uses an independent service to value those securities, which are based on quoted market prices and stated at fair value.

The Pools value participants' shares using an amortized cost basis. Specifically, the Pools distribute income to participants based on their relative participation during the period. Income is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and reduced by (4) investment and administrative expenses. 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. The total difference between the fair values of the investments in the Pools and the values distributed to pool participants using the amortized cost method described above is reported in the equity section of the condensed statement of net position of the County Pool (see Note 4, Deposits and Investments) as undistributed and unrealized gains.

The investments in the Retiree Medical Defined Benefit Trust are managed by the Orange County Employees Retirement System (OCERS) and are reported at fair value. Refer to Note 18, Retirement Plans, to obtain OCERS stand-alone annual financial statements.

G. <u>Inventory of Materials and Supplies</u>

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 nonspendable 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/agencies.

H. Prepaid Costs

The County pays for certain types of services in advance, such as pension costs and rents, and recognizes these costs in the period during which services are provided. Prepaid costs in the governmental funds Balance Sheet include \$352,263 for governmental funds, which primarily consist of \$351,915 to prepay a portion of the County's FY 2015-16 pension contribution at a discount.

Prepaid costs in the government-wide financial statements include the prepaid costs reported in the fund financial statements, reduced for 50% of the prepaid asset related to the pension contribution after the measurement date in accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27," (refer to Note 2 Change in Accounting Principle, Note 18 Retirement Plans, Note 19 Postemployment Health Care Benefits and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68" for further information).

I. Land and Improvements Held for Resale

These assets, held by the OCDA Redevelopment Successor Agency, are valued at the lower of cost or estimated net realizable value.

J. 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, structures and improvements, equipment, intangible, and infrastructure. Infrastructure assets are grouped by networks consisting of flood channels, roads, bridges, trails, traffic signals, and harbors.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital assets with an original unit cost equal to or greater than the County's capitalization threshold shown in the table below are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Asset Type	Capitalization Threshold
Land	\$ 0
Land Improvements	\$150
Structures and Improvements	\$150
Equipment	\$ 5
Intangible	\$150
Infrastructure	\$150

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

J. Capital Assets (Continued)

Structures and Improvements	10 to 60 years
Land Improvements	20 years
Equipment	2 to 20 years
Intangibles:	
Computer Software	3 to 15 years
Land Use Rights	3 years
Infrastructure:	
Flood Channels	20 to 100 years
Roads	10 to 20 years
Bridges	50 to 75 years
Trails	20 years
Traffic Signals	15 to 20 years
Harbors	20 to 50 years
Airport – Runways, Taxis, and Aprons	15 to 60 years
Waste Management – Cell Development, Drainage	3 to 71 years
Channels, facility Improvements, habitat, Landfill	
Gas/Environmental, Closure/Other Earthwork	

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.

For business-type activities, interest is capitalized on construction in progress. Capitalized interest is the total interest expense of the borrowing net of related interest earnings on the reinvested unexpended tax-exempt debt proceeds and amortization of premium or discount. For governmental activities, interest is not capitalized as a cost of the capital asset in accordance with GAAP.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has two items that qualify for reporting in this category. They are the deferred charge on refunding and deferred outflow amounts related to pension reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferrals of resources related to pension results from the net difference between projected and actual investment earnings on pension plan investments, changes of assumptions and changes in proportion and differences between employer contributions and the proportionate share of contributions calculated by actuarial study. The deferred outflows of resources related to pensions also include employer contributions made after the measurement date and the County's prepaid retirement contribution.

In addition to liabilities, the statement of net position sometimes reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category. The County has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, intergovernmental revenues, SB90, and other sources as appropriate. These amounts are deferred and recognized as an inflow of resources in the period that

K. Deferred Outflows/Inflows of Resources (Continued)

amounts become available. The SB90 deferred inflows of resources amount of \$39,653 is net of an allowance for the estimated uncollectible of \$2,417.

The most significant deferred outflows and inflows of resources reported in the government-wide Statement of Net Position are related to the implementation of GASB Statement No. 68 and GASB Statement No. 71 for pension liability reporting. These deferred outflows and inflows of resources impact pension changes and include the net difference between projected and actual investment earnings on pension plan investments, the difference between expected and actual experience, changes of assumptions, and change in proportion and differences between employer contributions and the County's proportionate share of contributions calculated by actuarial study.

The table below details out all deferred outflows/inflows of resources related to pension. Please refer to Note 18, Retirement Plans, for further information.

		Governmental Activities	Airport	Ma	Waste nagement		Total
Deferred Outflows of Resources related to Pension per Actuarial Studies	•					-	
Net Difference Between Projected and Actual Investment Earnings							
on Pension Plan Investments	\$	171,911	\$ 1,667	\$	2,086	\$	175,664
Changes of Assumptions		113,952	1,105		1,384		116,441
Changes in Proportion and Differences Between Employer							
Contributions and Proportionate Share of Contributions		3,981	39		48		4,068
Deferred Outflows of Resources Related to Pension - Employer							
Contributions After Measurement Date		184,848	1,745		2,233		188,826
Deferred Outflows of Resources Related to FY 2015-16 Prepaid							
Employer Contribution		177,617	1,745		2,223		181,585
Total Deferred Outflows of Resources Related to Pension	\$	652,309	\$ 6,301	\$	7,974	\$	666,584
Deferred Inflows of Resources related to Pension per Actuarial Studies							
Difference Between Expected and Actual Experience	\$	201,054	\$ 1,950	\$	2,442	\$	205,446
Changes of Assumptions		184,750	1,793		2,244		188,787
Changes in Proportion and Differences Between Employer		15	-		-		15
Contributions and Proportionate Share of Contributions							
Total Deferred Inflows of Resources Related to Pension	\$	385,819	\$ 3,743	\$	4,686	\$	394,248

L. Self-Insurance

The County is self-insured for general and automobile liability claims, workers' compensation claims, and for claims arising under the County self-insured PPO Health Plans, short-term disability plans, dental plan, Reserve Deputy Sheriff accidental death and dismemberment plan, and unemployment benefits program. Liabilities are accrued based upon case reserves, development of known claims, incurred but not reported claims and allocated and unallocated loss adjustment expenses. For additional information, refer to Note 16, Self-Insurance.

M. Property Taxes

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

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

Property taxes receivables are recorded as of the date levied in property tax unapportioned funds, which are

M. Property Taxes (Continued)

classified as agency 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 taxing agencies. The property tax unapportioned funds are included in the agency funds category of the County's fund financial statements because the unapportioned taxes are collected and held on behalf of other governmental agencies.

Property tax collections are apportioned (disbursed) to the tax-receiving agencies periodically from the tax unapportioned funds based on various factors including statutory requirements, materiality of collections received, tax delinquency dates, the type of property tax roll unapportioned fund (secured, unsecured, supplemental, delinquent secured, delinquent unsecured, delinquent supplemental, homeowners' property tax subvention, or state-assessed properties), 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, 2015 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 uses the direct write-off method to recognize uncollectible taxes receivable.

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. As of June 30, 2015, tax refunds and assessed value tax roll corrections resulting from property tax appeals and other disputes represented approximately 1.30% of the combined beginning secured and unsecured property tax roll charge.

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 30.	2922
Assessor delivers roll to Auditor-Controller July 1.	616, 617
Tax roll is delivered to the 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 2nd Installment - February 1.	2605 2606
Secured tax delinquent dates (last day to pay without a penalty) are: 1st Installment - December 10, and 2nd Installment - April 10.	2617 2618
Declaration of default for unpaid taxes occurs July 1.	3436
Power to sell is effective five years after tax default.	3691

N. Compensated Employee Absences

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

O. Pensions

The County recognizes a net pension liability to reflect the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the County's retirement plans. The actuarial valuation based on December 31, 2014 measurement date for the County reporting as of June 30, 2015.

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 Orange County Employees Retirement System (OCERS) and the Extra-Help Defined Benefit plan and additions to/deductions to 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, 2015, the County's net pension liability from OCERS was measured as of December 31, 2014, and the total pension liability (TPL) used to calculate the net pension liability was determined by rolling forward the December 31, 2013 valuation to December 31, 2014; the County's net pension liability from Extra-Help Defined Benefit was measured as of June 30, 2015, the plan's TPL was calculated using the data and assets as of June 30, 2013, rolled forward to June 30, 2015 using actual benefit payments for the fiscal years 2014-15.

P. Statement of Cash Flows

A Statement of Cash Flows is presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the County's Treasury represent monies in a cash management pool and such accounts are similar in nature to demand deposits.

Q. Indirect Costs

County indirect costs are allocated to benefiting departments in the "Indirect Expenses Allocation" column of the government-wide Statement of Activities. Allocated costs are from the County's FY 2014-15 County-Wide Cost Allocation Plan (CWCAP), which was prepared in accordance with the Code of Federal Regulation, Title 2, Part 200. The County has elected to allocate indirect costs to departments within the General Fund that are not charged through CWCAP in order to match the reimbursement of indirect costs recorded as program revenues to the same function that the related expense is recorded in.

R. Effects of New Pronouncements

The following lists recent GASB pronouncements implemented or are effective in FY 2014-15:

In June 2012, GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27," which results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, "Accounting for Pensions by

R. Effects of New Pronouncements (Continued)

State and Local Governmental Employers," as well as the requirements of Statement No. 50, "Pension Disclosures," as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. It also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014, which requires the County to implement this statement in FY 2014-15. The statement was implemented with a material impact to the County. Refer to Note 2, Change in Accounting Principle and Note 18, Retirement Plans, for additional information.

In January 2013, GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013, which requires the County to implement this statement in FY 2014-15. The statement was implemented without an impact to the County.

In November 2013, GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68." This statement requires that at transition to the new accounting standards in accordance with GASB Statement No. 68, a government should recognize a beginning deferred outflow of resources for its pension contributions made after the measurement date of the beginning net pension liability. However, it continues to require that the beginning balances for other deferred outflows and deferred inflows be reported at transition only if it is practical to determine such amounts. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014, which requires the County to implement this statement in FY 2014-15. The statement was implemented with an impact to the County.

The following summarizes recent GASB Pronouncements and their future effective dates. The County is in the process of evaluating the impact of these statements on its financial statements:

In February 2015, GASB issued Statement No. 72, "Fair Value Measurement and Application." This statement addresses accounting and financial reporting standards related to fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For some assets and liabilities, observable market information might not be available. The objective of fair value measure is to determine the price that would take place between market participants at the measurement date under current market conditions. Valuation techniques used to determine fair value are one or more of three approaches to measure fair value: the market approach, cost approach, and income approach. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2015, which requires the County to implement this statement in FY 2015-16.

In June 2015, GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. This statement establishes requirements for defined benefit

R. Effects of New Pronouncements (Continued)

pensions that are not within the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67 "Financial Reporting for Pension Plans" and Statement No. 68 for pension plans and pensions that are within their respective scopes. The provisions of this statement will be analyzed on an annual basis. For FY 2014-15 it is determined to have no impact to the County.

In June 2015, GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." The "GAAP hierarchy" identifies the sources of guidance that state and local governments follow when preparing financial statements in conformity with GAAP and lists the order of priority for pronouncements to which a government should look for guidance. The objective of this statement is to simplify the structure of the hierarchy of GAAP to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." These changes are intended to improve financial reporting for governments by establishing a framework for the evaluation of accounting guidance with less variation. The provisions of this statement are effective for financial reporting for periods beginning after June 15, 2015, and should be applied retroactively, which requires the County to implement this statement in FY 2015-16.

In June 2015, GASB issued Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces Statements No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," as amended, Statement 43, and Statement No. 50 "Pension Disclosures." The provisions of this statement are effective for financial statement for periods beginning after June 15, 2016, which requires the County to implement this statement in FY 2016-17. The requirements of this statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria.

In August 2015, GASB issued Statement No. 77, "Tax Abatement Disclosures." This statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015, which requires the County to implement this statement in FY 2016-17.

In June 2015, GASB Issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local

R. Effects of New Pronouncements (Continued)

governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," for OPEB. Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," establishes new accounting and financial reporting requirements for OPEB plans. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The provisions of this statement are effective for financial statement for periods beginning after June 15, 2017, which requires the County to implement this statement in FY 2017-18.

S. <u>Use of Estimates</u>

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

T. <u>Consolidation of Governmental Funds' Balance Sheet and Proprietary Funds' Statement of Net Position</u> 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.

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

2. CHANGE IN ACCOUNTING PRINCIPLE

The County implemented GASB Statement No. 68 in the current financial statements. Prior period adjustments of \$3,686,767 and \$80,522 were made to decrease the governmental activities' beginning net position and business-type activities' beginning net position. The restatement of beginning net position of the governmental activities and business-type activities are restated as follows:

	Gov	ernmental Activities	Bus	siness-Type Activities
Net Position at June 30, 2014	\$	4,324,937	\$	1,125,640
Net Pension Liability Adjustment		(3,686,767)		(80,522)
Net Position at June 30, 2014 as Restated	\$	638,170	\$	1,045,118

Prior period adjustments of \$35,740, \$44,782, and \$35,793 were made to the beginning net position of Enterprise Funds and Internal Service Funds. The restatements of beginning net position of governmental fund activities are restated as follows:

				Governmental Activities-
	Airport	V	Vaste Management	Internal Service Funds
Net Position at June 30, 2014	\$ 627,698	\$	512,943	\$ (9,033)
Net Pension Liability Adjustment	 (35,740)		(44,782)	(35,793)
Net Position at June 30, 2014 as Restated	\$ 591,958	\$	468,161	\$ (44,826)

Refer to Note 1, Summary of Significant Accounting Policies, for additional information on GASB Statement No. 68.

3. **DEFICIT FUND EQUITY**

The Workers' Compensation Internal Service Fund (ISF) and the Property and Casualty Risk ISF reported deficit net position balances of \$91,229 and \$5,906, respectively. The deficits result 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 for the Workers' Compensation ISF increased by \$11,270 from the previous fiscal year due to an increase in case reserves as well as the implementation of GASB Statement No. 68. The deficit for the Property and Casualty Risk ISF decreased by \$4,810 from the previous fiscal year due to higher insurance premiums. Charges to County departments have not provided sufficient cash flows to entirely fund the deficits in these ISFs. The County will continue to review charges to departments and manage the funding status of the Workers' Compensation Program and the Property and Casualty Risk Program.

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 reflect the custodial role accepted by the Successor Agency. The OCDA Redevelopment Successor Agency private-purpose trust fund reported a deficit net position balance of \$12,819. Enforceable obligations will be paid by future property tax increments apportioned to the Successor Agency.

4. **DEPOSITS AND INVESTMENTS**

The Treasurer is responsible for authorizing all County bank accounts and pursuant to California Government Code (CGC) Sections 27000.1 – 27000.5, 27130 – 27137 and 53600 – 53686, is responsible for conducting County investment activities of the County's investment pooled funds in addition to various individual investment accounts outside of the pooled funds. These public funds are called the Orange County Investment Fund (OCIF). Within the OCIF, the Treasurer maintains an Orange County Investment Pool (OCIP) and an Orange County Educational Investment Pool (OCEIP), which are "external investment pools" wherein monies of the County and other legally separate external entities, which are not part of the County Reporting Entity, are commingled (pooled) and invested on the participants' behalf. In addition, the Treasurer maintains the John Wayne Airport Investment Pool (JWA Pool) and other separately managed investments. The County's Investment Pools are not registered with the Securities and Exchange Commission (SEC) as an investment company.

The Treasurer further invests pooled funds from the OCIP and OCEIP into three funds, the Orange County Money Market Fund (OCMMF), the Orange County Educational Money Market Fund (OCEMMF) and the Extended Fund. On August 11, 2015, Standard & Poor's (S&P) reaffirmed an AAA Principal Stability Fund Rating (AAAm) for the OCMMF and the OCEMMF. The two money market funds are required to maintain a Net Asset Value (NAV) of between \$0.995 and \$1.005 to maintain a AAAm rating. Neither the Money Market Funds nor the Extended Fund have any legally binding guarantees of share values.

The maximum maturity of investments for the two Money Market Funds is 13 months with a maximum weighted average maturity (WAM) of 60 days. The maximum maturity of the Extended Fund is five years per CGC. The Investment Policy Statement (IPS) provides that the Extended Fund shall have duration not to exceed a leading 1-3 Year index +25%.

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

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 funds monthly based on the average daily balances on deposit with the Treasurer. Interest assigned to another fund due to management decision is recognized in the fund that reports the investments and is reported as a transfer to the recipient fund.

Deposits and investments before timing differences totaled \$7,590,936 as of June 30, 2015 consisting of: \$3,525,974 for the OCIP, \$3,895,973 for the OCEIP and \$168,989 for Specific Investments.

Total County deposits and investments at fair value as of June 30, 2015, are reported as follows:

Deposits:

Imprest Cash	\$ 2,115
Deposits for OCIP	6,424
Deposits for OCEIP	114,951
Deposits with Trustees	17,068
All other Deposits and timing differences	 (142,618)
Total Deposits and Timing Differences	(2,060)
Investments:	
With Treasurer	7,469,561
With Trustees	322,942
With External Orange County Employees Retirement System (OCERS)	 206,118
Total Investments	 7,998,621
Total Deposits and Investments	\$ 7,996,561
Total County deposits and investments are reported in the following funds:	
Governmental Funds	\$ 2,114,555
Proprietary Funds	989,681
Fiduciary Funds	4,840,511
Component Unit - CFCOC	 51,814
Total Deposits and Investments	\$ 7,996,561

A. Deposits

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

Written custodial agreements are required to provide, among other things, that the collateral securities are held separate from the assets of the custodial institution.

FDIC is available for interest-bearing funds deposited at any one financial institution up to a maximum of \$250.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. The County's deposits are not exposed to custodial credit risk, since all of its deposits are covered by FDIC or collateralized with securities held by the County or its agent in the County's name, in accordance with CGC Section 53562.

B. Investments

The CGC Sections 53601 & 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, credit quality and timing to minimize the risk of loss. The IPS adds further restrictions to permitted investments from the CGC. As of June 30, 2015, the Treasurer was in full compliance with the more restrictive IPS for the OCIP and OCEIP. However, on June 30, 2015, the JWA Pool purchased a \$3,000 Federal Farm Credit floating rate security with a final maturity of 496 days, which exceeds the IPS limit of 397 days. The security was sold on July 2, 2015, at no gain or loss to bring the JWA Pool back into compliance and the system compliance rules were updated.

The following table provides a summary listing of the authorized investments and selected restrictions as of June 30, 2015.

Type of Investment	CGC % of Funds Permitted	Orange County IPS (%)	CGC Maximum Final Maturity	Orange County IPS Maximum Final Maturity (Long-Term- Extended Fund)	Orange County IPS Maximum Final Maturity (Short-Term – Money Market Fund)
U.S. Treasury Securities	100%	100%	5 Years	5 Years	397 Days
U.S. Government Agency Securities	100%	100% Total, no more than 33% in one issuer	5 Years	5 Years	397 Days
Municipal Debt	100%	30% Total, no more than 5% in one issuer except 10%- County of Orange	5 Years	5 Years	397 Days

B. Investments (Continued)

Type of Investment	CGC % of Funds Permitted	Orange County IPS (%)	CGC Maximum Final Maturity	Orange County IPS Maximum Final Maturity (Long-Term- Extended Fund)	Orange County IPS Maximum Final Maturity (Short-Term – Money Market Fund)
Medium-Term Notes	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days
Bankers Acceptances	40%, 30% of a single issuer	40% Total, no more than 5% in one issuer	180 Days	180 Days	180 Days
Commercial Paper	40%, 10% of a single issuer	40% Total, no more than 5% in one issuer	270 Days	270 Days	270 Days
Negotiable Certificates of Deposits	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days
Repurchase Agreements	100%	20% Total, no more than 10% in one issuer	1 Year	1 Year	1 Year
Money Market Mutual Funds	20%	20% Total	N/A	N/A	N/A
Investment Pools	100%	20% Total, no more than 10% in one pool	N/A	N/A	N/A
Supranationals	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days

The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by CGC, structured notes, structured investment vehicles, and derivatives. All investments must be United States dollar denominated. No investment may be purchased from an issuer that has been placed on credit watchnegative by any of the Nationally Recognized Statistical Rating Organizations (NRSROs), or whose credit rating by any of the NRSROs is less than the minimum rating required by the IPS for that class of security unless the issuer has a short-term rating of "A-1+" or "F1+" or a long-term rating of at least a "AA" or "Aa2" by S&P, Fitch or Moody's; and the Treasurer has approved the purchase in writing prior to purchase.

Investments by the Treasurer are stated at fair value. Investments in the OCIF are marked to market on a daily basis. If the NAV of the OCMMF or OCEMMF is less than \$0.995 or greater than \$1.005, portfolio holdings may be sold as necessary to maintain the ratio between \$0.995 and \$1.005.

Unless otherwise required in a trust agreement or other financing document, assessment districts and public school and community college districts are required by legal provisions to deposit their funds with the Treasurer. The OCEIP consists entirely of public school and community college districts' funds and therefore includes 100% involuntary participants. At June 30, 2015, the OCIP includes approximately 9.76% of involuntary participant deposits including funds for the Superior Court, certain assessment districts, and certain bond related funds for public school districts.

B. <u>Investments (Continued)</u>

<u>Investment Disclosures</u>
The following table presents a summary of the County's investments and the credit quality distribution and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2015. (NR means Not Rated).

							Weighted		
							Average		
MCIL Towns				D. C. C. C.	Interest Rate	Material Brown	Maturity	D-11 (4)	% of
With Treasurer:		air Value		Principal	Range (%)	Maturity Range	(Years)	Rating (1)	Portfolio
OCIP (2)									
U.S. Government Agencies FNMA Discount Notes	\$	20,525	\$	20,525	0.06 - 0.08%	7/01/15 - 7/08/15	0.000	Λ 1	0.58%
	Ф		Ф	,			0.008	A-1	
FNMA Bonds		515,131		511,999	0.07 - 1.24%	7/02/15 - 12/20/17	1.367	AA	14.64%
FFCB Discount Notes		25,719		25,725	0.26%	9/28/15 - 10/19/15	0.280	A-1	0.73%
FFCB Bonds		205,834		205,711	0.14 - 1.09%	7/02/15 - 6/25/18	0.602	AA	5.85%
FHLB Discount Notes		199,983		199,987	0.03 - 0.12%	7/01/15 - 8/19/15	0.071	A-1	5.68%
FHLB Bonds		448,494		447,368	0.12 - 1.64%	7/10/15 - 12/20/18	1.207	AA	12.74%
FHLMC Discount Notes		126,398		126,407	0.04 - 0.17%	7/06/15 - 11/03/15	0.123	A-1	3.59%
FHLMC Bonds		518,553		516,967	0.09 - 1.08%	7/17/15 - 6/22/18	1.481	AA	14.73%
Negotiable Certificates of Deposit		55,007		55,000	0.12 - 0.34%	7/31/15 - 12/01/15	0.092	A-1	1.56%
Medium-Term Corporate Notes									
Corporate Notes		43,895		41,998	0.90 - 1.08%	1/31/17 - 8/15/18	2.490	Α	1.25%
Corporate Notes		202,844		199,623	0.35 - 1.49%	7/08/15 - 12/15/18	1.678	AA	5.76%
Corporate Notes		61,082		59,683	0.49 - 1.27%	5/15/16 - 12/05/18	1.704	AAA	1.74%
Municipal Debt		12,495		12,477	0.80%	06/30/16	1.003	AA	0.36%
U.S. Treasuries		917,948		914,767	0.24 - 0.98%	9/15/15 - 4/15/18	1.098	AA	26.08%
Money Market Mutual Funds		165,642		165,642	0.01 - 0.04%	07/01/15	0.078	AAA	4.71%
	\$	3,519,550	\$	3,503,879	_		1.073 (4)		100.00%
With Treasurer:	F	-air Value		Principal	Interest Rate Range (%)	Maturity Range	Average Maturity (Years)	Rating (1)	% of Portfolio
OCEIP (2)		all value		Ппсіраі	range (70)	Waturity Narige	(TCars)	rating (1)	101110110
U.S. Government Agencies									
FNMA Discount Notes	\$	109,994	\$	110,002	0.06 - 0.12%	7/02/15 - 10/07/15	0.110	A-1	2.91%
FNMA Bonds	·	527,828	·	524,492	0.10 - 1.24%	7/02/15 - 12/20/17	1.380	AA	13.96%
FFCB Discount Bonds		10,000		10,000	0.04%	08/04/15	0.096	A-1	0.26%
FFCB Bonds		193,143		192,964	0.04 - 1.09%	7/30/15 - 6/25/18	0.709	AA	5.11%
FHLB Discount Notes		194,494		194,502	0.03 - 0.15%	7/10/15 - 10/21/15	0.100	A-1	5.14%
FHLB Bonds		501,667		500,547	0.07 - 1.64%	7/23/15 - 12/20/18	1.097	AA	13.27%
FHLMC Discount Notes		222,473		222,480	0.06 - 0.19%	7/10/15 - 10/15/15	0.082	A-1	5.88%
FHLMC Bonds		483,637		482,097	0.14 - 1.08%	9/04/15 - 6/22/18	1.588	AA	12.79%
Negotiable Certificates of Deposit		58,007		58,000	0.24 - 0.34%	7/16/15 - 12/01/15	0.076	A-1	1.54%
Medium-Term Corporate Notes		,		,			0.070		
Corporate Notes		44,058		42,154	0.90 - 1.08%	1/31/17 - 8/15/18	2.490	Α	1.16%
Corporate Notes		221,543		218,214	0.23 - 1.49%	7/08/15 - 12/15/18	1.782	AA	5.86%
Corporate Notes		61,310		59,905	0.48 - 1.27%	5/15/16 - 12/05/18	1.704	AAA	1.63%
Municipal Debt		12,542		12,523	0.80%	06/30/16	1.003	AA	0.33%
U.S. Treasuries		921,376		918,183	0.24 - 0.98%	9/15/15 - 4/15/18	1.098	AA	24.37%
Money Market Mutual Funds		218,950		218,950	0.01 - 0.04%	07/01/15	0.079	AAA	5.79%
,		.,		.,					
	\$	3,781,022	\$	3,765,013	•		1.016 (4)		100.00%

B. Investments (Continued)

							Weighted		
					Interest Rate		Average Maturity		% of
With Treasurer:	F	air Value		Principal	Range (%)	Maturity Range	(Years)	Rating (1)	Portfolio
Specific Investments (2)		all value		Ппора	range (70)	watanty range	(10010)	rtaing (1)	1 Ortiono
U.S. Government Agencies									
FNMA Discount Notes	\$	500	\$	500	0.15%	09/30/15	0.252	A-1	0.30%
FNMA Bonds	Ψ	12,406	Ψ	12,361	0.09 - 0.27%	7/28/15 - 12/21/15	0.229	AA	7.34%
FFCB Bonds		7,721		7.705	0.14 - 0.28%	7/02/15 - 4/18/16	0.124	AA	4.57%
FHLB Bonds		13,866		13,860	0.07 - 0.25%	7/23/15 - 1/04/16	0.078	AA	8.21%
FHLMC Discount Notes		2,514		2,515	0.09 - 0.13%	9/30/15 - 10/09/15	0.262	A-1	1.49%
FHLMC Bonds		5.274		5,270	0.09 - 0.25%	7/17/15 -10/16/15	0.115	AA	3.12%
GNMA Bonds		94		90	6.25%	09/20/29	14.236	AA	0.05%
Negotiable Certificates of Deposit		2,000		2,000	0.24 - 0.28%	8/13/15 - 12/01/15	0.019	A-1	1.18%
Medium-Term Corporate Notes		2,000		2,000	0.21 0.2070	0/10/10 12/01/10	0.010	7	1.1070
Corporate Notes		4,432		4,390	0.22 - 0.41%	7/01/15 - 6/01/16	0.397	AA	2.62%
Municipal Debt		73,901		73,825	0.05 - 0.12%	7/01/15 - 8/15/15	0.041	AA	43.73%
Repurchase Agreements		1,082		1,082	6.20%	08/15/19	4.129	AA	0.64%
Money Market Mutual Funds		45,199		45,199	0.20%	07/01/15	0.006	AAA	26.75%
Money Market Mutual Fullus	•	168,989	\$		0.01 - 0.04 /6	07/01/13	0.101 (4)	. ~~~	100.00%
	-	100,909	<u> </u>	168,797		;	0.101 (4)	•	100.0078
							Weighted		
							Weignteg		
							•		
					Internat Data		Average		0/ -£
With Tourse	-	aia Mahaa	,	Drive e in ed	Interest Rate	Maturity Decre	Average Maturity	Detice (4)	% of
With Trustees:	Fa	air Value	ſ	Principal	Interest Rate Range (%)	Maturity Range	Average	Rating (1)	% of Portfolio
Restricted Investments with Trustees (2)	Fa	air Value	ſ	Principal		Maturity Range	Average Maturity	Rating (1)	
Restricted Investments with Trustees (2) U.S. Government Agencies				·	Range (%)	, ,	Average Maturity (Years)	9 ()	Portfolio
Restricted Investments with Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds	Fa	135,394	\$	63,482	Range (%)	09/01/16 - 09/01/21	Average Maturity (Years)	AA	Portfolio 41.93%
Restricted Investments with Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries		135,394 16,563		63,482 16,420	Range (%) 0.00% 0.90-9.00%	09/01/16 - 09/01/21 12/31/15 - 11/15/18	Average Maturity (Years) 4.189 1.184	AA AA	Portfolio 41.93% 5.13%
Restricted Investments with Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips		135,394 16,563 350		63,482 16,420 54	0.00% 0.90-9.00% 0.00%	09/01/16 - 09/01/21 12/31/15 - 11/15/18 11/15/18	Average Maturity (Years) 4.189 1.184 3.381	AA AA NR	Portfolio 41.93% 5.13% 0.11%
Restricted Investments with Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips Guaranteed Investment Contracts		135,394 16,563		63,482 16,420	Range (%) 0.00% 0.90-9.00%	09/01/16 - 09/01/21 12/31/15 - 11/15/18	Average Maturity (Years) 4.189 1.184	AA AA	Portfolio 41.93% 5.13%
Restricted Investments with Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips Guaranteed Investment Contracts Money Market Mutual Funds		135,394 16,563 350 14,667		63,482 16,420 54 14,667	0.00% 0.90-9.00% 0.00% 5.01%	09/01/16 - 09/01/21 12/31/15 - 11/15/18 11/15/18 1/17/2017	Average Maturity (Years) 4.189 1.184 3.381 1.550	AA AA NR NR	Portfolio 41.93% 5.13% 0.11% 4.54%
Restricted Investments with Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips Guaranteed Investment Contracts Money Market Mutual Funds Money Market Mutual Funds		135,394 16,563 350 14,667 62,160		63,482 16,420 54 14,667	0.00% 0.90-9.00% 0.00% 5.01% Variable	09/01/16 - 09/01/21 12/31/15 - 11/15/18 11/15/18 1/17/2017 07/01/15	Average Maturity (Years) 4.189 1.184 3.381 1.550 0.001	AA AA NR NR	Portfolio 41.93% 5.13% 0.11% 4.54% 19.25%
Restricted Investments w ith Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips Guaranteed Investment Contracts Money Market Mutual Funds Money Market Mutual Funds Money Market Mutual Funds		135,394 16,563 350 14,667 62,160 84,194		63,482 16,420 54 14,667 62,160 84,194	0.00% 0.90-9.00% 0.00% 5.01% Variable Variable	09/01/16 - 09/01/21 12/31/15 - 11/15/18 11/15/18 1/17/2017 07/01/15 07/01/15	Average Maturity (Years) 4.189 1.184 3.381 1.550 0.001 0.002	AA AA NR NR AAA	41.93% 5.13% 0.11% 4.54% 19.25% 26.07%
Restricted Investments w ith Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips Guaranteed Investment Contracts Money Market Mutual Funds Money Market Mutual Funds Money Market Mutual Funds Total Bond Mutual Fund		135,394 16,563 350 14,667 62,160 84,194 2,017		63,482 16,420 54 14,667 62,160 84,194 2,016	0.00% 0.90-9.00% 0.00% 5.01% Variable Variable 0.5%-3.34%	09/01/16 - 09/01/21 12/31/15 - 11/15/18 11/15/18 1/17/2017 07/01/15 07/01/15 07/01/15	Average Maturity (Years) 4.189 1.184 3.381 1.550 0.001 0.002 0.003	AA AA NR NR AAA NR	41.93% 5.13% 0.11% 4.54% 19.25% 26.07% 0.62%
Restricted Investments w ith Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips Guaranteed Investment Contracts Money Market Mutual Funds Money Market Mutual Funds Money Market Mutual Funds	\$	135,394 16,563 350 14,667 62,160 84,194 2,017 7,597	\$	63,482 16,420 54 14,667 62,160 84,194 2,016 7,597	0.00% 0.90-9.00% 0.00% 5.01% Variable Variable	09/01/16 - 09/01/21 12/31/15 - 11/15/18 11/15/18 1/17/2017 07/01/15 07/01/15	Average Maturity (Years) 4.189 1.184 3.381 1.550 0.001 0.002 0.003 0.003	AA AA NR NR AAA	41.93% 5.13% 0.11% 4.54% 19.25% 26.07% 0.62% 2.35%
Restricted Investments with Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips Guaranteed Investment Contracts Money Market Mutual Funds Money Market Mutual Funds Money Market Mutual Funds Total Bond Mutual Fund Stable Value Fund		135,394 16,563 350 14,667 62,160 84,194 2,017		63,482 16,420 54 14,667 62,160 84,194 2,016	0.00% 0.90-9.00% 0.00% 5.01% Variable Variable 0.5%-3.34%	09/01/16 - 09/01/21 12/31/15 - 11/15/18 11/15/18 1/17/2017 07/01/15 07/01/15 07/01/15	Average Maturity (Years) 4.189 1.184 3.381 1.550 0.001 0.002 0.003	AA AA NR NR AAA NR	41.93% 5.13% 0.11% 4.54% 19.25% 26.07% 0.62%
Restricted Investments w ith Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips Guaranteed Investment Contracts Money Market Mutual Funds Money Market Mutual Funds Money Market Mutual Funds Total Bond Mutual Fund Stable Value Fund With External Orange County	\$	135,394 16,563 350 14,667 62,160 84,194 2,017 7,597	\$	63,482 16,420 54 14,667 62,160 84,194 2,016 7,597	0.00% 0.90-9.00% 0.00% 5.01% Variable Variable 0.5%-3.34%	09/01/16 - 09/01/21 12/31/15 - 11/15/18 11/15/18 1/17/2017 07/01/15 07/01/15 07/01/15	Average Maturity (Years) 4.189 1.184 3.381 1.550 0.001 0.002 0.003 0.003	AA AA NR NR AAA NR	41.93% 5.13% 0.11% 4.54% 19.25% 26.07% 0.62% 2.35%
Restricted Investments with Trustees (2) U.S. Government Agencies FNMA Zero Coupon Bonds U.S. Treasuries U.S. Treasury Strips Guaranteed Investment Contracts Money Market Mutual Funds Money Market Mutual Funds Money Market Mutual Funds Total Bond Mutual Fund Stable Value Fund	\$	135,394 16,563 350 14,667 62,160 84,194 2,017 7,597	\$	63,482 16,420 54 14,667 62,160 84,194 2,016 7,597	0.00% 0.90-9.00% 0.00% 5.01% Variable Variable 0.5%-3.34%	09/01/16 - 09/01/21 12/31/15 - 11/15/18 11/15/18 1/17/2017 07/01/15 07/01/15 07/01/15	Average Maturity (Years) 4.189 1.184 3.381 1.550 0.001 0.002 0.003 0.003	AA AA NR NR AAA NR	41.93% 5.13% 0.11% 4.54% 19.25% 26.07% 0.62% 2.35%

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

(2) Legend:

FFCB-Federal Farm Credit Bank FNMA-Federal National Mortgage Association

FHLB-Federal Home Loan Bank

FHLMC- Federal Home Loan Mortgage Corporation

GNMA- Government National Mortgage Association

- (3) The Retiree Medical Trust reports \$206,118 of restricted investments with OCERS. Refer to Note 19 on obtaining OCERS Financial Statements. For more information regarding investments with OCERS, refer to their most recently issued financial statements available at http://www.ocers.org/finance.htm.
- (4) Portfolio weighted average maturity.

Investment in County of Orange Taxable Pension Obligation Bonds 2015, Series A

On January 13, 2015, the OCIP and the OCEIP purchased a portion of the County issued Taxable Pension Obligation Bonds 2015, Series A (2015 POBs) in the principal amount of \$25,000. The 2015 POBs were issued with a fixed coupon rate and matures in June 2016. The obligation of the County to pay principal and interest on the 2015 POBs is an obligation imposed by law and is absolute and unconditional. As of June 30, 2015, the outstanding principal amount of the 2015 POBs is \$25,000. The bonds are rated AA- by S&P. The County's investment in the 2015 POBs is disclosed herein as Municipal Debt. For additional information, refer to Note 10, Short-Term Obligations and Note 18, Retirement Plans.

B. Investments (Continued)

Interest Rate Risk - Investments

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, investments of longer maturities are more sensitive to changes in market interest rates. Declines in the fair value of investments are managed by limiting the length of the maturity of the securities. In general, the maximum maturity allowed is five years unless the Board has granted express authority either specifically or as part of an investment policy. Actual weighted average days to maturity by investment type for the funds invested in the Pools are presented in the preceding table.

The OCIP funds of \$3,519,550 and the OCEIP funds of \$3,781,022 portfolio at June 30, 2015, have over 37.44% and 39.99%, respectively of the investments maturing in six months or less, 60.99% and 58.54% respectively, maturing between six months and three years and 1.57% and 1.47% respectively, maturing from three to five years.

As of June 30, 2015, variable-rate notes comprised 4.17% and 4.74% of the OCIP and OCEIP, respectively. The notes are tied to the Federal funds rate, 90-day Treasury Bill rate, one-month and three-month London Interbank Offered Rate (LIBOR) with daily, monthly and quarterly coupon resets. The fair value of variable-rate securities is generally less susceptible to changes in value because the variable-rate coupon resets back to a market rate on a periodic basis. Effectively, at each reset date, a variable-rate investment reprices back to par value, eliminating interest rate risk at each periodic reset. For purposes of computing weighted average maturity (WAM), the maturity date of variable-rate notes is the length of time until the next reset date rather than the stated maturity.

The annual average daily investment balance of the OCIP and the OCEIP was \$3,457,911 and \$3,684,448, respectively with an annual yield of 0.42% and 0.41% respectively for the pools, for the year ended June 30, 2015.

Interest Rate Risk-Weighted Average Maturity (Money Market Funds)

At June 30, 2015, the OCMMF and OCEMMF amounted to \$916,191 and \$1,167,943, respectively. In accordance with the Board formally approved IPS, the Treasurer manages the Pool's exposure to declines in fair value for deposits and investments by limiting the WAM to 60 days in the Money Market Funds. At June 30, 2015, the WAM of the OCMMF was 54 days and the OCEMMF was 58 days. At the same date, the NAV of the Money Market Funds for both pools was \$1.00 (in absolute dollar amounts).

Interest Rate Risk-Duration (Extended Fund)

At June 30, 2015, the Extended Fund (which includes funds from both OCIP and OCEIP) balance was \$5,216,438. Of this amount, the OCIP owned 49.9% and the OCEIP owned 50.1%. In accordance with the IPS, the Treasurer manages investment related risk for deposits and investments by limiting duration to +25% of a leading 1-3 Year index (2.34). The portfolio duration for the Extended Fund as of June 30, 2015 was 1.38 years. This was computed using the Macaulay duration method, which calculates the maturity date of callable bonds using their final maturity date.

As of June 30, 2015, the Extended Fund had the following duration by investment type:

		Fair Value	Portfolio	Macaulay Duration
Investment Type	(Amou	nts in Thousands)	%	(In Years)
Medium-Term Corporate Notes	\$	509,616	9.77%	1.94
Municipal Debt		25,037	0.48%	1.00
U.S. Treasuries		1,839,324	35.26%	1.09
U.S. Government Agencies		2,842,461	54.49%	1.47
Total Fair Value	\$	5,216,438		
Portfolio Duration				1.38

B. Investments (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The IPS does not permit investments in uninsured and unregistered securities not held by the County. The Treasurer utilizes third party delivery versus payment (DVP) which mitigates any custodial credit risk. Securities purchased by the Treasurer are held by third party custodians in their trust department to mitigate custodial credit risk. At year-end, in accordance with the IPS, the County's external investment pools and specific investments did not have any securities exposed to custodial credit risk, and the Treasurer did not have any securities lending during the year (or at year-end).

Credit Risk - Investments

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. The IPS sets forth the minimum acceptable credit ratings for investments from any two of the following NRSROs: S&P, Moody's, or Fitch. For an issuer of short-term debt, the rating must be no less than "A-1" or "SP-1" (S&P), "P-1" or "MIG 1/VMIG 1" (Moody's), or "F1" (Fitch), while an issuer of long-term debt shall be rated no less than an "A" in the Money Market Funds and "AA" in the Extended Fund. Municipal debt issued by the County is exempt from the above credit rating requirements. As of June 30, 2015, the County's investments were in compliance with the IPS limits.

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, 2015, all investments were in compliance with state law and the IPS single issuer limits. See the table on pages 84 and 85 for concentrations of holdings in U.S. government agencies.

Foreign Currency Risk

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

B. Investments (Continued)

Condensed Financial Statements

In lieu of separately issued financial statements for the entire pools and the external portion of the pools, condensed financial statements for both pools are presented below as of and for the year ended June 30, 2015:

Entire Pool

Statement of Net Position

	lr	County nvestment Pool	Educational Investment Pool		 Total
Net Position Held for Pool Participants	\$	3,630,316	\$	3,828,819	\$ 7,459,135
Equity of Internal Pool Participants Equity of External Pool Participants Undistributed and Unrealized (Loss)	\$	3,358,952 276,756 (5,392)	\$	 3,834,291 (5,472)	\$ 3,358,952 4,111,047 (10,864)
Total Net Position	\$	3,630,316		3,828,819	\$ 7,459,135
Statement of Changes in Net Position					
Net Position at July 1, 2014 Net Changes in Investments by Pool	\$	3,255,895	\$	3,210,600	\$ 6,466,495
Participants		374,421		618,219	992,640
Net Position at June 30, 2015	\$	3,630,316	\$	3,828,819	\$ 7,459,135

External Pool Portion

Combining Statement of Fiduciary Net Position

	County Investment		_	ducational nvestment		
		Pool	Pool		Total	
<u>Assets</u>						
Pooled Cash/Investments	\$	276,091	\$	3,822,634	\$ 4,098,725	
Receivables						
Interest/Dividends		741		6,402	 7,143	
Total Assets		276,832		3,829,036	4,105,868	
<u>Liabilities</u>						
Due to Other Governmental Agencies		76		217	 293	
Total Liabilities		76		217	 293	
Net Position						
Restricted for Pool Participants		276,756		3,828,819	 4,105,575	
Total Net Position	\$	276,756	\$	3,828,819	\$ 4,105,575	

B. Investments (Continued)

Condensed Financial Statements (Continued)

Combining Statement of Changes in Fiduciary Net Position

	County Educational Investment Investment Pool Pool		Total	
Additions:				
Contributions to Pooled Investments	\$ 442,062	\$	7,226,168	\$ 7,668,230
Other Revenues	3		68	71
Interest and Investment Income	908		17,039	17,947
Less: Investment Expense	 (140) (2,786)		 (2,926)	
Total Additions	442,833		7,240,489	7,683,322
Deductions:				
Distributions from Pooled Investments	436,822		6,622,270	7,059,092
Total Deductions	436,822		6,622,270	7,059,092
Change in Net Position Held in Trust				
For External Investment Pool	6,011		618,219	624,230
Net Position, Beginning of Year	270,745		3,210,600	3,481,345
Net Position, End of Year	\$ 276,756	\$	3,828,819	\$ 4,105,575

C. Restricted Deposits and Investments with Trustees

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

D. CalOptima's Cash and Investments

Cash and investments as of June 30, 2015, consist of the following:

		2015
Current Assets:	¢	OF 424
Cash and Cash Equivalents Investments	\$	25,431 745,792
Board-Designated Assets and Restricted Cash:		
Cash and Cash Equivalents		866
Investments		459,283
Restricted Deposit		300
Total	\$	1,231,672

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure CalOptima may not be able to recover its deposits or collateral securities that are in the possession of an outside party. The CGC requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided

D. CalOptima's Cash and Investments (Continued)

<u>Custodial Credit Risk – Deposits (Continued)</u>

collateral pool held by a depository regulated under the state law. At June 30, 2015, no deposits were exposed to custodial credit risk, as CalOptima has pledged collateral to cover the amounts.

Investments

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

Interest Rate Risk

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

As of June 30, 2015, CalOptima's investments, including cash equivalents, had the following modified duration:

	Investment Maturities (In Yea				s (In Years)	
		Fair				
		Value	Les	ss Than 1		1-5
U.S. Agencies	\$	50,937	\$	-	\$	50,937
Asset-Backed Securities		111,542		21,834		89,708
Corporate Bonds		339,824		82,113		257,711
Government		30,932		1,400		29,532
Money Market Mutual Funds		216,154		216,154		_
Mortgage-Backed Securities		63,675		257		63,418
Municipal Bonds		63,109		27,467		35,642
Tax Exempt		28,068		23,062		5,006
U.S. Treasury Notes		305,693		50,052		255,641
Cash		19,194		2,165		-
Total	\$	1,229,128	\$	424,504	\$	787,595
Accrued Interest Receivable		2,544				_
	\$	1,231,672				

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

	Fair Va	Fair Value, June 30, 2015		
Asset-Back Securities Mortgage-Backed Securities	\$	111,542 63,675		
	\$	175,217		

D. CalOptima's Cash and Investments (Continued)

Credit Risk

CalOptima's investment policy conforms to the CGC 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: Standard & Poor's Rating Services (S&P), Moody's Investors Service (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, 2015, the following are the credit ratings of investments and cash equivalents:

		Minimum	n Exempt						
	Fair	Legal	From			Rating as	of Year-End	d	
Investment Type	Value	Rating	Disclosure	AAA	Aa & Aa+	Aa-	A+	A/A-1	A-
U.S. Treasury Notes	\$ 383,00	9 N/A	\$383,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agency Notes	135,08	5 N/A	-	135,085					
Corporate Bonds	341,140) A-	-	2,433	40,441	64,230	83,076	114,651	36,309
Asset-Backed									
Securities	111,57	4 AAA	-	111,574	-	-	-	-	-
Mortgage-Backed									
Securities	91,63	4 A	-	18,484	33,260	25,544	8,371	5,975	-
Municipal Bonds	63,72	AAA 6	-	63,729	-	-	-	-	-
Certificates of Deposit	76,52	B A1/P1	-	76,528	-	-	-	-	-
Commercial Paper	9,77	A1/P1	-	9,779	-	-	-	-	-
Money Market									
Mutual Funds	19,19	AAA		19,194	-	-	-	-	
Total	\$1,231,672	2	\$383,009	\$436,806	\$ 73,701	\$89,774	\$91,447	\$120,626	\$ 36,309

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of CalOptima's investment in a single issuer. CalOptima's investment policy limits to no more than 5 percent 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 percent may be invested in one money market mutual fund unless approved by the governing board. The investment policy also places a limit of 35 percent of the amount of investment holdings with any one government-sponsored issuer and 5 percent of all other issuers. At June 30, 2015, all holdings complied with the foregoing limitations. The following holdings exceeded 5 percent of the portfolio at June 30, 2015:

		Percentage of Portfolio
Investment Type	Issuer	2015
U.S. Treasury Notes	United States Treasury	25.22

5. CHANGES IN CAPITAL ASSETS

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

	Primary Government					
	Balance July 1, 2014	Increases	Decreases	Adjustments	Balance June 30, 2015	
Capital Assets Not Depreciated/Amortized: Land	\$ 813,756	\$ 12,58	5 \$ (2,857	7) \$	\$ 823,484	
Land Use Rights (Permanent)	6,992				6,992	
Construction in Progress	97,213	72,03	0 (59,454	!)	109,789	
Intangible in Progress	22,273	2,84	7 (24,263	3)	857	
Total Capital Assets Not						
Being Depreciated/Amortized:	940,234	87,46	2 (86,574	1)	941,122	
Capital Assets, Depreciable/Amortizable:						
Structures and Improvements	1,214,243	17,79	7 (12,139	9)	1,219,901	
Land Improvements		48	5 -		485	
Equipment	357,610	48,87	4 (14,804	1) 208	391,888	
Software	97,879	11,85		·	109,737	
Infrastructure:						
Flood Channels	1,187,693	27,58	1 -		1,215,274	
Roads	222,850	7,95	4 (643	3)	230,161	
Bridges	94,585	12,13	7 ` -	·	106,722	
Trails	43,838	23	5 -		44,073	
Traffic Signals	11,621				11,621	
Harbors and Beaches	41,238				41,238	
Capital Assets,		-				
Depreciable/Amortizable	3,271,557	126,92	1 (27,586	5) 208	3,371,100	
Less Accumulated Depreciation/Amortization For:						
Structures and Improvements	(609,256)	(30,95	8) 5,95		(634,263)	
Land Improvements		•	2) -		(12)	
Equipment	(292,961)	(17,45	1) 14,618	3	(295,794)	
Software	(47,304)	(15,84	4) -		(63,148)	
Infrastructure:	,	•	,		, , ,	
Flood Channels	(286,652)	(15,81	3) -		(302,465)	
Roads	(114,956)	(9,01	9) 418	3	(123,557)	
Bridges	(34,727)	(2,17	3) -		(36,900)	
Trails	(31,236)	(1,37	4) -		(32,610)	
Traffic Signals	(10,528)	(14	6) -		(10,674)	
Harbors and Beaches	(28,117)	(1,00	7) -		(29,124)	
Total Accumulated						
Depreciation/Amortization	(1,455,737)	(93,79	7) 20,987	<u></u>	(1,528,547)	
Capital Assets,						
Depreciable/Amortizable (Net)	1,815,820	33,12	4 (6,599	9) 208	1,842,553	
	\$ 2,756,054	\$ 120,58	6 \$ (93,173	3) \$ 208	\$ 2,783,675	

5. CHANGES IN CAPITAL ASSETS (Continued)

Balance Bal		Primary Government									
Capital Assets Not Depreciated/Amortized: Land Sarabial Assets Not Depreciated/Amortized: Capital Assets Not Depreciated/Amortized: 28,084 52,652 (6,648) - 74,088 74,088 114,089 116,089 - 74,088 74,088 114,089 116,089 - 74,088 74,088 114,089 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,088 116,089 - 74,08		Balance Balance								Balance	
Land Same and the preciated/Amortized: \$ 38,083 \$ — \$ \$ 37,042 \$ 27,048 \$ 74,088 \$ 76,047 \$ 74,088 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047 \$ 76,047		Jul	y 1, 2014		Increases	De	ecreases	Αdjι	stments	Jur	ne 30, 2015
Land											
Construction in Progress 28,084 52,652 (6,648) - 74,088 141,0916 170,000 112,809 112,80	Capital Assets Not Depreciated/Amortized:										
Intangloble in Progress		\$		\$		\$	` ,	\$		\$	-
Total Capital Assets Not Being Depreciated/Amortized: 66,167 53,531 (6,889) — 112,809 Capital Assets, Depreciated/Amortizable: Structures and Improvements 769,607 1,400 (4,876) (84) 766,047 Equipment 82,196 6,397 (10,164) 84 78,513 Software 856 154 — — 1,010 Infrastructure 531,062 5,329 — — 536,391 Capital Assets, Depreciable/Amortizable 1,383,721 13,280 (15,040) — 1,381,961 Less Accumulated Depreciation/Amortization For: Structures and Improvements (235,934) (23,812) 800 — (256,936) Software (47) (72) — — (565,515) Software (47) (72) — — (344,024) Total Accumulated — Leptociation/Amortization — (626,869) — (43,331) 10,606 — 6659,594 Capital	=		28,084				(6,648)				
Pacing Depreciated/Amortized: 66,167 53,531 (6,889) - 112,809					879						879
Capital Assets, Depreciable/Amortizable: Structures and Improvements			00.407		50 504		(0.000)				440.000
Structures and Improvements 769,607 1,400 (4,876) (84) 766,047 Equipment 8,966 6,397 (10,164) 84 78,513 Software 8,566 1,54 — — 536,391 Capital Assets, Depreciable/Amortizable 1,383,721 13,280 (15,040) — 1,381,961 Less Accumulated Depreciation/Amortization For: Structures and Improvements (235,924) (23,812) 800 — (256,936) Equipment (61,246) (5,075) 9,806 — (56,515) Software (47) (72) — — (119) Infrastructure (329,652) (14,372) — — (65,515) Software (47) 722 — — (65,949) Total Accumulated Depreciation/Amortization — (626,869) (43,331) 10,606 — (659,594) Capital Assets, Depreciation/Amortization expense was allocated among functions — 1,6630 </td <td>Being Depreciated/Amortized:</td> <td></td> <td>66, 167</td> <td></td> <td>53,531</td> <td></td> <td>(6,889)</td> <td></td> <td></td> <td></td> <td>112,809</td>	Being Depreciated/Amortized:		66, 167		53,531		(6,889)				112,809
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Capital Assets, Depreciable/Amortizable (Net) 756,852 (30,051) (4,434)	Depreciation/Amortization		(626,869)		(43,331)		10,606				(659,594)
Business-Type Activities Total Capital Assets, Net 823,019 \$ 23,480 \$ (11,323) \$ - \$ 835,176 Depreciation/amortization expense was allocated among functions of the primary government as follows: Government Activities: General Government	Capital Assets,		•		· · · · · · · · ·						
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Government Activities: \$ 16,630 Public Protection 40,594 Public Ways and Facilities 14,151 Health and Sanitation 4,241 Public Assistance 4,971 Education 1,370 Recreation and Cultural Services 7,662 Internal Service Funds' Depreciation 4,178 Expense Allocated to Various Functions 4,178 Total Governmental Activities 93,797 Business-Type Activities: 28,561 Waste Management 14,770 Total Business-Type Activities Depreciation/Amortization Expense 43,331	Depression on estimation expense was allegated	a m	ana funati		of the primar	~ ~		f	بمبرما		
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Depreciation/Amortization Expense 93,797 Business-Type Activities: Airport 28,561 Waste Management 14,770 Total Business-Type Activities Depreciation/Amortization Expense 43,331	Expense Allocated to Various Functions	S					4,178				
Business-Type Activities: Airport 28,561 Waste Management 14,770 Total Business-Type Activities Depreciation/Amortization Expense 43,331	Total Governmental Activities										
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Airport 28,561 Waste Management 14,770 Total Business-Type Activities Depreciation/Amortization Expense 43,331	Business-Type Activities:										
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5. CHANGES IN CAPITAL ASSETS (Continued)

Capital Asset Impairments

The general government activity reported an impairment loss on the Statement of Activities related to the Property Tax Management System (PTMS) upgrade, which was halted after the vendor's contract expired and the development ceased. The PTMS upgrade incurred \$18,112 in capitalized costs. This amount was reported as a loss since the resulting product was incomplete and was rendered inoperable. No insurance recoveries were received for the PTMS impairment loss.

The Airport business-type activity reported an impairment loss of \$4,077 on the Statement of Activities. The loss is related to the existing Common Use Passenger Processing System (CUPPS) hardware and software that are obsolete due to the new global credit card industry standards for authenticating chip and pin credit card transactions. No insurance recoveries were received for the CUPPS impairment loss.

6. RECEIVABLES

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

Accounts Receivable

Accounts Receivable had a balance of \$22,719 as of June 30, 2015. Of this amount, \$2,097 is not expected to be collected within the next fiscal year. This primarily consists of \$1,737 for animal care delinquent invoices.

Deposits Receivable

Deposits Receivable had a balance of \$5,024 as of June 30, 2015. Of this amount, \$4,976 is not expected to be collected within the next fiscal year. This primarily consists of \$2,883 in operating accounts for Dana Point Harbor operators and Green River Golf Course.

Notes Receivable

Notes Receivable had a balance of \$28,255 as of June 30, 2015. Of this amount, \$27,608 is not expected to be received within the next fiscal year. This primarily consists of \$25,157 for loans to build affordable, low to moderate income, and senior housing and \$2,030 is for housing loans for Mental Health Services Act (MHSA) programs. The remaining \$421 is for loans provided to first time home buyers.

Due from Other Governmental Agencies

Due from Other Governmental Agencies had a balance of \$458,702 as of June 30, 2015. Of this amount, \$47,533 is not expected to be received within the next fiscal year, which primarily consists of \$39,653 owed by the State of California to the County for various Senate Bill (SB90) mandated cost reimbursements for programs and services the State requires the County to provide. In addition, \$1,113 is owed by the City of Rancho Santa Margarita for amounts due under their Revenue Neutrality Agreement; it is anticipated that the amount will be collected within 3 years. \$3,615 is for expected reimbursement for the Santa Ana River Subvention Revenue claims to be submitted to the State Department of Water Resources.

7. 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.

7. INTERFUND RECEIVABLES AND PAYABLES (Continued)

The composition of interfund balances as of June 30, 2015 is as follows:

Due from/to other funds:

		Receivable Funds												
			Flood	Other	Other			Compressed	Internal					
Payable	General		Control	Public	Governmenta		Waste	Natural	Service					
Funds	Fund	Roads	District	Protection	n Funds	Airport	Management	Gas	Funds	Total				
General Fund	\$ -	\$ 595	\$ 181	\$ 3,610	0 \$ 24,80	5 \$ 11	\$ 24	\$ 2	\$ 2,083	\$ 31,311				
Roads	2,383	-	1,324		-	2 -	16	; -	4	3,729				
Flood Control District	11,307	1,094	-		-	2 -	1,021	-	5	13,429				
Other Public Protection	18,434	-	-		- 1,60	3 -			8	20,045				
Teeter Plan Notes	2	-	-		-				-	2				
Other Governmental														
Funds	49,572	72	51		1 18	8 -	-	-	54	49,938				
Airport	2,139	27	-		1		-	-	481	2,648				
Waste Management	4,630	900	2		-	1 -	-		21	5,554				
Compressed Natural Gas	16	-	-		-				-	16				
Internal Service														
Funds	795	12			<u> </u>	2 -	<u> </u>	- -	1	820				
Total	\$ 89,278	\$ 2,700	\$ 1,558	\$ 3,612	2 \$ 26,61	3 \$ 11	\$ 1,061	\$ 2	\$ 2,657	\$ 127,492				

Interfund transactions between the Primary Government and Component Unit:

Receivable Entity	Payable Entity	Amount
Primary Government – General Fund	Component Unit – Children and Families	\$ 201
	Commision of Orange County	
Component Unit - Children and Families	Primary Government – General Fund	3
Commision of Orange County		
Component Unit - Children and Families	Primary Government – Other	1
Commision of Orange County	Governmental Funds	

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 from/to other funds:

Receivable Entity	Payable Entity	Amount
General Fund	Other Governmental Fund	\$ 3,800
Waste Management	General Fund	2,351

The interfund loans represent an advance to the Courthouse Construction Fund from the General Fund to backfill the deficit as a result of a state audit of court revenues for the period FY 2003-04 through FY 2011-12, and an advance made to the General Fund from Waste Management for various information technology capital projects.

8. COUNTY PROPERTY ON LEASE TO OTHERS

The County has noncancelable operating leases for certain buildings, which are not material to the County's general operations. The Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires, and the Waste Management Enterprise Fund derives revenue from landfill gas lease agreements, cell tower operators and a material recovery facility. The Enterprise Funds' property under operating leases, consisting primarily of structures and improvements, at June 30, 2015, approximates \$56,776, net of accumulated depreciation.

The County leases real property to others under operating lease agreements for recreational boating, retail, restaurant, and other commercial operations. Future minimum rentals to be received under these noncancelable operating leases as of June 30, 2015 are as follows:

Fiscal Year Ending June 30	Governmental Activities			iness-type ctivities
2016	\$	13,450	\$	39,633
2017	Ψ	12,827	Ψ	26,604
2018		12,607		26,019
2019		11,806		16,681
2020		11,401		10,552
		62,091		119,489
		_		_
2021-2025		48,678		25,107
2026-2030		43,417		15,135
2031-2035		46,372		3,092
2036-2040		41,347		
2041-2045		629		
2046-2050		306		
		180,749	-	43,334
Total future minimum rentals	\$	242,840	\$	162,823

Total contingent rentals, which arise primarily from a percentage of lessee's gross revenues, amounted to approximately \$28,172 (Enterprise Funds), \$23,570 (Other Governmental Funds), \$637 (Internal Service Funds) and \$354 (Flood Control District) for the year ended June 30, 2015.

9. <u>INTERFUND TRANSFERS</u>

Interfund transfers for the year ended June 30, 2015 were as follows:

			Transfe	er In	Funds		
		Flood	Other		Other	Internal	
	General	Control	Public	(Governmental	Service	
Transfer Out Funds	 Fund	District	Protection		Funds	Funds	 Total
General Fund	\$ -	\$ -	\$ 7,062	\$	90,102	\$ 5,107	\$ 102,271
Roads	-	-	-		-	233	233
Flood Control District	3,079	-	-		164	347	3,590
Other Public Protection	32,000	-	-		1,690	68	33,758
Other Governmental Funds	179,165	2,184	-		2,403	-	183,752
Waste Management	19,810	-	-		-	-	19,810
Compressed Natural Gas	-	149	-		-	-	149
Internal Service Funds	 32	215	 -			3	250
Total	\$ 234,086	\$ 2,548	\$ 7,062	\$	94,359	\$ 5,758	\$ 343,813

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. Routine 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) make available cash distributions based on the Bankruptcy Recovery Plan, (5) contribute resources to comply with Proposition 63 Mental Health Services Act and (6) transfer excess unrestricted revenues to finance various County programs based on budgetary authorizations by the Board. The details of the significant transfers are outlined below:

Routine Transfers

From the General Fund

- \$35,022 was transferred to the Other Governmental Funds in connection with debt service payments for various County debt issues.
- \$20,859 was transferred to Other Governmental Funds to distribute available cash to the remaining claimants of the bankruptcy loss as part of the Bankruptcy Recovery Plan.
- \$13,751 was transferred to Other Governmental Funds to finance the County's 60 percent share of the Social Services Agency Wraparound Program.
- \$2,089 was transferred to Other Public Protection for the annual transfer of PSST excess revenue to meet future public protection needs.
- \$1,439 was transferred to Other Governmental Funds to pay for operating costs and debt service obligations associated with parking facilities.
- \$1.003 was transferred to Internal Service Funds for medical reimbursements.

From Flood Control District

\$3,079 was transferred to the General Fund for the Watershed Management Program.

From Other Public Protection

- \$11,592 was transferred to the General Fund for the reimbursement of the District Attorney's programs.
- \$8,848 was transferred to the General Fund to support the Sheriff Department's operations.
- \$3,350 was transferred to the General Fund for the Sheriff-Coroner's Backbone Cost Sharing Program.

9. INTERFUND TRANSFERS (Continued)

Routine Transfers (Continued)

From Other Governmental Funds

- \$137,284 was transferred to the General Fund for the reimbursement of various County programs as follows:
 - \$103,951 for Proposition 63, Mental Health Services Act expenditures
 - \$21,359 for the Social Services Agency Wraparound Program
 - \$8,832 for emergency medical services
 - \$2.076 for the Center for Disease Control pandemic flu H1N1 costs
 - \$1,066 for the Alcohol & Drug Assessment and Automated Vital Health Statistics program
- \$28,588 of tobacco settlement monies was transferred to the General Fund to finance Health Care Agency's various health care programs and Sheriff Department's operational costs.
- \$4,984 was transferred to the General Fund for reimbursement of Juvenile Justice Center debt service payments.
- \$2,405 was transferred to Other Governmental Funds for reimbursement of debt service obligations associated with parking facilities.

From Enterprise Funds

• \$19,810 was transferred from Waste Management to the General Fund primarily to pay bankruptcy related obligations in accordance with the County's comprehensive recovery plan.

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

Non-Recurring Transfers

From the General Fund

- \$13,363 was transferred to Other Governmental Funds for the estimated Orange County Transportation Authority land acquisition and equipment upgrades to HCA's parking structure.
- \$3,200 was transferred to Other Public Protection for the purchase of new equipment for the 800 MHz County-wide Coordination Communication system.
- \$3,000 was transferred to Other Governmental Funds primarily for the maintenance and repair of various Criminal Justice Facilities.
- \$2,632 was transferred to Internal Service Funds primarily for the purchase of Sheriff vehicles.
- \$1,700 was transferred to Other Governmental Funds to meet the debt service payment for the 2012 Juvenile Justice Bonds.
- \$1,308 was transferred to Other Public Protection for Clerk-Recorded fee revenues restricted to Clerk-Recorder operations.

From Other Governmental Funds

- \$5,674 was transferred to the General Fund for additional costs identified in the General Relief Fund.
- \$2,183 was transferred to the Flood Control District Funds for the reimbursement of expenditures on the Haster Retarding Basin Pump Station and Recreational Field.

From Other Public Protection

- \$4,656 was transferred to the General Fund for reimbursement of various Clerk-Recorder eligible operating expenditures.
- \$3,297 was transferred to the General Fund for residual balances due to the closure of the Juvenile Justice Program Fund.
- \$1,599 was transferred to Other Governmental Funds for reimbursement expenditures for various Sheriff-Coroner's construction and facility development.

10. SHORT-TERM OBLIGATIONS

Taxable Pension Obligation Bonds, 2014 Series A

On January 14, 2014, the County issued Taxable Pension Obligation Bonds, 2014 Series A (the "2014 POBs") in the principal amount of \$325,405. The 2014 POBs, combined with \$21,474 in County funds, were issued in order to prepay a portion of the County's FY 2014-15 pension contribution at a discount. The County issued the 2014 POBs in five fixed rate maturities with the final maturity on June 30, 2015. The County sold the 2014 POBs with interest rates between .65% and .83% depending on maturity in a direct purchase by the Orange County Treasurer on behalf of the Orange County Investment Fund. The County repaid in full the outstanding balance of the bonds on June 30, 2015.

Taxable Pension Obligation Bonds, 2015 Series A

On January 13, 2015, the County issued Taxable Pension Obligation Bonds, 2015 Series A (the "2015 POBs") in the principal amount of \$339,625. The 2015 POBs were issued in order to prepay the County's FY 2015-16 pension contribution at a discount. The 2015 POBs were issued as standard bonds, with five fixed rate tranches, and a final maturity date of June 30, 2016. The obligation of the County to pay principal and interest on the 2015 POBs is imposed by law and is absolute and unconditional. As of June 30, 2015, the outstanding principal amount of the 2015 POBs reported in the General Fund was \$339,625. Refer to Note 4, Deposits and Investments and Note 18, Retirement Plans for additional information.

				ances & count/					۸	mounts
	В	alance		mium			E	Balance		ue within
Description	July	/ 1, 2014	Amo	rtization	Re	tirements	Jun	e 30, 2015	0	ne Year
County of Orange										
Taxable Pension Obligation										
Bonds, 2014 Series A										
Date Issued: January 14, 2014										
Interest Rate: 0.65% to 0.83%										
Original Amount: \$325,405										
Maturing in installments through June 30, 2015		325,405				(325,405)				
County of Orange										
Taxable Pension Obligation										
Bonds, 2015 Series A										
Date Issued: January 13, 2015										
Interest Rate: 0.43% to 0.80%										
Original Amount: \$339,625										
Maturing in installments through June 30, 2016				339,625				339,625		339,625
Total	\$	325,405	\$	339,625	\$	(325,405)	\$	339,625	\$	339,625

11. LONG-TERM OBLIGATIONS

General Bonded Debt

General Obligation Bonded Debt

The amount of general obligation bonded indebtedness the County can incur is limited by law to 1.25% of the last equalized assessment property tax roll. At June 30, 2015, the County had no net general obligation bonded debt. The County's legal debt limit for the year was \$5,953,791. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIIIA, Section 1 requires the approval of 2/3 of the voters voting on the proposition.

Bankruptcy Obligations

Refunding Recovery Bonds 2005, Series A

On August 18, 2005, the County issued its \$146,005 Refunding Recovery Bonds 2005 Series A (2005 Recovery Bonds) at a premium of \$9,318. The proceeds of which, together with certain monies contributed by the County and other funds available to the trustee of the Recovery Refunding Bonds 1995 Series A (1995 Recovery Bonds), were used to refund and defease the outstanding 1995 Recovery Bonds and pay costs of issuance for the 2005 Recovery Bonds. As of June 30, 2015, the bonds outstanding were fully redeemed.

Lease Revenue Refunding Bonds, Series 2005

On August 16, 2005, the Orange County Public Financing Authority (OCPFA) issued its \$419,755 Lease Revenue Refunding Bonds Series 2005 (Series 2005 Bonds) at a premium of \$19,973. The proceeds of which, together with certain monies contributed by the County and other funds available to the trustee of the 1996 Recovery Certificates of Participation (Recovery COPs), were used to defease certain non-callable Recovery COPs, the remainder was used to fund a debt service reserve fund for the Series 2005 Bonds, and pay costs of issuance of the Series 2005 Bonds. As of June 30, 2015, the outstanding principal amount, including the premium of the Series 2005 Bonds, and interest were \$70,388 and \$3,995, respectively.

The Series 2005 Bonds are limited obligations of the OCPFA payable through July 2017 and are payable solely from base rental payments to be made by the County pursuant to a lease, dated as of August 1, 2005, between the OCPFA and the County, and other amounts held by the trustee in the funds and accounts established under the indenture (other than the rebate fund), except as otherwise provided in the indenture.

Revenue Bonds Payable and Certificates of Participation

Refunding Certificates of Participation (Civic Center Parking Facilities Project)

In December 1987, Certificates of Participation (COPs) representing the proportionate interests of the owners thereof in lease payments made by the County under lease agreements between the County and the Orange County Public Facilities Corporation were delivered. The proceeds were used to finance the acquisition, construction, and installation of two parking structures located in the City of Santa Ana. These certificates were refunded in August 1991 with the \$33,579 Refunding COPs (Civic Center Parking Facilities Project), which are payable through December 2018. At June 30, 2015, the outstanding principal amount, interest accretion, and unaccreted interest of the Refunding COPs were \$1,744, \$7,036, and \$1,629 respectively.

The Refunding COPs are secured by lease payments made by the County through a facilities lease with the Orange County Public Facilities Corporation.

Revenue Bonds Payable and Certificates of Participation (Continued)

Lease Revenue Refunding Bonds, Series 2012 (Juvenile Justice Center Facility)

On April 25, 2012, the South Orange County Public Financing Authority (SOCPFA) issued the Juvenile Justice Center Facility Lease Revenue Refunding Bonds, Series 2012 Bonds, in the principal amount of \$34,380, payable through June 2019, with a premium of \$2,927. The Lease Revenue Refunding Bonds were issued to redeem the outstanding OCPFA Juvenile Justice Center Facility Lease Revenue Refunding Bonds, Series 2002, fund a Reserve Fund, and pay costs relating to the issuance of the bonds. As of June 30, 2015, the outstanding principal amount, including the premium of the Series 2012 Bonds, and interest were \$22,946 and \$2,358, respectively.

The bonds are special obligations of the SOCPFA payable solely from and secured by the base rental payments to be made by the County pursuant to a lease, dated as of April 1, 2012, between the SOCPFA and the County, and other amounts held by the trustee in the funds and accounts established under the indenture (other than the rebate fund), except as otherwise provided in the indenture.

Lease Revenue Bonds, Series 2006

On October 19, 2006, the OCPFA issued its \$32,700 Lease Revenue Bonds, Series 2006 (Series 2006 Bonds) at a premium of \$2,140. The Lease Revenue Bonds, payable through June 2018, were issued to finance the construction of a cogeneration conversion project at the County's central utility facility, fund a debt service reserve fund for the bonds, and pay costs relating to the issuance of the bonds. As of June 30, 2015, the outstanding principal amount, including the premium of the Series 2006 Bonds, and interest were \$12,546 and \$1,163, respectively.

The bonds are limited obligations of the OCPFA payable solely from and secured solely by revenues of the Authority, consisting primarily of certain rental payments to be made by the County pursuant to, and as defined in, the lease.

Taxable Refunding Pension Obligation Bonds, Series 1996A and 1997A

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

On May 11, 2000, a cash tender offer of certain outstanding Pension Obligation Bonds was completed. The County purchased and canceled \$288,290 (maturity value) of Pension Obligation Bonds for a cost of \$179,016. On June 22, 2000, the debt service on the outstanding Pension Obligation Bonds was provided for through the deposit with the trustee of \$175,492 principal amount of "AAA" rated debt securities issued by Fannie Mae, along with \$9,151 in debt service funds already being held by the trustee. In accordance with irrevocable instructions, these securities, together with other cash amounts and investments held by the trustee, will be used solely to retire the remaining Pension Obligation Bonds as they mature. Because this was an economic defeasance and not a legal defeasance, this debt will be reported in the County's financial statements until it is fully redeemed. As of June 30, 2015, the outstanding principal amounts for the Series 1996A and 1997A Pension Bonds were \$11,015 and \$16,212, respectively, and the interest accretion balances were \$39,010 and \$50,257, respectively. The unaccreted interest amounts for the Series 1996A and 1997A Pension Bonds were \$4,089 and \$19,132, respectively.

Revenue Bonds Payable and Certificates of Participation (Continued)

Airport Revenue Bonds, Series 2009A and 2009B

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 consists of numerous direct improvements to the Airport facilities such as the construction of the new Terminal C, Parking Structure C, and two new commuter/regional holdrooms at the north and south ends of the extended Terminal. For the year ended June 30, 2015, the total interest expense incurred and the amount included as part of the cost of capital assets under construction were \$10,225 and \$528 respectively. As of June 30, 2015, the outstanding principal amount, including net discount, of the 2009A and 2009B Bonds were \$61,209 and \$141,327, respectively. The interest expense of the 2009A and 2009B Bonds for the year ended June 30, 2015 were \$3,148 and \$7,350, respectively, including accrued interest of \$1,574 and \$3,675, respectively.

The 2009A and 2009B Bonds are secured by a pledge of (1) operating revenues, net of specified operating expenses, (2) interest earnings, (3) other miscellaneous revenue, and (4) available PFC revenue. The 2009A and 2009B Bonds are payable through July 2039. For each fiscal year, the pledged net operating revenues are expected to be a minimum of 125% of the aggregate debt service requirement over the life of the bonds. For the year ended June 30, 2015, the total principal and interest paid and total net revenues were \$17,598 and \$52,934, respectively. The total net revenues include \$11,194 available PFC revenue for the year ended June 30, 2015.

Advance Refunding

In prior years, various bonds, COPs and other obligations have been advance refunded. These obligations are considered defeased, and the long-term debt liability has been removed from the related governmental funds and enterprise funds. As of June 30, 2015, \$11,415 of legally defeased debt remains outstanding.

Fiscal Year 2014-15 Debt Obligation Activity

During FY 2014-15, the following events concerning County debt obligations took place:

Teeter Plan Notes

On February 1, 2013, the County issued its three-year tax exempt Teeter Plan Notes with Wells Fargo Municipal Capital Strategies, LLC and Wells Fargo Bank, National Association. The Teeter Plan Notes were authorized for a total amount of \$150,000, and certain delinquent taxes (excluding penalties and interest) were pledged revenues for the Teeter Plan Notes. The rate for the Teeter Plan Notes will be based on the weekly Securities Industry and Financial Markets Association (SIFMA) index + 0.58%. All of the Teeter Plan Notes will be issued within three years of February 1, 2013, with a maturity date of January 29, 2016. The total amount of the notes issued was \$57,935, which reflects the issuance of the Teeter Plan Notes and the establishment of a Cost of Issuance Fund in the amount of \$188.

On June 27, 2013, the County used all of the accumulated base taxes to redeem \$14,449 of the Teeter Plan Notes. On July 16, 2013, the County issued an additional \$39,639 in Teeter Plan Series B Notes to finance the purchase of the delinquent property tax receivables associated with the Teeter Plan. On December 30, 2013

Fiscal Year 2014-15 Debt Obligation Activity (Continued)

Teeter Plan Notes (Continued)

and June 26, 2014, the County used all of the accumulated base taxes to redeem \$31,268 and \$12,027, respectively, of the Teeter Plan Notes.

On July 15, 2014, the County issued an additional \$31,541 in Teeter Plan Notes to finance the purchase of the delinquent property tax receivables associated with the Teeter Plan, leaving an outstanding balance of \$71,371. Proceeds of this issuance paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll.

On December 30, 2014 and June 25, 2015, the County used all of the accumulated base taxes to redeem \$27,532 and \$10,016, respectively, of the Teeter Plan Notes. As of June 30, 2015, the outstanding principal amount of the Teeter Plan Notes was \$33,823. For additional information regarding the Teeter Plan Notes, refer to Note 21, Subsequent Events.

Schedule of Long-Term Debt Obligations, Fiscal Year 2014-15

The table below summarizes the revenue bonds and certificates outstanding and related activity for the year ended June 30, 2015.

Description	Balance July 1, 2014	Issuances and Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2015	Amounts Due within One Year
Governmental Activities:						
County of Orange Refunding Recovery Bonds - Series 2005A: Date Issued: August 18, 2005 to Refund and Defease the Outstanding Refunding Recovery Bonds - Series 1995A Interest Rate: 3.00% to 5.00% Original Amount: \$146,005 Maturing in installments through June 1, 2015.	\$ 19,172	\$ (1,616)	\$	\$ (17,556)	\$	\$
Orange County Public Financing Authority Lease Revenue Refunding Bonds, Series 2005: Date Issued: August 16, 2005 to Refund and Defease the 1996 Recovery Certificates of Participation - Series 1996A. Interest Rate: 3.00% to 5.75% Original Amount: \$419,755 FY 2014-15 Principal and Interest: \$24,490 FY 2014-15 Total Pledged Revenues: \$29,928 Maturing in installments through July 1, 2017.	92,826	(1,658)		(20,780)	70,388	23,682
Orange County Public Facilities Corporation, Refunding Certificates of Participation: (Civic Center Parking Facilities Project) Date Issued: August 1, 1991 - Current Interest Rate Bonds (CIB) and Capital Appreciation Bonds (CAB) to Refund the 1987 COPs Bond Issue Interest Rate: CIB - 4.40% to 6.75% Interest Rate: CAB - 6.85% to 7.05% Original Amount: CIB - \$24,495 Original Amount: CIB - \$9,084 FY 2014-15 Principal and Interest: \$2,607 FY 2014-15 Total Pledged Revenues: \$2,475 Maturing in Installments Through December 1, 2018 Interest Accretion on CAB	2,262 8,364	 	 762	(518) (2,090)	1,744 7,036	482 2,121
South Orange County Public Financing Authority Juvenile Justice Center Facility Lease Revenue Refunding Bonds - Series 2012 Date issued: April 25, 2012 to refund the 2002 Juvenile Justice Center Bonds issue Interest Rate: 1.00% to 5.00% Original Amount: \$34,380 FY 2014-15 Principal and Interest: \$5,829 FY 2014-15 Total Pledged Revenues: \$5,830 Maturing in installments through June 1, 2019.		(249)		(4,780)	22,946	5,370

Schedule of Long-Term Debt Obligations, Fiscal Year 2014-15 (Continued)

	Balance		Issuances and Discount/ Premium	Accreted				Balance	-	Amounts ue within
Description	July 1, 2014	A	mortization	Interest	Re	tirements	Ju	ne 30, 2015		One Year
Orange County Public Financing Authority Lease Revenue Bonds, Series 2006 Date issued: October 19, 2006 Interest Rate: 4.00% to 5.00% Original Amount: \$32,700 FY 2014-15 Principal and Interest: \$4,200 FY 2014-15 Total Pledged Revenues: \$29,928 Maturing in installments through June 1, 2018	\$ 16,314	\$	(313)	\$ 	\$	(3,455)	\$	12,546	\$	3,972
County of Orange Taxable Refunding Pension Obligation Bonds - Series 1996 A: Date Issued: June 1, 1996 - Current Interest Rate Bonds (CIB) Date Issued: June 12, 1996 - Capital Appreciation Bonds (CAB) To Refund the Taxable POBs Series 1994 B Interest Rate: CIB - 7.47% to 7.72% Interest Rate: CAB - 8.09% to 8.26% Original Amount: CIB - \$41,680 Original Amount: CAB - \$40,000 Maturing in installments through September 1, 2010 (CIB) and September 1, 2016 (CAB). Interest Accretion on CAB	13,393 42,675		 	 4,294		(2,378) (7,959)		11,015 39,010		5,944 22,115
County of Orange Taxable Refunding Pension Obligation Bonds - Series 1997 A: Date Issued: January 1, 1997 - Current Interest Rate Bonds (CIB) Date Issued: January 14, 1997 - Capital Appreciation Bonds (CAB) To Refund the Taxable POBs Series 1994 A Interest Rate: CIB - 5.71% to 7.36% Interest Rate: CAB - 7.33% to 7.96% Original Amount: CIB - \$71,605 Original Amount: CAB - \$65,318 Maturing in installments through September 1, 2010 (CIB) and September 1, 2021 (CAB). Interest Accretion on CAB	18,800 52,338		 	 5,354		(2,588) (7,435)		16,212 50,257		2,143 6,853
County of Orange Teeter Plan Notes Date of Original Issuance: February 1, 2013 Interest Rate: SIFMA Index + 0.58% Original Amount: \$57,935 Maturing on January 29, 2016	39,830		31,541			(37,548)		33,823		33,823
Subtotal - Governmental Activities	\$ 333,949	\$	27,705	\$ 10,410	\$	(107,087)	\$	264,977	\$	106,505

Schedule of Long-Term Debt Obligations, Fiscal Year 2014-15 (Continued)

Description	Balance July 1, 2014	Issuances and Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2015	Amounts Due within One Year
Business-Type Activities						
Airport Revenue Bonds - Series 2009A and 2009B: Date Issued: July 9, 2009 Interest Rate: 3.00% to 5.75% Original Amount: \$233,115 FY 2014-15 Principal and Interest: \$17,598 FY 2014-15 Total Pledged Revenues: \$52,934 Maturing in Installments Through July 1, 2039.	209,804	(273)		(6,995)	202,536	7,409
Subtotal - Business-Type Activities	209,804	(273)		(6,995)	202,536	7,409
Total	\$ 543,753	\$ 27,432	\$ 10,410	\$ (114,082)	\$ 467,513	\$ 113,914

Schedule of Long-Term Debt Service Requirements to Maturity

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

	Governme	ntal A	ctivities	Business-T	ype A	Activities	
Fiscal Year(s) Ending June 30	Principal		Interest	Principal		Interest	Total
2016	\$ 72,732	\$	35,358	\$ 7,205	\$	10,339	\$ 125,634
2017	54,721		35,652	7,530		9,999	107,902
2018	18,347		15,003	7,880		9,622	50,852
2019	8,193		14,688	8,275		9,239	40,395
2020	2,478		12,022	8,655		8,836	31,991
2021-2025	2,968		16,075	50,340		36,851	106,234
2026-2030				64,725		21,829	86,554
2031-2035				21,684		10,297	31,981
2036-2040				27,980		3,822	31,802
Total	159,439		128,798	204,274		120,834	 613,345
Add: Premium/(Discount)	9,235			(1,738)			7,497
Add: Interest Accretion on CAB	 96,303			 			 96,303
Total	\$ 264,977	\$	128,798	\$ 202,536	\$	120,834	\$ 717,145

Changes in Long-Term Liabilities:

Long-term liability activities for the year ended June 30, 2015, were as follows:

		Balance		A 1 199		Balance		Due within		
Covernmental Activities	Ju	ly 1, 2014		Additions		Reductions		ne 30, 2015		ne Year
Governmental Activities:										
Bonds, COPs and Notes Payable:	•	405.000	•		•	(00.045)	•	00.045	•	00.040
Revenue Bonds	\$	125,660	\$		\$	(29,015)	\$	96,645	\$	30,340
Certificates of Participation		2,262				(518)		1,744		482
Pension Obligation Bonds		32,193				(4,966)		27,227		8,087
Recovery Bonds		17,556				(17,556)				
Teeter Plan Notes		39,830		31,541		(37,548)		33,823		33,823
Add: Premium/(Discount) on Bonds Payable		13,071				(3,836)		9,235		2,684
Total Bonds, COPs, and Notes Payable		230,572		31,541		(93,439)		168,674		75,416
Interest Accretion on CAB		103,377		10,410		(17,484)		96,303		31,089
Other Long-Term Liabilities:										
Compensated Employee Absences										
Payable		174,985		138,589		(139,188)		174,386		88,516
Arbitrage Rebate Payable		655		201				856		837
Capital Lease Obligations Payable		62,446		27,643		(10,921)		79,168		11,444
Insurance Claims Payable		203,099		115,291		(110,813)		207,577		51,836
SARI Line Loans		47,410				(11,133)		36,277		1,429
Estimated Liability - Litigation and Claims		151,129		500		(6,129)		145,500		15,500
Capital Asset Obligation		310				(155)		155		
Total Other Long-Term Liabilities		640,034		282,224		(278,339)		643,919		169,562
Total Long-Term Liabilities		· · · · · · · · · · · · · · · · · · ·		· · · · · · · · · · · · · · · · · · ·		, , , , , ,		•		
For Governmental Activities	\$	973,983	\$	324,175	\$	(389,262)	\$	908,896	\$	276,067

Changes in Long-Term Liabilities (Continued)

	Balance ly 1, 2014		Additions	I	Reductions	Balance ne 30, 2015	 ıe w ithin ne Year
Business-Type Activities:							
Bonds Payable:							
Revenue Bonds	\$ 211,269	\$		\$	(6,995)	\$ 204,274	\$ 7,205
Add: Premium/(Discount) on Bonds Payable	(1,465)				(273)	(1,738)	204
Total Revenue Bonds Payable, Net	209,804	_			(7,268)	202,536	7,409
Other Long-Term Liabilities:							
Compensated Employee Absences							
Payable	5,083		3,876		(4,070)	4,889	2,278
Landfill Site Closure/Postclosure							
Liabilities *	180,111		(19,747)		(1,319)	159,045	1,319
Pollution Remediation Obligation **	13,738		(609)		(397)	12,732	514
Total Other Long-Term Liabilities	198,932		(16,480)		(5,786)	176,666	4,111
Total Long-Term Liabilities					<u> </u>		
For Business-Type Activities	\$ 408,736	\$	(16,480)	\$	(13,054)	\$ 379,202	\$ 11,520

^{*} Refer to Note 14 for additional information regarding the decrease in Landfill Site Closure/Post Closure Liabilities.

Compensated Employee Absences

The estimated compensated employee absences payable for governmental activities recorded at June 30, 2015 is \$174,386. Employees are entitled to be paid annual leave, compensated time, and in some cases vacation and sick time depending on job classification, length of service, and other factors. For the governmental funds, most of the compensated absences liability will ultimately be paid from the General Fund.

OC Flood Control District, Santa Ana Regional Interceptor (SARI) Line Loans

On June 12, 2007, the Board approved a financing agreement between the Orange County Flood Control District (OCFCD) and Orange County Sanitation District (OCSD) for an amount equivalent to 60% (\$60,000) of an estimated total project cost of \$100,000. Concurrently, the Board also approved a financing agreement between the OCFCD and the Santa Ana Watershed Project Authority (SAWPA) for an amount equivalent to 10% (\$10,000) of the total project cost. The loan proceeds will be used for the relocation of the SARI Line between Prado Dam and Weir Canyon Road for the following public benefits: protection of the sewer line from erosion, increased Prado Dam water releases, protection of the water supply, and uninterrupted use of the sewer line by residents. Subsequently, the agreements were amended to reflect the actual total project cost based on the awarded construction contracts. The SARI Line Project cost is not expected to exceed \$85,560 plus 15% contingencies in the amount of \$12,834 for a total of \$98,394. The OCFCD would contribute the remaining 30% (\$29,518) that would be expended to complete the SARI Line Project. As part of the terms of the agreement, the OCFCD agrees to pay SAWPA and OCSD as State subvention funding for the SARI Line Project is received by OCFCD. Repayment installments will be made within 30 days of OCFCD's receipt of State subvention funding in an amount equivalent to 10% of the funds received being paid to SAWPA and 60% of the funds received being paid to OCSD. The OCFCD is required to repay the entire loan to OCSD and SAWPA no later than July 1, 2022, regardless of whether OCFCD receives any State subvention funds for the SARI Line Project. For funds loaned by OCSD, interest shall accrue on the unpaid balance from July 1, 2018, at an annual interest rate of 2% until the unpaid balance is repaid. As for funds loaned by SAWPA, interest shall accrue on any such unpaid balance from July 1, 2018, at the State of California Local Agency Investment Fund interest rate in effect on July 1, 2018. To date, OCFCD received a \$51,336 (60%) loan from OCSD and \$8,556 (10%) from SAWPA based on the total project cost excluding contingencies. In May 2011, the Board awarded the construction contract for the SARI Yorba Linda Spur in the amount of \$7,210, and the Board awarded the construction contract for the SARI Mainline in the amount of \$42,000 in August 2011. In February 2013,

^{**} Refer to Note 17 for additional information regarding the decrease in Pollution Remediation Obligation.

OC Flood Control District, Santa Ana Regional Interceptor (SARI) Line Loans (Continued)

construction of the SARI Yorba Linda Spur was completed and the total amount paid to the contractor was \$7,067. Construction of the SARI Mainline was substantially completed in August 2014 and work items that are currently being performed include warranty repairs and plant establishment and maintenance. As of June 30, 2015, the total outstanding loan principal was \$36,277.

Special Assessment District Bonds

Special Assessment District Bonds consist of Assessment District Bonds and Community Facilities District Bonds.

Assessment District Bonds are issued pursuant to provisions of the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code). Proportionate shares of principal and interest installments sufficient in aggregate to meet annual bond debt service requirements are included on the regular County tax bills sent to owners of property against which there are unpaid assessments. Neither the faith and credit nor the taxing power of the County, the State, or any political subdivision thereof is pledged to the payment of the bonds. Assessment District Bonds represent limited obligations of the County payable solely from special assessments paid by property owners within each district. Accordingly, such obligations are not included in the accompanying basic financial statements.

Community Facilities District Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, and are payable from a portion of certain special taxes to be levied on property within the boundaries of the Community Facilities District. Except for the special taxes, no other taxes are pledged to the payment of the bonds. The bonds are not general or special obligations of the County nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the special tax fund. Accordingly, such obligations are not included in the accompanying basic financial statements.

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 Agency 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, 2015, amounted to \$369,020

12. CONDUIT DEBT OBLIGATIONS AND SUCCESSOR AGENCY DEBT

Single and Multi-Family Housing Bonds

From 1980 through 2015, 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 is 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.

12. CONDUIT DEBT OBLIGATIONS AND SUCCESSOR AGENCY DEBT (Continued)

Single and Multi-Family Housing Bonds (Continued)

As of June 30, 2015, there were 23 series of bonds outstanding with an aggregate principal amount payable of \$251,562.

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 Redevelopment Agencies (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 FY 2014-15 Neighborhood Development and Preservation Project (NDAPP) and Santa Ana Heights Project (SAHP) Refunding Bonds debt service obligations appeared on the OCDA Successor Agency Recognized Obligation Payment Schedule (ROPS) 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 reflect the custodial role accepted by the successor agency. As of June 30, 2015, the outstanding principal amount, including the premium of the OCDA Successor Agency bonds and interest were \$33,628 and \$5,925, respectively.

The bonds do not constitute a liability of the County. Neither the County, the State of California, nor any political subdivisions thereof is 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

Operating Leases

The County is committed under various operating leases, primarily for office buildings, office equipment, and other equipment. The following is a schedule of future minimum payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2015:

Fiscal Year Ending June 30	 Equipment	Real Property	 Total
2016	\$ 909	\$ 26,984	\$ 27,893
2017	320	19,158	19,478
2018	152	15,461	15,613
2019		13,156	13,156
2020		12,668	12,668
2021 - 2025		45,950	45,950
2026 - 2030	 	6,696	6,696
Total	\$ 1,381	\$ 140,073	\$ 141,454

Total expenditures for equipment rentals and building and improvements incurred for FY 2014-15 was \$44,480.

13. LEASES (Continued)

Capital Leases

This year, the County entered into various lease agreements as lessee for financing the acquisition of equipment valued at \$27,643. The equipment has a five-year estimated useful life. This year, \$997 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The following is an analysis of property leased under capital leases:

Land	\$	14,831
Equipment		27,643
Less: Accumulated Depreciation	1	(997)
Structures and Improvements		64,180
Less: Accumulated Depreciation	<u></u>	(29,982)
Total	\$	75,675

The following are the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2015:

Fiscal Year Ending June 30	
2016	\$ 15,677
2017	15,902
2018	16,076
2019	9,351
2020	9,510
2021-2025	34,646
2026-2030	980
Total Minimum Lease Payments	102,142
Less: Amount Representing Interest	(22,974)
Present Value of Net Minimum	
Lease Payments	\$ 79,168

14. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS

State laws and regulations require OCWR to place final covers on its landfill sites when the landfills stop accepting waste and 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, OCWR will report a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date.

OCWR 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)

14. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS (Continued)

The total landfill closure and postclosure care liability at June 30, 2015 was \$159,045. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (30.41% for FRB, 76.61% for Olinda Alpha and 19.87% for Prima Deshecha), less actual costs disbursed related to both closure and postclosure of the Santiago and Coyote Canyon landfills. OCWR will recognize the remaining estimated cost of closure and postclosure care of \$177,745 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2014 dollars (using the 2014 inflation factor of 1.015). OCWR has enough landfill capacity to operate the system for a minimum of twenty-five years. However, OCWR 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, OCWR makes annual cash contributions 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. Also in compliance with regulations, OCWR has executed pledge of revenue agreements to provide financial assurance for estimated future landfill postclosure costs. The agreements state that OCWR pledges revenue from future gate fees deposited to pay for estimated postclosure maintenance or shall obtain alternative coverage within sixty (60) days if OCWR ceases at any time to retain control of its ability to allocate pledged revenue to pay postclosure maintenance costs. OCWR 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, 2015, a total of \$90,201 has been set aside for estimated closure and postclosure costs and is included in the accompanying Proprietary Funds Statement of Net Position as Restricted Pooled Cash/Investments - Closure and Postclosure Care Costs. This amount, which is less than FY 2013-14, decreased because of a revision/reduction in the Cost Estimate number used to calculate the closure/postclosure cost.

Regulations governing solid waste management are promulgated by government agencies on the federal, state and local levels. These regulations address the design, construction, operation, maintenance, closure and postclosure maintenance of various types of facilities, acceptable and prohibited waste types, and inspection, permitting, environmental monitoring and solid waste recycling requirements. Regulations at both the state and federal levels could impose retroactive liability, particularly with respect to cleanup activities relating to any landfill site ever operated by the County, whether or not owned by the County. Refer to Note 17, Pollution Remediation, for additional discussion regarding pollution remediation liabilities.

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Encumbrances

The County has established a procedure for encumbering appropriations for purchase orders, contracts, and other commitments authorizing delivery of merchandise or rendering of services. An encumbrance system reduces the possibility of commitments being made in excess of budgeted appropriations due to the lag time between issuance of purchase orders, contracts, and other obligations, and the actual provision of services or goods and subsequent receipt of invoices and billings from the vendors and contractors. Depending on the source(s) of funding, encumbrances are reported as part of restricted or assigned fund balance on the governmental funds balance sheet. In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," the County's total significant encumbrances for governmental funds in the aggregate are reported as follows, at June 30, 2015:

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Encumbrances (Continued)

General Fund	\$ 42,657
Roads	22,824
Flood Control District	38,521
Other Public Protection	2,331
Teeter Plan Notes	27
Other Governmental Funds	 23,438
Total Encumbrances for Governmental Funds	\$ 129,798

Construction Commitments

At June 30, 2015, the County's total commitments for major contracts entered into for equipment, land, and structures and improvements were as follows, listed by fund within governmental or business-type activities:

Project Title		gnificant mitments
Governmental Activities:		
Roads		
Cow Camp Road Segment I Phase 1A and 1B, Antonio Parkway to "I" Street	\$	3,385
La Pata Avenue Gap Closure/Widening		42,195
Gilbert Street Improvements Phase II, Katella Avenue		2,181
		47,762
Flood Control District		0.400
Newland Storm Channel Confluence to Bolsa		6,406
Santa Ana River Interceptor Line Project		6,282
Greenville-Banning Channel Improvement Project		5,627 3,338
Los Alamitos Pump Station and Pump House Fletcher Channel and Retarding Basin - From Santa Ana River to Upstream		3,336 2,973
Edinger Storm Channel Improvement		2,973
Edinger Storm Shanner improvement		26,642
Other Governmental Funds		20,042
Purchase of Law Enforcement Vehicles		2,991
Los Pinos Closure Costs		2,443
		5,434
Business-Type Activities:		2,121
Airport		
Parking Structure C, Phase 2		2,652
Main Street and Employee Lot Resurfacing		2,583
Terminals A & B Improvements		1,329
Campus Drive/Bristol Street Right Turn Lane		1,178
Other		1,146
		8,888
Waste Management		
Olinda Alpha Landfill Phase I Partial Final Closure Construction and Utility Improvements		6,280
Frank R. Bowerman East Flank Excavation and Drainage Improvement and Design		2,401
		8,681
Total Commitments	\$	97,407

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Construction Commitments (Continued)

In addition, the County is involved in the Santa Ana River Mainstem Project (SARMP). The SARMP is a major flood control project implemented and funded by the Federal government and three local sponsors – the Orange County Flood Control District (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/Project is to prevent the 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 impacts to the 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 \$2,375,000. OCFCD's combined cost share is estimated to be \$785,229 for the entire Santa Ana River Project. As of June 30, 2015, the OCFCD has expended about \$597,158 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 and protection of SR-91 in the Santa Ana River canyon are also underway. 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 escrow for purchase of the Green River Golf Course was closed on September 29, 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. 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 the earliest date for construction of Phase II to start would be September 2017. As an alternative, the COE may elect to make Phase II part of the contract awarded to construct the Prado Dam Spillway, which is planned for some time in the year 2020. A contract for the construction of the Yorba-Slaughter Adobe Dike was awarded in December of 2012 at a cost of \$6.000 and is expected to be completed in November 2015. The Women's Prison Dike (to protect the California Institute for Women) was awarded September 2014 for \$12,700 and is expected to be completed February 2016 with a \$3,400 modification which was awarded August 2015. The OCFCD continues to acquire property rights for the Prado Dam Project, subject to the availability of funding.

The 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, 2015, OCFCD has submitted \$393,528 in claims and received \$354,573 in reimbursements. An additional \$6,463 in claims is in the process of being prepared for submittal to the DWR. Of the total amount outstanding, \$10,207 was accrued as revenue, \$27,593 was reported as a deferred inflow of resources at the fund level and recognized as revenue in the government-wide financial statements. Once a claim is reviewed and approved by DWR, 90% of the eligible expenditures can be paid, subject to available funding, with the remaining 10% paid after an audit by the State Controller's Office.

16. SELF-INSURANCE

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

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

The Property and Casualty Risk ISF is responsible for managing losses related to torts; theft of, damage to and destruction of assets, errors and omissions, civil rights claims, and natural disasters. Tort liability is also self-funded, up to \$5,000. Commercial insurance is purchased for property and other risk exposures. Excess liability insurance provides up to an additional \$100,000 in liability coverage. In the past three fiscal years, there were no losses that impacted the County's excess insurance coverage.

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 3.50% in the Workers' Compensation ISF and 2.50% in the Property and Casualty Risk ISF to reflect anticipated future investment earnings.

All County departments and other governmental agencies authorized by the Board to participate in the Workers' Compensation ISF are charged for their pro rata share of costs based upon employee classification rates, claims experience, and funding for the Workers' Compensation program. All County departments participate in the Property and Casualty Risk self-insurance program and are charged for their pro rata share based upon claims experience, actual number of positions from a biweekly County payroll report, and funding for the Property and Casualty Risk program. The rate calculations for Workers' Compensation and Property and Casualty Risk ISFs are based upon guidelines established by the State Controller's Office for cost plan allocations.

The County has established: the Unemployment Insurance ISF, which covers all employees and is paid through the State of California; the County self-insured PPO Health Plans ISF, which provides health plan benefits; and the Health and Other Self-Insured Benefits ISF, which provides dental and short-term disability benefits for a portion of the County's employees and accidental death and dismemberment (AD&D) benefit for Reserve Deputy Sheriffs.

The County's Premier Wellwise, Choice Wellwise, Wellwise Retiree, Premier Sharewell, Choice Sharewell, and Sharewell Retirees have no lifetime coverage maximums. The dental insurance coverage is up to \$1,500 annually (absolute dollars) 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. Unemployment benefits covered by law is up to 26 weeks per individual or when the employee returns to work or no longer meets the requirements for the benefit. The self-insured AD&D benefit is for Reserve Deputy Sheriffs only and has a maximum benefit of \$5,000 (absolute dollars).

16. SELF-INSURANCE (Continued)

Changes in the balances of claims liabilities during the past two fiscal years for these self-insurance funds are as follows:

	١	Workers'		Property & Unemploymen		mployment	Hea	lth & Other	
	Cor	mpensation	Cas	sualty Risk	Ins	surance	In	surance	 Total
Unpaid Claims, Beginning of FY 2013-14	\$	154,237	\$	42,577	\$	1,713	\$	10,697	\$ 209,224
Claims and Changes in Estimates		33,438		6,708		165		64,407	104,718
Claim Payments		(36,934)		(10,037)		(1,095)		(62,777)	(110,843)
Unpaid Claims, End of FY 2013-14		150,741		39,248		783		12,327	203,099
Claims and Changes in Estimates		40,937		14,392		1,112		58,850	115,291
Claim Payments		(36,104)		(14,349)		(943)		(59,417)	(110,813)
Unpaid Claims, End of FY 2014-15	\$	155,574	\$	39,291	\$	952	\$	11,760	\$ 207,577

17. POLLUTION REMEDIATION

GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," requires state and local governments to provide the public with better 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 John Wayne Airport (JWA) and OC Waste and Recycling (OCWR) 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 JWA and OCWR.

John Wayne Airport (JWA)

In 1988 and 2006, JWA was named as the responsible party in a cleanup and abatement order for two sites on Airport property by the California Regional Water Quality Control Board (RWQCB). The sites, the Old Fuel Farm and the Former Fire Station #33, were identified as having chemical impacts to the soil and groundwater. In 1994 and 2002, JWA began to monitor and remediate the Old Fuel Farm and the Former Fire Station #33 sites, respectively.

In 2008, the sites were sampled as part of an assessment and the results revealed that the soil and groundwater were still impacted by chemical pollutants. In 2011, JWA started implementing a new remediation method, and the sites were estimated to be remediated in about six to ten years. JWA is still performing tests on the sites and the results could possibly affect the estimated pollution remediation liability as well as a change to the remedial technologies used to remediate the sites. As of June 30, 2015, JWA has a liability of \$994 based on management's assessment and the results of the consultant's evaluation.

In 1995, JWA entered into Memorandum of Understanding (MOU) with one of its fixed-base operator (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 Statement of Net Position as part of accounts receivable, the total expected recovery for the Old Fuel Farm site is \$299 as of June 30, 2015.

The estimated pollution remediation obligation as of June 30, 2015 is:

Old Fuel Farm Site	\$ 785
Former Fire Station #33 Site	692
Less: Remediation Activity	 (483)
JWA Pollution Remediation Obligation	\$ 994

17. POLLUTION REMEDIATION (Continued)

Orange County Waste and Recycling (OCWR)

Five closed sites were identified. 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 ending balance as of June 30, 2015 after deducting actual pollution remediation expenses incurred is \$11,738.

<u>Cannery Former Refuse Disposal Station</u> A park owned by the City of Huntington Beach (City) 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 the City requiring the City to remedy the landfill gas exceedences and to control potential offsite migration of landfill gases. In response to the LEA's Notice and Order, the City and the Huntington Beach City School District (School District) issued the Notices of Intent to sue under the Resource Conservative and Recovery Act, and the Comprehensive Environmental Response, Compensation, and Liability Act to the County in 2004. The City's and School District's claims were tolled until June 2006 under a tolling agreement with the County. The City, County and School District entered into a Settlement Agreement in 2007, whereby the City 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 that the wastes have been buried, and other factors, the County anticipates that the landfill gas collection system will operate fully for 15 years.

The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$58.

Lane Road Former Refuse Disposal Station The site located in the City of Irvine 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 is present above regulatory limits in close proximity to residential housing units. The LEA issued a Notice and Order to the property owners requiring them to remedy the landfill gas exceedences 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 owners 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, then will most likely either be inactive or 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 need more regular replacement. For each subsequent year of operation, the cost will be reduced due to less frequent carbon swapping and fewer anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next year of operation is \$306.

The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$2,958.

<u>San Joaquin Former Refuse Disposal Station</u> The site, owned by the University of California at Irvine, was leased and operated by the County as a refuse disposal facility from 1954 to 1961. In 1996, a portion of the site

17. POLLUTION REMEDIATION (Continued)

Orange County Waste and Recycling (OCWR) (Continued)

San Joaquin Former Refuse Disposal Station (Continued)

was sold to the United States 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 the University that was approved by the Board in May 2005. 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. The cost to operate and maintain the landfill gas collection system at the site for the next year of operation is \$149.

The remaining obligation for landfill gas remediation at the San Joaquin site over the anticipated operational period is \$1,222.

<u>La Veta Former Refuse Disposal Station</u> Located in the City of Orange, La Veta is a former burn, dump and refuse disposal station leased to and operated by the County from 1946 to 1956. The site has multiple owners and was developed into a YMCA facility, apartments, a mobile home park and a small amount of open space. Recently, the County learned that the California Department of Toxic Substances Control (DTSC) and the United States Environmental Protection Agency had previously performed limited soil and groundwater testing at the site. According to DTSC, the results of these tests indicated that further site assessment was warranted.

DTSC requested that the County enter into a Voluntary Cleanup Agreement with DTSC. In lieu of entering into a Voluntary Cleanup Agreement, the County conducted a series of additional site investigations and assessments. Based on the findings of the site investigations, the YMCA is performing required methane monitoring. The County reimburses the YMCA for the costs associated with the monitoring efforts and are accrued as estimable at June 30, 2015.

In addition, the findings of site investigations identified the existence of subsurface refuse extending laterally onto a single-family residence located within the lease boundaries of the former La Veta solid waste disposal site and immediately adjacent to land owned by the YMCA (also covering a portion of the former disposal site). Buried waste was discovered under part of the back yard of the residence, which includes a swimming pool. Since then, CalRecycle and the LEA have required continuous methane monitoring at the property. The current owners have previously filed suit against the County. Although their claims were dismissed, the owners have not cooperated with County or regulator attempts to monitor or remediate potential pollution of the property.

The County will attempt to negotiate the purchase of the property. The amount paid for such purchase would include the value of the property, relocation costs (which would be required by law in an eminent domain proceeding), and a mutual release and waiver of all potential legal claims arising from the property. Acquisition of the property by the County would also ensure that the property is maintained and monitored in a manner that is consistent with the former use of the property as a municipal solid waste disposal facility.

<u>Forster Former Refuse Disposal Station</u> The site, located in the City of San Juan Capistrano, was formerly leased and operated as a refuse disposal station by the County from 1958 to 1976. The current owner, Advanced Group 99-SJ, proposed a change in land use for the property and notified the County of its position that the County was responsible for re-closure of the site to meet current commercial and redevelopment requirements. The County disputed responsibility for site development related costs. In early 2010, the City of 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 the City approval of the proposed development plan, Advanced Group 99-SJ and the County

17. POLLUTION REMEDIATION (Continued)

Orange County Waste and Recycling (OCWR) (Continued)

Forster Former Refuse Disposal Station (Continued)

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 California Environmental Quality Act (CEQA) approvals. The settlement and release permitted 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.

Total 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 expected to be released within a five year period, but is dependent upon actions by the owner and regulatory approvals for the project. As of June 30, 2015, the County has not released payment. 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.

The remaining balance for landfill gas remediation at the Forster site is \$7,500. Distribution of these funds will occur over time, based on specific milestones in the development of the site.

The estimated pollution remediation obligation as of June 30, 2015 is:

Cannery	\$ 58
Lane Road	2,958
San Joaquin	1,222
Forster	7,500
OCWR Pollution Remediation Obligation	\$ 11,738

18. RETIREMENT PLANS

Orange County Employees Retirement System (OCERS)

<u>Plan Description</u>: Substantially all County employees participate in the Orange County Employees Retirement System (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, California Government Code 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 County Board of Supervisors (the Board), three members plus one alternate are elected from active County employees, one member is elected from retirees, and the County Treasurer-Tax Collector is a statutory 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.

Orange County Employees Retirement System (OCERS) (Continued)

Plan Description (Continued)

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 the end of the OCERS fiscal year.

According to OCERS most recent public report, entities paying into the OCERS, also known as plan sponsors, include the County of Orange, City of San Juan Capistrano, Orange County Cemetery District, Children and Families Commission of Orange County, Orange County Department of Education (closed to new members), OCERS, Orange County Fire Authority, Orange County In-Home Supportive Services Public Authority, Orange County Local Agency Formation Commission, Orange County Public Law Library, Orange County Sanitation District, Orange County Superior Court, Orange County Transportation Authority, Transportation Corridor Agencies, and the University of California, Irvine Medical Center and Campus (closed to new members).

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. The OCERS Board does not set the benefit amounts. 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 received 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. OCERS administers benefits that are set by the 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 and District Attorney Departments, and employees represented by the Association of Orange County Deputy Sheriffs hired after April 9, 2010, receive an annual annuity equal to a retirement benefit formula of 3% of the member's "final compensation" for each year of service rendered at age 55.

Effective July 1, 2005, as part of collective bargaining agreements with County employees, most General Members who work for the County of Orange (approximately 14,000) became eligible for an enhanced annual annuity equal to a retirement benefit formula of 2.7% of the member's "final compensation" for each year of service rendered at age 55. In collective bargaining agreements with General Members, the employee associations agreed to pay the increased retirement costs related to the difference between the prior retirement benefit formulas and the new 2.7% at age 55 enhanced formula, as well as the annual amortization of the unfunded liability created by the retroactive application of the increased benefit. Members of the American Federation of State, County and Municipal Employees (AFSCME) did not elect the 2.7% at age 55 retirement formula and remain at the previous benefit formulas. The benefit formulas for AFSCME are an annual annuity equal to 2% of the "final compensation" for each year of service rendered at age 57 for Tier I General members and 1.667% of 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 (see section below) 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 County Employees Retirement Law of 1937, the OCERS Board has the sole authority to grant STAR COLA

Orange County Employees Retirement System (OCERS) (Continued)

Benefits Provided (Continued)

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 this issue. Retirees who have lost more than 20% of their purchasing power since retirement are eligible for this benefit, and currently, approximately 397 retirees (of which 388 are County retirees) who retired 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. The OCERS Board has to prior to voting approve the benefits annually.

<u>Contributions</u>: In accordance with various Board's 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. Orange 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 2014-15, employer's contributions, as a percentage of covered payrolls, were 37.34% for General members, 57.28% for Safety-Law Enforcement members and 40.52% for Safety-Probation members, as determined by the December 31, 2012, actuarial valuation.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: At June 30, 2015, the County reported a liability of \$3,897,233 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability (TPL) used to calculate the net pension liability was determined by rolling forward the December 31, 2013 valuation to December 31, 2014. At December 31, 2014, the County's proportion was 76.68%, which was a decrease of 1.737% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$410,127. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources		_	erred Inflows of Resources
\$	175,546	\$	-
	-		205,446
	116,441		188,787
	4,068		15
	188,826		-
	181,585		-
\$	666,466	\$	394,248
	0	of Resources \$ 175,546	of Resources \$ 175,546 \$ 116,441 4,068 188,826 181,585

\$188,826 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

Orange County Employees Retirement System (OCERS) (Continued)

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

The County reported the full amount of prepaid pension contribution as a part of the prepaid cost at fund level. However, due to the difference in the County's fiscal year end date and the net pension liability measurement date, half of the prepaid pension contribution of \$181,585 is recognized as deferred outflows of resources, and the other half will remain as a prepaid cost on the government-wide statement.

In September 1994, the County issued \$320,000 of pension obligation bonds, of which \$318,000 in proceeds were paid to OCERS. OCERS maintains the proceeds in a County Investment Account. Amounts in the County Investment Account have been used to fund a portion of the County's contributions over time, pursuant to agreements between OCERS and the County, which allows the County significant discretion in applying the credit. As of June 30, 2015, \$112,544 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, 2015, the County did not utilize funds available in the County Investment Account to meet its annual required contribution.

On January 13, 2015, the County issued its short-term Taxable Pension Obligation Bonds, 2015 Series A in the amount of \$339,625. The Bond proceeds were combined with \$23,958 in contributions from certain County agencies and departments to prepay the estimated FY 2015-16 actuarially required contribution related to both the amortization of the UAAL and the normal annual contribution to OCERS. In return, the County received a 5.80% discount or \$21,058 on the required employer contribution amount. The discount, combined with the interest and issuance costs, resulted in a net savings of \$17,918 to the County. Refer to Note 4, Deposits and Investments, and Note 10, Short-term Obligations, for additional information.

Amounts, which 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:	
2016	\$ (8,958)
2017	(8,958)
2018	(8,958)
2019	(8,958)
2020	(52,849)
2021	(9,512)
Thereafter	_

Actuarial Assumptions: The actuarial assumptions included a 3.0% inflation rate, 4.25 to 13.5% projected salary increases to general members and 5.00% to 17.50% to safety members, and a 7.25% 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, 2011 through December 31, 2013 using the RP-2000 Combined Healthy Mortality Table projected with the Society of Actuaries Scale BB to 2020.

<u>Discount Rate</u>: The discount rate used to measure the total pension liability was 7.25%, the long-term expected rate of return on plan assets. 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.

Orange County Employees Retirement System (OCERS) (Continued)

Discount Rate (Continued)

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.25% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 16 basis points. An investment return excluding administrative expenses would have been 7.41%. 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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses.

The target allocation (approved by the Board) 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:

		Long-Term Expected
Asset class	Target Allocation	Real Rate of Return
Large Cap U.S. Equity	14.90%	5.92%
Small/Mid Cap U.S. Equity	2.73%	6.49%
Developed International Equity	10.88%	6.90%
Emerging International Equity	6.49%	8.34%
Core Bonds	10.00%	0.73%
Global Bonds	2.00%	0.30%
Emerging Market Debt	3.00%	4.00%
Real Estate	10.00%	4.96%
Diversified Credit (US Credit)	8.00%	4.97%
Diversified Credit (Non-US		
Credit)	2.00%	6.76%
Hedge Funds	7.00%	4.13%
GTAA	7.00%	4.22%
Real Return	10.00%	5.86%
Private Equity	6.00%	9.60%
Total	100.00%	

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.25%)	(7.25%)	(8.25%)
County's proportionate share of the net pension liability	\$ 5,613,735	\$ 3,897,233	\$ 2,485,847

Orange County Employees Retirement System (OCERS) (Continued)

<u>Pension Plan Fiduciary Net Position</u>: OCERS issues an audited stand-alone annual financial report for each year ending December 31. Detailed information about the pension plan's fiduciary net position is available and can be obtained online at www.ocers.org, in writing to the Orange County Employees Retirement System, 2223 Wellington Avenue, Santa Ana, CA 92701, or by calling (714) 558-6200.

County Administered Pension Plans

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

<u>Plan Description</u>: On April 20, 2010, the Board approved and adopted the resolution implementing the 1.62% at 65 retirement formula for certain eligible employees. Effective May 7, 2010, as amended and restated on July 1, 2011, the Board approved the County of Orange 1.62% Defined Contribution Plan for the benefit of employees in the 1.62% at 65 retirement formula.

On September 12, 2012, the Governor signed the Public Employees' Pension Reform Act (PEPRA) of 2013. PEPRA created a new pension retirement formula, commonly referred to as 2% @ 62 retirement formula, for all new non-safety public employees hired on or after January 1, 2013. PEPRA also allowed a public employer to continue to offer another retirement formula, if offered before December 31, 2012, to new public employees if the retirement formula has a lower benefit factor at normal retirement age and results in a lower normal cost than the 2% @ 62 PEPRA retirement formula. On December 18, 2012, the Board approved and adopted the 1.62% @ 65 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 the Internal Revenue Code (IRC) Section 401(a) and is intended for retirement. The employee acquires a vested interest in the employer contribution account upon attaining normal retirement age, or early retirement age because of death or disability. If an employee terminates prior to early or normal retirement date for any other reason than death or disability, the employee is only entitled to a vested interest of 100% of the employer contribution after five years of service.

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, 2015, the plan had 515 active participants and 0 inactive participants.

<u>Funding Policy</u>: This plan is a defined contribution plan funded entirely by employer contributions. As of June 30, 2015, 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 employer contributions for the year ended June 30, 2015, were \$368.

Great West Retirement Services serves on behalf of the County as the third party administrator of the plan and will hold all plan assets in trust. Plan participants will self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2015, the value of plan assets was \$542.

Administrative Cost: There is an annual administrative fee of 0.18% charged to participants (at a monthly rate of 0.015%), which is capped for account balances at \$100,000. 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

<u>Plan Description:</u> Effective January 1, 1999, as amended and restated on May 1, 2013, the Board established the County of Orange 401(a) Plan for the benefit of eligible employees, elected officials, which includes

County Administered Pension Plans (Continued)

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

Plan Description (Continued)

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 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 included in the Executive Policy Unit effective June 23, 2006. The plan is intended for retirement and funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2015, the plan had 649 active participants and 29 inactive participants.

<u>Funding Policy:</u> 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 3% to 8% of bi-weekly compensation. Additional County contributions equal to 1.5% of compensation are made on behalf of elected officials electing not to participate in OCERS. Individuals elected or appointed to the Board on or after June 5, 2012 are required by Orange County Ordinance to participate in OCERS and may not receive the additional 1.5% of compensation. Total contributions for the year ended June 30, 2015, were \$913 by the County and zero by the employees.

Great West Retirement Services serves on behalf of the County as the third party administrator of the plan and holds all plan assets in trust. Plan participants self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2015, the value of plan assets was \$14,005.

Administrative Cost: There is an annual administrative fee of 0.18% charged to participants (at a monthly rate of 0.015%), which is capped for account balances at \$100,000. 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.

Extra-Help Defined Benefit Plan

<u>Plan Description</u>: 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 two percent of the participant's career earnings during the final 30 years of credited service. 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, which is equal to the actuarial equivalent of 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 County Board of Supervisors 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

County Administered Pension Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Plan Description (Continued)

retirement benefit. As of June 30, 2015, the plan consists of 44 active plan participants, 233 terminated plan participants entitled to but not yet receiving benefits, and 40 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 County Treasurer charges its normal investment management fee related to the Pension Trust Fund's participation in the County Pool.

Contributions: The County has the authority to determine Plan contributions. GASB Statement No. 67 requires the County to have an actuarial valuation performed at least biennially to determine the plan's total pension liability. This valuation is currently performed biennially. The plan's total pension liability was calculated using the data and assets as of June 30, 2013, rolled forward to June 30, 2014 and June 30, 2015 using actual benefit payments for the fiscal years 2013-14 and 2014-15. In both the 2013 valuation and the 2014 and 2015 roll forward calculations the actuarial assets are valued at market value. The actuary has determined the County's actuarially determined contribution using the entry age normal actuarial cost method, which is (a) normal cost, plus (b) 10-year amortization of the UAAL. Further information on the County's net pension liability and contributions can be found in the Required Supplementary Information (RSI) section following the notes to the basic financial statements. 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 \$4,904. For the fiscal year ended June 30, 2015, the County and six (6) cost-sharing agencies contributed the total actuarially determined contribution of \$421, which is equal to normal cost plus 10-year amortization of the UAAL. The County's proportionate share of the contribution was \$413.

Plan participants do not contribute to the fund effective November 21, 2008 (the date of the freeze). Note that effective November 21, 2008, the normal cost is \$0 due to the plan freeze.

<u>Investment policy</u>: 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).

<u>Concentrations</u>: The Plan held 100% of its investments in the Orange County Investment Pool (OCIP). See Note 4, Deposits and Investments for information about OCIP. The Plan has stated its investments in OCIP at fair value based on information provided by OCIP.

<u>Discount Rate</u>: For the year ended June 30, 2015, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expense, was 0.346%. 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 3.25%, the long-term expected rate of return on plan assets. Since this expected long-term rate of return is less than the 20-year AA municipal bond rate on June 30, 2015, 3.25% was used as the discount rate for all years.

County Administered Pension Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Discount Rate (Continued)

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 3.25% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 8 basis points. An investment return excluding administrative expenses would have been 3.33%. 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 plan investments was determined using a building-block method equal to the expected future real rate of return on the OCIP plus expected inflation, rounded to the nearest 0.25%. As of June 30, 2015, OCIP was invested 100% in the major asset class of Cash & Equivalents. The best estimate of the long-term expected arithmetic real rate of return for this asset class (net of investment expense and inflation) is 0.37%.

<u>Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions</u>: The components of the collective net pension liability of the County and the six (6) cost-sharing agencies at June 30, 2015 were as follows:

Collective Total Pension Liability	\$ 8,341
Plan's Collective Fiduciary Net Position	(5,117)
Collective Net Pension Liability	\$ 3,224
Plan Fiduciary Net Position as a percentage	
of the Total Pension Liability	61.35%

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 and rolled forward to the measurement date of June 30, 2015. The County's proportionate share of the June 30, 2015 net pension liability is \$3,163. The County's proportion of 98.12% is based on an employer contribution allocation and has not changed since June 30, 2014.

For the year ended June 30, 2015, the County recognized pension expense of \$131. At June 30, 2015, the County reported deferred outflows of resources of \$118, which represents the net difference between projected and actual earnings on plan investments.

	Deferred Outflows of			Deferred Inflows
	Resources			of Resources
Net difference between projected and		_		
actual earnings on plan investments	\$	118	\$	
Total	\$	118	\$	
	_		_	

The deferred outflows of resources related to this pension plan will be recognized as pension expense for the County as follows:

Year ended June 30:	
2016	\$ 29
2017	29
2018	30
2019	30

County Administered Pension Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement: (a) 3% inflation, (b) 3.25% investment return, (c) the 417(e) lump sum mortality table used for ERISA-governed plans and the 30-year Treasury rate with a look-back month of November grading into the long-term assumption of 5.0%, (d) RP-2000 Combined Healthy Mortality Table with a three year set back, and (e) a 50% participation assumption for vested terminations deemed unlikely to be found. 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 3.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.25%) or 1-percentage-point higher (4.25%) than the current rate:

	1%	Current	1%		
	Decrease	Discount Rate	Increase		
Net Pension Liability	(2.25%)	(3.25%)	(4.25%)		
Collective plan	\$ 3,360	\$ 3,224	\$ 3,113		
County's proportionate share	\$ 3,297	\$ 3,163	\$ 3,054		

Extra-Help Defined Contribution Plan

<u>Plan Description</u>: Effective March 1, 2002, as amended and restated on July 1, 2011, the Board established the Extra-Help Defined Contribution Plan to replace the Extra-Help Defined Benefit Retirement Plan for 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. 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, 2015, there were 3,625 active participants and 392 inactive participants in the plan.

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.

<u>Funding Policy</u>: Participants in the plan are required to contribute 7.5% of compensation each pay period. The contributions are invested in the Stable Value Fund offered through Great West Retirement Services, which is designed to protect principal and maximize earnings. Great West Retirement Services serves on behalf of the County as the third party administrator of the plan and holds all plan assets in trust. There is no additional contribution made by the County. Total employee contributions for the year ended June 30, 2015, were \$1,018 by the employees and zero by the County. As of June 30, 2015 the value of plan assets was \$7,597.

Administrative Cost: There is an annual administrative fee of 0.18% charged to participants (at a monthly rate of 0.015%), which is capped for account balances at \$100,000. 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 Administered Pension Plans (Continued)

Extra-Help Defined Contribution Plan (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 year ended June 30, 2015:

Statement of Fiduciary Net Position Assets		Total		Extra-Help Defined Benefit Plan		Extra-Help Defined Contribution Plan		401(a) Defined Contribution Plan		1.62% at 65 Retirement, 401(a) Defined Contribution Plan	
Assets Pooled Cash/Investments Restricted Cash/Investments with Trustee Receivables:	\$	5,115 22,117	\$	5,115 	\$	 7,597	\$	 14,005	\$	 515	
Interest/Dividends Due from Other Governmental Agencies Total Assets		10 27 27,269		10 - 5,125		 7,597		 14,005		 27 542	
Liabilities Salaries and Employee Benefits Payable		8		8		 				<u> </u>	
Total Liabilities Net Position		8		8							
Restricted for Pension Benefits Total Net Position	\$	27,261 27,261	\$	5,117 5,117	\$	7,597 7,597	\$	14,005 14,005	\$	542 542	
	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		
Statement of Changes in Fiduciary Net Position		Total	De	efined .	D Cor	efined ntribution	D Cor	efined ntribution	Reti 401(a	rement, i) Defined	
Net Position Additions:		Total	De	efined .	D Cor	efined	D Cor	efined	Reti 401(a	rement, i) Defined	
Additions: Contributions to Pension Trust: Employer Employee Interest and Investment Income Less: Investment Expense	\$	1,702 1,018 726 (32)	De	421 29 (8)	D Cor	efined htribution Plan 1,018 161 (9)	D Cor	efined outribution Plan 913 528 (15)	Reti 401(a	rement, i) Defined bution Plan 368 8	
Additions: Contributions to Pension Trust: Employer Employee Interest and Investment Income Less: Investment Expense Total Additions Deductions: Benefits Paid to Participants Administrative Expense	\$	1,702 1,018 726 (32) 3,414 2,438 4	De Ben	421 29 (8) 442 522 4	Cor		Cor	913 528 (15) 1,426	Reti 401(a Contrib	rement, i) Defined bution Plan 368	
Additions: Contributions to Pension Trust: Employer Employee Interest and Investment Income Less: Investment Expense Total Additions Deductions: Benefits Paid to Participants	\$	1,702 1,018 726 (32) 3,414 2,438	De Ben	421 29 (8) 442	Cor	efined htribution Plan 1,018 161 (9) 1,170	Cor	913 528 (15) 1,426	Reti 401(a Contrib	rement, i) Defined bution Plan 368 8	

19. POSTEMPLOYMENT HEALTH CARE BENEFITS

County of Orange Retiree Medical Plan

<u>Plan Description</u>: The County of Orange Third Amended Retiree Medical Plan (the Retiree Medical Plan) is a single employer defined benefit Other Postemployment Benefit (OPEB) plan, intended to assist career employees in maintaining health insurance coverage following retirement from County service. The Retiree Medical Plan was established by the County Board of Supervisors (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.

In order to be eligible to receive the Grant upon retirement, the employee must have completed at least 10 years of continuous County service (although exceptions for disability retirements exist), be enrolled in a County sponsored health plan and/or Medicare, qualify as a retiree as defined by the Retiree Medical Plan and be able to receive a monthly benefit payment from the Orange County Employees Retirement System (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 2014 was \$20.51 (absolute dollars) per year of County service, and the maximum base monthly Grant was \$512.75 (absolute dollars). The base number for calendar year 2015 is \$21.13 (absolute dollars) per year of County service, and the maximum monthly Grant is \$528.25 (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 Grant is reduced by 50% once the retiree becomes Medicare A and B eligible. Retirees who were age 65 and/or Medicare 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. The effective date varies by labor agreement. Safety employees and disability retirements are exempt from the age adjustment.

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

In addition to the Grant, the Retiree Medical Plan provides a frozen lump sum payment to terminated employees not eligible for the Grant. The qualifying hours of service for calculation of the lump sum payment is frozen and the effective date varies by labor agreement. The frozen lump sum payment is equal to 1% of the employee's final average hourly pay (as defined in the 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 the American Federation of State, County and Municipal Employees (AFSCME) who retired before September 30, 2005 are not subject to the Medicare reduction or age adjustment to the Grant. The 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 if they meet the minimum plan requirements.

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Plan Description (Continued)

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) was established to replace the Grant for new employees, and to supplement the frozen grants for current employees.

Law enforcement management 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 law enforcement management employees who were hired before June 19, 2009 were frozen. The qualifying hours of service for calculation of the lump sum payment for law enforcement management employees were frozen as of June 23, 2006. A Defined Contribution Plan (Health Reimbursement Arrangement) 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 employees enrolled in the AOCDS health plans have been 10% higher than active employees.

<u>Funding Policy:</u> The County implemented an employer contribution in an amount equal to the Annual Required Contribution (ARC) for the affected labor groups except AOCDS. 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 Internal Revenue Code section 115 trust for which the County Chief Financial Officer is the Trustee. In addition, OCERS has established an Internal Revenue Code section 401(h) account to invest monies and acts as Trustee for the 401(h) account which is used to pay the Grant. OCERS issues a Comprehensive Annual Financial Report (CAFR) for each fiscal year ending on December 31, which includes the Retiree Medical Trust. The CAFR can be obtained online at www.ocers.org. by request, in writing, to the Orange County Employees Retirement System, 2223 Wellington Avenue, Santa Ana, CA 92701, or by calling (714) 558-6200.

The County is currently setting aside contributions of 0.6% for AFSCME, 1.8% for AOCDS, 4.8% for law enforcement management, 3.6% for the Probation Department safety personnel and 3.5% of payroll for all other labor groups, which is the estimated ARC for those groups. Additionally, employees represented by AOCDS and law enforcement management employees hired before April 4, 2009 contribute 3.6% of base payroll while employees hired on or after April 4, 2009 contribute 2%. Effective July 25, 2014, contributions for employees represented by AOCDS were reduced to 2.6% and 1%, respectively.

Funds were initially deposited into the Trust in December 2007, with subsequent deposits made throughout each fiscal year. The costs to administer the Trust are paid from the Trust.

<u>Actuarial Methods and Assumptions:</u> The County contracts with an outside actuarial consultant to prepare a biennial actuarial valuation in conformance with GASB Statement No. 45. The County received a June 30, 2013 valuation for fiscal years 2013-14 and 2014-15 for the Retiree Medical Plan (the Report). Among the actuarial methods and assumptions used in the Report are:

- The entry age normal actuarial cost method
- Closed period amortization of the UAAL over 30 years as a level percentage of payroll (23 years remaining as of June 30, 2015)
- A 7.25% long-term expected rate of return on funds held in the Trusts
- A 3.75% per annum payroll increase assumption

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Actuarial Methods and Assumptions (Continued):

- A 3.25% per annum general inflation rate assumption
- The 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 through 2021 and beyond. Therefore, it is the Grant annual increase rather than the healthcare trend that affects the projected benefits and the UAAL.
- There are an estimated 25,682 participants in the plan of which 17,705 are employees, 38 are deferred retirees, and 7,939 are retirees.

Annual OPEB Cost and Net OPEB Obligation/(Asset): The County's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of time not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost, the amount actually contributed to the 115 and 401(h) Trusts and changes in the County's Net OPEB Obligation (NOO) for the current year:

	<u>FY</u>	<u>′ 2014-15</u>
Total Annual Required Contribution	\$	44,921
Interest on Net OPEB Asset		(3,043)
Amortization on Net OPEB Asset		2,976
Annual OPEB Cost		44,854
Contributions Made		(41,181)
Decrease in Net OPEB Asset		3,673
Net OPEB Asset, Beginning of year		(48,729)
Net OPEB Asset, End of year	\$	(45,056)

The County's annual OPEB Cost, the percentage of annual OPEB cost contribution to the plan, and the NOO for FY 2014-15 and two preceding years were as follows:

Fiscal	Annual	Percentage of	Net	
Year	OPEB	Annual OPEB	OPEB	
Ended	 Cost	Cost Contributed	 (Asset)	
6/30/2013	\$ 42,497	114%	\$ (41,805)	
6/30/2014	43,136	116%	(48,729)	
6/30/2015	44,854	92%	(45,056)	

<u>Funded Status and Funding Progress:</u> The funded status of the OPEB Plan as of June 30, 2013 is as follows:

Actuarial Accrued Liability (AAL)	\$ 573,763	
Actuarial Value of Plan Assets	 155,702	
Unfunded Actuarial Accrued Liability (UAAL)	\$ 418,061	
Funded Ratio (Actuarial Value of Plan Assets/AAL)	27.1%	
Covered Payroll	\$ 1,217,052	
UAAL as Percentage of Covered Payroll	34.4%	

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

<u>Funded Status and Funding Progress (Continued):</u>

The preceding noted actuarial accrued liability was based on the June 30, 2013 actuarial valuation. 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 contained in the Report 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. Assumptions used in the Report also include techniques designed to reduce short-term volatility in AAL and the actuarial value of assets. Current estimates of the funded status and trend information about the funding progress and the employer contributions are presented in the Required Supplementary Information section following the notes to the basic financial statements.

County of Orange Health Reimbursement Arrangement (HRA)

<u>Plan Description:</u> On October 23, 2007, the Board approved and adopted a Memorandum of Understanding (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.

On June 24, 2008, the Board approved the County of Orange Health Reimbursement Arrangement (HRA) Plan with an effective date of October 12, 2007. The HRA Plan is not required by California Public Employees' Retirement Law (CERL). The plan 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 24, 2009, the Board approved the restructuring of the Retiree Medical Plan and establishment of a Defined Contribution Plan HRA for law enforcement management employees effective June 19, 2009. The HRA replaces the Retiree Medical Plan for new employees, and supplements the current law enforcement management employees' frozen service hour accruals for the Grant.

The HRA is intended to comply with the requirements of Internal Revenue Code (IRC) Sections 105 and 106, and meets the requirements of a health reimbursement arrangement as defined under Internal Revenue Service (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 employer or the plan administrator to comply with federal, state, or local laws, statues, regulations, or guidelines. Reimbursement of qualified medical expenses was deferred until the selection and implementation of the third party administrator. Administration of the HRA by the third party administrator began in August 2009. As of June 30, 2015, the plan had 2,055 active and 532 inactive participants.

<u>Funding Policy:</u> Employer and mandatory employee contributions were effective October 12, 2007 for employees represented by AOCDS and were effective June 19, 2009 for law enforcement management employees. All contributions to the HRA are deemed to be employer contributions whether made directly by the employer or as a mandatory employee contribution. Employee contributions for employees represented by AOCDS are mandatory pursuant to the MOU and mandatory pursuant to Board action for law enforcement management employees. For employees represented by AOCDS, the County contributes 3.0% of compensation each pay period. Employees represented by AOCDS are required to contribute 2.0% of compensation each pay period. For law enforcement management employees, the County contributes 1.0% of compensation each pay period.

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

Funding Policy (Continued)

ICMA Retirement Corporation serves on behalf of the County as the third party administrator of the HRA and holds HRA assets in trust. HRA participants self-direct the investment of plan contributions into any of a number of eligible investment options offered under the HRA. As of June 30, 2015, the value of HRA assets was \$72,143.

Administrative Cost: Annual administrative fees include a Plan Asset Fee of 0.25% & Annual Account Fee of \$20. Each quarter, twenty-five percent (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.

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, 2015:

Statement of Fiduciary Net Position	Total	Re	tiree Medical Plan	Health Reimbursement Arrangement Plan
Assets Pooled Cash/Investments Restricted Cash and Investments with Trustee Interest Receivable Due from Other Governmental Agencies	\$ 4,182 277,809 18 2,761	\$	4,137 206,118 18 2,354	\$ 45 71,691 407
Total Assets	284,770		212,627	72,143
<u>Liabilities</u> Due to Other Governmental Agencies Total Liabilities	 		<u></u>	
Net Position Restricted for OPEB Benefits Total Net Position	\$ 284,770 284,770	\$	212,627 212,627	72,143 \$ 72,143
Statement of Changes in Fiduciary Net Position	 Total	Re	tiree Medical Plan	Health Reimbursement Arrangement Plan
Additions: Employer Contributions Employee Contributions Interest and Investment Income Less: Investment Expense Total Additions	\$ 49,424 2,798 6,002 (212) 58,012	\$	41,181 2,798 4,668 (7) 48,640	\$ 8,243 1,334 (205) 9,372
Deductions: Benefits Paid to Participants Administrative Expense Total Deductions	 31,190 33 31,223		29,874 33 29,907	1,316 1,316
Change in Net Position	26,789		18,733	8,056
Net Position at July 1, 2014 Net Position at June 30, 2015	\$ 257,981 284,770	\$	193,894 212,627	\$ 64,087 \$ 72,143

20. CONTINGENCIES

Grants

The County participates in a number of Federal and State grant programs subject to financial and compliance audits by the grantors or representatives. Audits of certain grant programs for or including the year ended June 30, 2015 have not yet been conducted or settled. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures that may be disallowed by the grantor cannot be determined at this time. The County expects such amounts, if any, to be immaterial.

Third Party Payor Agreement and the Medical Services Initiative

California's Section 1115 Medicaid Waiver (Waiver), titled the "Bridge to Health Care Reform" began in November 2010. Under the Waiver, the County received payments under the Low Income Health Program (LIHP). The non-Federal share of these payments was provided by the County's Medical Services Initiative (MSI) primarily through certified public expenditures, whereby the County would expend its local funding for services to draw down the federal financial participation. The LIHP is a coverage program for low-income uninsured adults that was included as part of California's Section 1115 Medicaid Waiver. The program expanded the previous Health Care Coverage Initiative (HCCI) and allowed for a transition to the anticipated health reform.

The MSI Program ended December 31, 2013 with the majority of the MSI population eligible for either the Medi-Cal expansion or subsidized commercial insurance through the health insurance exchange. While administering the LIHP, the MSI program contracted with all of the County's key clinics and hospitals and provided integrated care through contractual relationships with surgery centers, skilled nursing facilities, urgent care facilities, "Minute Clinics" and a variety of diagnostic centers and programs. The County used a third party administrator to process claims for LIHP and MSI participants related to services provided by all health care providers. The third party administrator invoiced the County monthly for claims processed and had six months after the end of each contract year to reconcile and submit a final settlement invoice followed by a final State reconciliation. As the State processed LIHP claims, additional services were made allowable for certain years. As such, supplemental invoices were still being submitted and processed that resulted in revenue pertaining to prior periods. As the MSI program and LIHP ended in FY 2013-14, estimates have been recorded as deferred inflows of resources for amounts anticipated for remaining final settlements as well as for allowable administrative claims that total approximately \$8,488.

Laws and regulations governing Medi-Cal programs are complex and subject to interpretation. The County believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from Medi-Cal programs.

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. For information regarding accrued liabilities for self-insurance claims incurred but not reported, refer to Note 16, Self-Insurance.

21. SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2015:

<u>Teeter Plan Notes</u>: On July 15, 2015, the County issued an additional \$30,542 in Teeter Plan Notes to finance the purchase of the delinquent property tax receivables associated with the Teeter Plan, leaving an outstanding balance of \$64,365. Proceeds of this issuance paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll. For additional information regarding the Teeter Plan Notes, refer to Note 11, Long-Term Obligations.

Airport Terminal Improvements Project: On December 8, 2015, the Board awarded a design-build contract in the amount of \$101,837 for the Terminal Improvements Project. The Board also authorized the Airport to file a PFC Amendment with the Federal Aviation Administration (FAA) to allow the Airport to be reimbursed for eligible costs expended on approved and completed PFC projects. Upon approval by the FAA, funds will be available for the Airport to fund a significant portion of the Terminal Improvements Project. The Terminal Improvement Project will enhance efficiency and extend the useful lives of the Terminal components, provide patrons of the Airport with numerous safety, code compliance, comfort, convenience, and aesthetic improvements, and allow patrons to experience a uniform level of quality and service throughout the Thomas F. Riley Terminal.

<u>Passage of Senate Bill 107</u>: In September 2015, the State passed Senate Bill 107 (Bill), which contains additional provisions and provides specifically to existing law governing the dissolution of redevelopment agencies and the wind-down of their existing activities and obligations. The Successor Agency's management is still evaluating the impact of the Bill to the Successor Agency.



Required Supplementary Information (Dollar Amounts in Thousands)

Orange County Extra-Help Defined Benefit Plan

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

		2015		2014
Total Pension Liability				
Service cost	\$	-	\$	-
Interest		271		282
Changes of benefit terms		-		-
Difference between expected and actual experience		-		-
Changes of assumptions		-		- ()
Benefit payments, including refunds of member contributions		(522)		(695)
Net change in Total Pension Liability		(251)		(413)
Total Pension Liability-beginning	_	8,592	_	9,005
Total Pension Liability-ending (a)	\$	8,341	\$	8,592
Plan Fiduciary Net Position				
Contributions-employer	\$	421	\$	421
Contributions-member		-		_
Net investment income		17		15
Benefit payments, including refunds of member contributions		(522)		(695)
Administrative expense		-		-
Other		-		_
Net change in Plan Fiduciary Net Position		(84)		(259)
Plan Fiduciary Net Position- beginning		5,201		5,460
Plan Fiduciary Net Position-ending (b)	\$	5,117	\$	5,201
Train reductary Net 1 ostiton-ending (b)	Ψ	3,117	Ψ	3,201
Plan Net Pension Liability-ending (a) – (b)	\$	3,224	\$	3,391
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		61.35%		60.53%
Covered employee payroll	\$	1,829	\$	1,876
Plan Net Pension Liability as a percentage of covered employee payroll	•	176.27%		180.76%

Schedule of Investment Returns

	<u> </u>	2014
Actual money-weighted rate of return, net of investment		
expense	0.35%	0.26%

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

Orange County Extra-Help Defined Benefit Plan (Continued)

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

	 2015
County's proportion of the net pension liability	98.12%
County's proportionate share of the net pension liability	\$ 3,163
County's covered-employee payroll	\$ 1,829
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	 172.94%
Plan fiduciary net position as a percentage of the	
total pension liability	61.35%

Schedule of Collective Plan Contributions

	 2015	2014
Actuarially determined contribution Contributions in relation to the actuarially determined contribution Contribution deficiency (excess)	\$ 421 421 -	\$ 421 421 -
Covered-employee payroll	\$ 1,829	\$ 1,876
Contributions as a percentage of covered-employee payroll	23.02%	22.44%

Schedule of County Contributions

	 2015	 2014
Actuarially determined contribution	\$ 413	\$ 421
Contributions in relation to the actuarially determined contribution	413	421
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 1,829	\$ 1,876
Contributions as a percentage of covered - employee payroll	22.58%	22.44%

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

Orange County Extra-Help Defined Benefit Plan (Continued)

Notes to Schedule

Valuation date June 30, 2013

Methods and assumptions used to determine

contribution rates:

Actuarial cost method Entry Age

Amortization method Level dollar, open

Remaining amortization period 10 years
Asset valuation method Market Value

Inflation3.00%Salary increasesn/aInvestment rate of return3.25%

Retirement age 100% retirement at age 65

100% for Actives, and

417(e) lump sum table

Participation assumption 50% for Vested Terminations deemed unlikely to be

found

Mortality RP-2000 Combined Healthy Mortality Table set back 3

years

Actuarial Equivalence for Lump Sums – Mortality

Actuarial Equivalence for Lump Sums – Interest Rate 30-year Treasury rate with look-back month of November,

current rates grading into 5% long-term assumption

Orange County Employees Retirement System (OCERS)

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

	 2015	 2014
County's proportion of the net pension liability	76.68%	74.20%
County's proportionate share of the net pension liability	\$ 3,897,233	\$ 3,925,919
County's covered-employee payroll	\$ 1,198,458	\$ 1,176,008
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	 325.19%	 333.83%
Plan fiduciary net position as a percentage of the total pension	 	_
liability	68.16%	66.88%

For GASB purposes, covered employee payroll represents gross salary.

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

Orange County Employees Retirement System (OCERS) (Continued)

Schedule of County Contributions

	2015
Actuarially determined contribution	\$ 340,626
Contributions in relation to the actuarially determined contribution	 340,626
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 1,198,458
Contributions as a percentage of covered - employee payroll	28.42%

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

Orange County Retiree Medical Plan

Schedule of Funding Progress

For Years Ended June 30

Actuarial Valuation as of June 30 (1)	Actuarial Value of lan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Α	Unfunded Actuarial ccrued Liability (UAAL) (b-a=c)	Ra	inded Ratio a/b)		Annual Covered Payroll (d)	Perc of C	AL as a centage covered ayroll (c/d)
2009	\$ 94,110	\$ 456,005	\$	361,895	20.	6%	\$	1,267,427	2	8.6%
2011	116,804	528,639		411,835	22.	1%		1,273,636	3	2.3%
2013	155,702	573,763		418,061	27.	1%		1,217,052	3	4.4%

⁽¹⁾ The County's outside actuarial consultant prepares a biennial actuarial valuation in conformance with GASB Statement No. 43 and 45.



MAJOR GOVERNMENTAL FUNDS DEBT SERVICE

GASB Statement No. 34 requires budgetary comparisons in Required Supplementary Information (RSI) for the General Fund and for each Major Special Revenue Fund that has a legally adopted annual budget. Governments may elect to report the budgetary comparison information in a budgetary comparison statement as part of the basic financial statements, rather than as RSI, which is where the County of Orange has elected to present those required budgetary comparisons. However, GASB Statement No. 34 clearly limits the budgetary comparison requirements to only the General Fund and the Major Special Revenue Funds. Governments do not have the option of presenting budgetary comparisons for other funds in conjunction with the basic financial statements or RSI, which is why the following budgetary comparison schedule for the Major Governmental Debt Service fund is located in Supplemental Information.

<u>Teeter Plan Notes:</u> 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.

BUDGETARY COMPARISON SCHEDULE MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE

	Original Budget	Final Budget		ctual on etary Basis	Variance Positive (Negative)	
Teeter Plan Notes						
Revenues and Other Financing Sources						
Fines, Forfeitures and Penalties	\$ 11,500	\$ 11,500	\$		\$	(11,500)
Use of Money and Property	250	250		161		(89)
Other				1		1
Bond Issuance Proceeds	38,000	38,000		31,541		(6,459)
Total Revenues and Other Financing Sources	 49,750	49,750		31,703		(18,047)
Expenditures and Other Financing Uses						
General Government:						
Teeter Series A Debt Service	81,250	81,250		38,186		43,064
Total Expenditures and Other Financing Uses	 81,250	 81,250		38,186		43,064
Excess (Deficit) of Revenues and Other Financing						
Sources Over Expenditures and Other Financing Uses	(31,500)	(31,500)		(6,483)	\$	25,017
Fund Balances - Beginning of Year	58,952	58,952		58,952		
Fund Balances - End of Year	\$ 27,452	\$ 27,452	\$	52,469		
	 	 	_			

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 and Hall of Administration lots, 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 (LRA) 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 Investment 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 is comprised of two funds. The operating fund accounts for monies received primarily through rent and concession revenues which are dedicated to providing public coastal access, environmental stewardship, and a diverse regional recreational facility so all users and visitors may experience the unique Dana Point Harbor resource in a safe and enjoyable way. The other fund is an emergency repair fund to be used only for extraordinary, non-routine repairs as required by the California Department of Boating and Waterways (DBW) loan documents. Maintaining compliance with the DBW loan documents through this emergency repair fund allows OC Dana Point Harbor to utilize low interest loans to finance the Dana Point Marina Revitalization Project.

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.

Schedule I County-Administered Accounts

These funds are used to account for the portion of the 1996 Recovery Certificates of Participation which were used to reimburse certain County-administered accounts for their allocated share of the Orange County Investment Pool loss, in accordance with the County's Modified Second Amended Plan of Adjustment ("Plan of Adjustment"), Exhibit 8 - "Schedule I - County-Administered Accounts." In addition, on February 2, 2000, the Bankruptcy Court ordered a segregation of litigation proceeds to ensure indemnification of the representative, Tom Hayes, and others pursuant to the plan, to pay future expenses, fees, and charges incurred by the representative, and to pay litigation costs.

OC Public Libraries

This fund accounts for library services for the unincorporated areas as well as some of the incorporated areas within the County. Property taxes provide most of the fund's revenue and licenses, permits, federal and state aid, and charges for services provide the remaining revenue.

Plan of Adjustment Available Cash

This group of funds is used to account for monies set aside, pursuant to the Plan of Adjustment, for specified parties to the 1994 bankruptcy and for County-Administered Accounts. These monies are then distributed from these funds in accordance with the provisions in the Plan of Adjustment.

Health Care Programs

This group of funds is used to account for Board-approved Realignment reserves for health care, Mental Health Services Act revenues, 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.

Orange County Housing Authority

This fund is used to account for revenues received from the Federal Government for Section 8 Rental Assistance Program expenditures. This program assists low-income families to obtain decent, safe and sanitary housing through a system of rental subsidies.

Other Governmental Resources

This group of funds is used to account for fees charged for property characteristics information that are purpose-restricted for technological and capital acquisitions and/or improvements.

NONMAJOR GOVERNMENTAL FUNDS (Continued) DEBT SERVICE FUNDS

These funds are used to account for the accumulation and disbursement of taxes and other revenues for the periodic payment of principal and interest on general long-term debt that includes general obligation, revenue, and demand bond issues.

Orange County Public Facilities Corporation Bonds, Master Lease

This fund is used to account for Orange County Public Facilities Corporation Revenue Bonds (governmental fund type components only) and for Master Lease Obligations.

Pension Obligation Bonds

This fund is used to account for the debt service expenditures for the Orange County Taxable Pension Obligation Bonds.

South OC Public Financing Authority

This fund was established to account for the debt service expenditures for the South Orange County Financing Authority (SOCPFA). The SOCPFA was formed to provide for the financing of public capital improvements.

Orange County Public Financing Authority

This fund was established to account for the debt service expenditures for the Orange County Public Financing Authority (OCPFA). On August 16, 2005, OCPFA issued Lease Revenue Refunding Bonds Series 2005 to defease certain non-callable Recovery COPs, refund the remaining COPs, fund a debt service reserve fund, and pay the cost of issuance of the Series 2005 Bonds.

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.

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									
ASSETS	Total Nonmajor Governmental Funds			Parking Facilities	Ligi	Service Areas, nting, Maintenance, & Assessment Districts	Other Environmental Management					
Pooled Cash/Investments	\$	656,422	\$	1,312	\$	3,836	\$	3,475				
Imprest Cash Funds		61										
Restricted Cash and Investments with Trustee		185,577										
Investments Deposits In-Lieu of Cash		1,347 35				1,257						
Receivables		33										
Accounts		1.925		21								
Taxes		1,764				17						
Interest/Dividends		805		4		5		5				
Deposits		2,113										
Allowance for Uncollectible Receivables		(34)										
Due from Other Funds		26,613		48				4				
Due from Other Governmental Agencies		25,107		309				40				
Prepaid Costs		10,527		40								
Notes Receivable, Net		28,255						474				
Total Assets	\$	940,517	\$	1,734	\$	5,115	\$	3,998				
Accounts Payable Retainage Payable Salaries and Employee Benefits Payable Deposits from Others Due to Other Funds Due to Component Unit Due to Other Governmental Agencies Unearned Revenue Advances from Other Funds Total Liabilities	\$	11,642 1,842 2,973 4,472 49,938 1 9,314 8,541 3,800 92,523	\$	244 1 17 153 400 815	\$	 6 6	\$	3 1 52 56				
DECEMBED INC. OWS OF DESCRIBES												
DEFERRED INFLOWS OF RESOURCES												
Unavailable Revenue - Intergovernmental Revenues		3,255						40				
Unavailable Revenue - Property Taxes		1,274				7						
Unavailable Revenue - Long-Term Notes Receivables		473						473				
Unavailable Revenue - Other		21										
Total Deferred Inflows of Resources		5,023				7		513				
FUND BALANCES												
Nonspendable		10,715		40								
Restricted		748,491		359		5,102		1,391				
Assigned		83,765		520				2,038				
Total Fund Balances		842,971		919		5,102	-	3,429				
Total Liabilities, Deferred Inflows of Resources				-		· · · · · · · · · · · · · · · · · · ·						
and Fund Balances	\$	940,517	\$	1,734	\$	5,115	\$	3,998				

	obacco ettlement		ommunity & Welfare Services		OC Parks		OC ana Point Harbor	<u>ASSETS</u>
\$	16,943	\$	105,388	\$	87,611	\$	64,605	Pooled Cash/Investments
	·		8		·		·	Imprest Cash Funds
								Restricted Cash and Investments with Trustee
			90					Investments
							35	Deposits In-Lieu of Cash
								Receivables
			97		948		310	Accounts
					1,010			Taxes
			126		122		90	Interest/Dividends
					30		2,083	Deposits
							2,000	Allowance for Uncollectible Receivables
			3,971		68			Due from Other Funds
					255		85	
			5,989 262		4,108		320	Due from Other Governmental Agencies Prepaid Costs
			6,464		4,100		320	Notes Receivable, Net
Φ.	16.042	•		•	94,152	Φ.		Total Assets
Ф	16,943	\$	122,395	\$	94,152	\$	67,528	Total Assets
\$		\$	3,902	\$	2,852	\$	1,433	LIABILITIES Accounts Payable
Ψ		Ψ	0,502	Ψ	863	Ψ	381	Retainage Payable
			60		1,196		69	Salaries and Employee Benefits Payable
			11		1,130		2.780	Deposits from Others
	4,864		20,769		1,893		520	Due to Other Funds
	4,004		20,769		1,093		520	Due to Component Unit
			1,394		19		102	Due to Other Governmental Agencies
			1,394		670		7	Unearned Revenue
			120		070			Advances from Other Funds
	4,864		26,262		8,731		5,292	Total Liabilities
	1,001		20,202		0,701		0,202	Total Elabilitios
								DEFERRED INFLOWS OF RESOURCES
			3,195					Unavailable Revenue - Intergovernmental Revenues
					745			Unavailable Revenue - Property Taxes
								Unavailable Revenue - Long-Term Notes Receivables
								Unavailable Revenue - Other
			3,195		745			Total Deferred Inflows of Resources
								FUND BALANCES
			262		4,108		320	Nonspendable
	12,079		50,361		68,629		61,916	Restricted
_		_	42,315	_	11,939	_		Assigned
	12,079		92,938		84,676		62,236	Total Fund Balances
								Total Liabilities, Deferred Inflows of Resources
\$	16,943	\$	122,395	\$	94,152	\$	67,528	and Fund Balances

COMBINING BALANCE SHEET (Continued) NONMAJOR GOVERNMENTAL FUNDS

				Spe	cial Revenue			
ASSETS	 Housing Asset	Schedule I County - Administered Accounts		OC Public Libraries		Plan of Adjustment Available Cash		ealth Care Programs
Pooled Cash/Investments	\$ 13,093	\$	6,028	\$	30,703	\$	17	\$ 286,807
Imprest Cash Funds					53			
Restricted Cash and Investments with Trustee Investments								
Deposits In-Lieu of Cash								
Receivables								
Accounts					50			
Taxes					737			
Interest/Dividends	18		8		42			350
Deposits								
Allowance for Uncollectible Receivables								
Due from Other Funds					57		20,860	
Due from Other Governmental Agencies					27			16,624
Prepaid Costs					4,382			
Notes Receivable, Net	 19,187							
Total Assets	\$ 32,298	\$	6,036	\$	36,051	\$	20,877	\$ 303,781
Accounts Payable Retainage Payable Salaries and Employee Benefits Payable Deposits from Others Due to Other Funds Due to Component Unit Due to Other Governmental Agencies Unearned Revenue Advances from Other Funds Total Liabilities	\$ 9 147 156	\$	 	\$	735 133 1,272 443 4,631 220 20 7,454	\$		\$ 15,304 1 7,172 7,666
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Intergovernmental Revenues					17			
Unavailable Revenue - Property Taxes					522			
Unavailable Revenue - Long-Term Notes Receivables								
Unavailable Revenue - Other								
Total Deferred Inflows of Resources					539			
FUND BALANCES								
Nonspendable					4,382			
Restricted	32,142		6,036		23,676		20,877	260,050
Assigned	·				,		·	13,588
Total Fund Balances	32,142		6,036		28,058		20,877	273,638
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 32,298	\$	6,036	\$	36,051	\$	20,877	\$ 303,781

	Special	Revenue)		Debt	Service)	
H	nge County Housing Authority	Gove	Orange County Public Facilities Corporation Governmental Resources Bonds, Master Lease		iblic Facilities Corporation Pension Bonds, Obligation		Obligation	<u>ASSETS</u>
\$	12,064	\$	932	\$		\$	149	Pooled Cash/Investments
								Imprest Cash Funds
	2,371				3,287		135,400	Restricted Cash and Investments with Trustee
								Investments Deposits In-Lieu of Cash
								Receivables
	499							Accounts
								Taxes
	16		1					Interest/Dividends
								Deposits
	(34)							Allowance for Uncollectible Receivables
	4						2	Due from Other Funds
	1,334							Due from Other Governmental Agencies
	1,415							Prepaid Costs
_	2,130	_		_		•		Notes Receivable, Net
\$	19,799	\$	933	\$	3,287	\$	135,551	Total Assets
		•		•		•		<u>LIABILITIES</u>
\$	639	\$		\$		\$		Accounts Payable
	359							Retainage payable Salaries and Employee Benefits Payable
								Deposits from Others
	1,601						3	Due to Other Funds
	·							Due to Component Unit
	7							Due to Other Governmental Agencies
								Unearned Revenue
	2,606						3	Advances from Other Funds Total Liabilities
-	2,000					-	<u> </u>	
								DEFERRED INFLOWS OF RESOURCES
	3							Unavailable Revenue - Intergovernmental Revenues
								Unavailable Revenue - Property Taxes
								Unavailable Revenue - Long-Term Notes Receivable
								Unavailable Revenue - Other Total Deferred Inflows of Resources
	3					-		
								FUND BALANCES
	1,415							Nonspendable
	15,775		933		3,287		135,548	Restricted
							<u></u>	Assigned
	17,190		933		3,287		135,548	Total Fund Balances
\$	19,799	\$	933	\$	3,287	\$	135,551	Total Liabilities, Deferred Inflows of Resources and Fund Balances

COMBINING BALANCE SHEET (Continued) NONMAJOR GOVERNMENTAL FUNDS

		Debt	Service			Capital	l Project	s	Permanent		
ASSETS	Public	outh OC Financing uthority	Orange County Public Financing Authority		Criminal Justice Facilities		Capit Nor	untywide al Projects n-General Fund	Regional Park Endowment		
Pooled Cash/Investments	\$		\$		\$	9,765	\$	13,365	\$	329	
Imprest Cash Funds Restricted Cash and Investments with Trustee		3,744		40,775							
Investments		5,744		40,773							
Deposits In-Lieu of Cash											
Receivables											
Accounts											
Taxes											
Interest/Dividends Deposits						18					
Allowance for Uncollectible Receivables											
Due from Other Funds						1,599					
Due from Other Governmental Agencies						444					
Prepaid Costs											
Notes Receivable, Net										<u></u>	
Total Assets	\$	3,744	\$	40,775	\$	11,826	\$	13,365	\$	329	
LIABILITIES Accounts Payable Retainage payable Salaries and Employee Benefits Payable Deposits from Others Due to Other Funds Due to Component Unit Due to Other Governmental Agencies Unearned Revenue Advances from Other Funds Total Liabilities	\$		\$	 	\$	1,825 464 46 3,800 6,135	\$	 	\$	 	
DEFENDED INFLOWS OF DESCRIPTION											
DEFERRED INFLOWS OF RESOURCES											
Unavailable Revenue - Intergovernmental Revenues											
Unavailable Revenue - Property Taxes											
Unavailable Revenue - Long-Term Notes Receivables											
Unavailable Revenue - Other						21					
Total Deferred Inflows of Resources						21			-		
FUND BALANCES											
Nonspendable										188	
Restricted		3,744		40,775		5,670				141	
Assigned				<u></u>				13,365			
Total Fund Balances		3,744		40,775		5,670		13,365		329	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	3,744	\$	40,775	\$	11,826	\$	13,365	\$	329	

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

			Special Revenue	
	Total Nonmajor Governmental Funds	Parking Facilities	Service Area, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
Revenues				
Taxes	\$ 107,378	\$	\$ 555	\$
Licenses, Permits, and Franchises	1,011			
Fines, Forfeitures and Penalties	14,424			
Use of Money and Property	60,928	8,643	24	460
Intergovernmental	327,873	820	4	247
Charges for Services	15,463	240	29	649
Other	31,113	33	71	163
Total Revenues	558,190	9,736	683	1,519
Expenditures Current				
General Government	32,571		14,831	171
Public Protection	19		·	19
Public Ways and Facilities	7,640	7,273	154	213
Health and Sanitation	1,189	·		
Public Assistance	178,916			
Education	41,949			
Recreation and Cultural Services	98,001			
Capital Outlay Debt Service	21,405			
Principal Retirement	34,507			
Interest	22,989			
Total Expenditures	439,186	7,273	14,985	403
Excess (Deficit) of Revenues				
Over Expenditures	119,004	2,463	(14,302)	1,116
Other Financing Sources (Uses)				
Transfers In	94,359	1,439		100
Transfers Out	(183,752)	(3,775)	(1)	(200)
Capital Leases	43			
Total Other Financing Sources (Uses)	(89,350)	(2,336)	(1)	(100)
Net Change in Fund Balances	29,654	127	(14,303)	1,016
Fund Balances - Beginning of Year	813,317	792	19,405	2,413
Fund Balances - End of Year	\$ 842,971	\$ 919	\$ 5,102	\$ 3,429

	Tobacco Settlement	Community & Welfare Service:	S	OC Parks	Dan	OC na Point Harbor	
							Revenues
\$		\$	\$	62,390	\$		Taxes
		753		248		10	Licenses, Permits, and Franchises
				59		121	Fines, Forfeitures and Penalties
	89	806		10,165		24,927	Use of Money and Property
		28,091		1,577		,	Intergovernmental
		2,987		8,002		1,013	Charges for Services
	26,241	590		1,819		155	Other
	26,330	33,227		84,260		26,226	Total Revenues
							Expenditures
							Current
	14						General Government
							Public Protection
							Public Ways and Facilities
							Health and Sanitation
		22,642					Public Assistance
							Education
				76,804		21,197	Recreation and Cultural Services
		145		8,511		133	Capital Outlay
							Debt Service
							Principal Retirement
							Interest
_	14	22,787		85,315		21,330	Total Expenditures
							Excess (Deficit) of Revenues
	26,316	10,440		(1,055)		4,896	Over Expenditures
							Other Financing Sources (Uses)
	14	14,248		164			Transfers In
	(28,670)	(27,277)	(2,183)		(22)	Transfers Out
							Capital Leases
_	(28,656)	(13,029	<u> </u>	(2,019)		(22)	Total Other Financing Sources (Uses)
	(2,340)	(2,589)	(3,074)		4,874	Net Change in Fund Balances
	14,419	95,527		87,750		57,362	Fund Balances - Beginning of Year
\$	12,079	\$ 92,938	\$	84,676	\$	62,236	Fund Balances - End of Year

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

	Special Revenue							
		ousing Asset	Schedule I County - Administered Accounts		OC Public Libraries	Plan of Adjustment Available Cash	Health Care Programs	
Revenues	œ.		œ.		\$ 44.433	œ.	œ.	
Taxes	\$		\$;	\$ 44,433	\$	\$	
Licenses, Permits, and Franchises							0.	704
Fines, Forfeitures and Penalties					6		,	724
Use of Money and Property		291		6	331	14		251
Intergovernmental					689		143,	
Charges for Services					1,144		1,3	373
Other		116		 -	1,020			5
Total Revenues		407		6	47,623	14_	156,	149
Expenditures								
Current								
General Government				4		16,932		
Public Protection				-		10,332		
Public Ways and Facilities								
Health and Sanitation							1	189
Public Assistance		877					١,	103
Education					41,949			
Recreation and Cultural Services								
Capital Outlay					2,353			
Debt Service					2,000			
Principal Retirement					8			
Interest					1			
Total Expenditures	-	877		4	44,311	16,932	1.	189
Excess (Deficit) of Revenues	-				,-			
Over Expenditures		(470)	2	2	3,312	(16,918)	154,	960
Other Financing Sources (Uses)								
Transfers In						20,859		107
Transfers Out							(116,	208)
Capital Leases				<u> </u>	43			
Total Other Financing Sources (Uses)				- -	43	20,859	(116,	101)
Net Change in Fund Balances		(470)	2	2	3,355	3,941	38,	859
Fund Balances - Beginning of Year		32,612	6,01	4	24,703	16,936	234,	779
Fund Balances - End of Year	\$	32,142	\$ 6,03	6	\$ 28,058	\$ 20,877	\$ 273,	638
					· · · · · · · · · · · · · · · · · · ·	· 	•	

	Special	Revenue	Debt Service		
Orange (Hous Autho	ing	Other Governmental Resources	Orange County Public Facilities Corporation Bonds, Master Lease	Pension Obligation Bonds	
		•		_	Revenues
\$		\$	\$	\$	Taxes
					Licenses, Permits, and Franchises
					Fines, Forfeitures and Penalties
	113	4	70	12,914	Use of Money and Property
	152,649				Intergovernmental
	5	21			Charges for Services
	607	226		40.044	Other
	153,374	251	70	12,914	Total Revenues
					Expenditures Current
		580		39	General Government
					Public Protection
					Public Ways and Facilities
					Health and Sanitation
	155,397				Public Assistance
					Education
					Recreation and Cultural Services
	50				Capital Outlay
					Debt Service
			518	4,966	Principal Retirement
			2,090	15,394	Interest
	155,447	580	2,608	20,399	Total Expenditures
					Excess (Deficit) of Revenues
	(2,073)	(329)	(2,538)	(7,485)	Over Expenditures
					Other Financing Sources (Uses)
			2,405		Transfers In
		(15)	·		Transfers Out
		`'			Capital Leases
		(15)	2,405		Total Other Financing Sources (Uses)
	(2,073)	(344)	(133)	(7,485)	Net Change in Fund Balances
	19,263	1,277	3,420	143,033	Fund Balances - Beginning of Year
\$	17,190	\$ 933	\$ 3,287	\$ 135,548	Fund Balances - End of Year

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

	Deb	t Service	Capital	Permanent		
	South OC Public Financing Authority	Orange County Public Financing Authority	Criminal Justice Facilities	Countywide Capital Projects Non-General Fund	Regional Park Endowment	
Revenues Taxes	\$	\$	\$	\$	\$	
Licenses, Permits, and Franchises	Φ	Ф	Φ	Φ	Φ	
Fines, Forfeitures and Penalties			4,514			
· ·		705	,	5		
Use of Money and Property Intergovernmental	1	735	58	5	1	
Charges for Services						
Other Total Revenues	1	735	4,636	·	3 4	
l otal Revenues	1	/35	4,636	5	4	
Expenditures						
Current						
General Government						
Public Protection						
Public Ways and Facilities						
Health and Sanitation						
Public Assistance						
Education						
Recreation and Cultural Services						
Capital Outlay			10,213			
Debt Service						
Principal Retirement	4,780	24,235				
Interest	1,049	4,455				
Total Expenditures	5,829	28,690	10,213			
Excess (Deficit) of Revenues						
Over Expenditures	(5,828)	(27,955)	(5,577)	5	4	
Other Financing Sources (Uses)						
Transfers In	5,829	29,193	6,638	13,363		
Transfers Out		(895)	(3,627)	(879)		
Capital Leases			(-,02.)	(0.0)		
Total Other Financing Sources (Uses)	5,829	28,298	3,011	12,484		
Net Change in Fund Balances	1	343	(2,566)	12,489	4	
Fund Balances - Beginning of Year	3,743	40,432	8,236	876	325	
Fund Balances - End of Year	\$ 3,744	\$ 40,775	\$ 5,670	\$ 13,365	\$ 329	

BUDGETARY COMPARISON SCHEDULES NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE

	Origii	nal Budget		Final Budget		Actual on getary Basis	F	/ariance Positive legative)
Parking Facilities								
Revenues and Other Financing Sources								
Use of Money and Property	\$	3,038	\$	3,049	\$	3,305	\$	256
Charges for Services		231		517		240		(277)
Other		15		15		33		18
Transfers In		1,439	_	1,439		1,439		(2)
Total Revenues and Other Financing Sources	-	4,723	_	5,020	-	5,017		(3)
Expenditures and Other Financing Uses Public Ways and Facilities:								
Parking Facilities		4,900		5,197		4,932		265
Total Expenditures and Other Financing Uses		4,900	_	5,197		4,932		265
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(177)		(177)		85	\$	262
Fund Palaness - Paginning of Voor		1,207		1 207		1,207		
Fund Balances - Beginning of Year Fund Balances - End of Year	•	1,030	¢	1,207 1,030	\$	1,207		
Fullu Balatices - Etiu Oi Teal	\$	1,030	\$	1,030	Φ	1,292		
Service Area, Lighting, Maintenance and Assessment Distriction Revenues and Other Financing Sources	icts_							
Taxes	\$	537	\$	537	\$	555	\$	18
Use of Money and Property		17		23		25		2
Intergovernmental		4		4		4		
Charges for Services		28		28		29		1
Other		86	_	136		71		(65)
Total Revenues and Other Financing Sources		672		728		684		(44)
Expenditures and Other Financing Uses								
General Government:								
Special Assessment-Top of the World Improvement		54		54				54
CFD 2002-1 Ladera Construction		65		1,022		285		737
CFD 2003-1, Ladera Construction		46 17,385		160		159 11,426		1 775
CFD 2004-1 Ladera Construction Newport Ridge Construction 92-1		27		12,201 38		38		775
Newport Ridge Construction Series B		256		2,923		2,923		
Public Ways and Facilities:		200		2,020		2,020		
North Tustin Landscaping and Lighting Assessment District		2,591		2,591		110		2,481
County Service Area No. 13 - La Mirada		15		17		9		8
County Service Area No. 20 - La Habra		200		200		1		199
County Service Area No. 22 - East Yorba Linda		110		118		35		83
Total Expenditures and Other Financing Uses		20,749	_	19,324		14,986		4,338
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(20,077)		(18,596)		(14,302)	\$	4,294
Fund Balances - Beginning of Year		19,402		19,402		19,402		
Fund Balances - End of Year	\$	(675)	\$	806	\$	5,100		
Other Environmental Management Revenues and Other Financing Sources								
Use of Money and Property	\$	386	\$	386	\$	459	\$	73
Intergovernmental		245		245		247		2
Charges for Services		75 449		75		649		574
Other Transfers In		148		148 100		163 100		15
Total Revenues and Other Financing Sources		854	_	954		1,618		664
Expenditures and Other Financing Uses General Government:								
Real Estate Development Program Air Quality Improvement		426 534		1,022 534		332 39		690 495
Public Protection: Survey Monument Preservation Public Ways and Facilities:		450		456		19		437
El Toro Improvement Fund		282	_	282		213		69
Total Expenditures and Other Financing Uses		1,692	_	2,294		603		1,691
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(838)		(1,340)		1,015	\$	2,355
Final Dalamana Danimina of V		0.446		0.440		0.440		
Fund Balances - Beginning of Year	•	2,412	•	2,412	Φ.	2,412		
Fund Balances - End of Year	\$	1,574	\$	1,072	\$	3,427		

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

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Tobacco Settlement				
Revenues and Other Financing Sources Other	\$ 25,179	\$ 25,179	\$ 26,241	\$ 1,062
Total Revenues and Other Financing Sources	25,179	25,179	26,241	1,062
Expenditures and Other Financing Uses				
General Government:	40.044	00.574	00.500	40.000
Orange County Tobacco Settlement Fund Total Expenditures and Other Financing Uses	40,211 40,211	39,571 39,571	28,588 28,588	10,983
Excess (Deficit) of Revenues and Other Financing				
Sources Over Expenditures and Other Financing Uses	(15,032)	(14,392) (2,347)	\$ 12,045
Fund Balances - Beginning of Year Fund Balances - End of Year	\$ (641)	\$ 14,391 \$ (1	14,391 \$ 12,044	- -
Community and Welfare Services				
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises Use of Money and Property	\$ 815 601	\$ 815 601	\$ 753 790	\$ (62) 189
Intergovernmental	41,620	41,920		(11,890)
Charges for Services	2,889	3,193		(206)
Other	259	259		331
Transfers In Total Revenues and Other Financing Sources	17,846 64,030	17,993 64,781		(3,599)
Expenditures and Other Financing Uses	· · · · · · · · · · · · · · · · · · ·			
Public Assistance:				
MHSA Housing Fund	1,531	1,531		1,506
Dispute Resolution Program Domestic Violence Program	905 816	905 899		249 116
Facilities Development and Maintenance	11,877	18,977		11,354
Workforce Investment Act	23,469	22,613	14,285	8,328
County Executive Office - Single Family Housing	8,922	8,922		8,646
OC Housing Strategic Priority Affordable Housing	6,398 66	7,101 66		1,510 61
In-Home Support Services Public Authority	1,326	1,441		219
SSA Donations and Fees	1,230	1,377	856	521
SSA Wraparound	23,515	25,513		6,974
CalHome Program Reuse Fund SARC Lease Conveyance	1,275 72	1,275 72		1,001 2
Total Expenditures and Other Financing Uses	81,402	90,692		40,487
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(17,372)			·
•		,	, ,	Ψ 20,200
Fund Balances - Beginning of Year Fund Balances - End of Year	96,658 \$ 79,286	\$ 96,658 \$ 70,747		=
				=
OC Parks Revenues and Other Financing Sources				
Taxes	\$ 59,681	\$ 59,681	\$ 62,614	\$ 2,933
Licenses, Permits, and Franchises	205	205		43
Fines, Forfeitures and Penalties	20	20		39
Use of Money and Property Intergovernmental	9,520 2,462	9,520 2,462		645 (1,037)
Charges for Services	6,599	6,599		1,403
Other	2,382	2,382		(870)
Transfers In Total Revenues and Other Financing Sources	15,226 96,095	15,390 96,259		3,155
Expenditures and Other Financing Uses				0,100
Recreation and Cultural Services:				
County Tidelands - Newport Bay	5,916	5,916		2,425
OC Parks	101,305	101,305		15,462
OC Capital Total Expenditures and Other Financing Uses	23,208 130,429	23,511 130,732		10,073 27,960
Excess (Deficit) of Revenues and Other Financing	130,429	130,732	102,772	21,300
Sources Over Expenditures and Other Financing Uses	(34,334)	•	,	\$ 31,115
Fund Balances - Beginning of Year Fund Balances - End of Year	\$ 52,735	\$ 52,596		=
	. 02,,00	. 32,000		•

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

	Origin	al Budget	_	Final Budget		ctual on etary Basis	F	ariance Positive legative)
OC Dana Point Harbor								
Revenues and Other Financing Sources								
Licenses, Permits, and Franchises	\$	10	\$	10	\$	10	\$	
Fines, Forfeitures and Penalties		108		108		121		13
Use of Money and Property		23,255		23,255		25,182		1,927
Charges for Services Other		694 78		694 78		1,013 146		319 68
Transfers In		302		302		292		(10)
Total Revenues and Other Financing Sources		24,447		24.447	-	26.764		2,317
Total Novolidos dila Othor Financing Courses	-	27,777	-	27,777	-	20,704	_	2,017
Expenditures and Other Financing Uses Recreation and Cultural Services:								
OC Dana Point Harbor		30,377		30,377		21,517		8,860
Dana Point Marina Department of Boating and Waterways		0.040		0.040		0		0.044
Emergency Repair Fund Total Expenditures and Other Financing Uses		2,948 33,325		2,946 33.323		21.519		2,944 11.804
Excess (Deficit) of Revenues and Other Financing		33,323	_	33,323		21,519		11,004
Sources Over Expenditures and Other Financing Uses		(8,878)		(8,876)		5,245	\$	14,121
Fund Balances - Beginning of Year		57,346		57,346		57,346		
Fund Balances - End of Year	\$	48,468	\$	48,470	\$	62,591		
Housing Asset Revenues and Other Financing Sources Taxes Use of Money and Property Other Total Revenues and Other Financing Sources Expenditures and Other Financing Uses Public Assistance:	\$	150 202 50 402	\$	150 202 50 402	\$	290 117 407	\$	(150) 88 67 5
Orange County Development Agency Housing Asset		10,720		10,720		837		9,883
Total Expenditures and Other Financing Uses Excess (Deficit) of Revenues and Other Financing		10,720		10,720		837		9,883
Sources Over Expenditures and Other Financing Uses		(10,318)		(10,318)		(430)	\$	9,888
Fund Balances - Beginning of Year		32,564		32,564		32,564		
Fund Balances - End of Year	\$	22,246	\$	22,246	\$	32,134		
Schedule 1 County-Administered Accounts						·		
Revenues and Other Financing Sources								
Use of Money and Property	\$	16	\$	16	\$	25	\$	9
Total Revenues and Other Financing Sources		16		16		25		9
Expenditures and Other Financing Uses General Government:								
Indemnification Reserve		4		4		1		3
Litigation Reserve		12 16		12 16		3 4		9 12
Total Expenditures and Other Financing Uses Excess (Deficit) of Revenues and Other Financing		10	_	16		4		12
Sources Over Expenditures and Other Financing Uses						21	\$	21
Fund Balances - Beginning of Year		6.011		6.011		6.011		
Fund Balances - End of Year	\$	6,011	\$	6,011	\$	6,032		
			<u></u>	-,-		-,		

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

	Oriç	ginal Budget	_	Final Budget		Actual on Budgetary Basis		Variance Positive (Negative)
OC Public Libraries								
Revenues and Other Financing Sources								
Taxes	\$	41,530	\$	41,530	\$	44,572	\$	3,042
Licenses, Permits, and Franchises		657						
Fines, Forfeitures and Penalties		19		19		6		(13)
Use of Money and Property		150		150		324		174
Intergovernmental Charges for Services		1,056 1,059		869 1,059		689 1,144		(180) 85
Other		676		676		1,021		345
Transfers In		1,335		1,335		792		(543)
Total Revenues and Other Financing Sources		46,482		45,638		48,548		2,910
Expenditures and Other Financing Uses								
Education:								
OC Public Libraries - Capital		3,954		3,954		2,344		1,610
OC Public Libraries		50,551		55,413		42,509		12,904
Total Expenditures and Other Financing Uses		54,505		59,367		44,853		14,514
Excess (Deficit) of Revenues and Other Financing								
Sources Over Expenditures and Other Financing Uses		(8,023)		(13,729)		3,695	\$	17,424
Fund Balances - Beginning of Year		24,187		24,187		24,187		
Fund Balances - End of Year	\$	16,164	\$	10,458	\$	27.882		
		,	_	,				
Plan of Adjustment Available Cash								
Revenues and Other Financing Sources								
Use of Money and Property	\$	11	\$	11	\$	13	\$	2
Transfers In		9,492	_	18,936		20,859	_	1,923
Total Revenues and Other Financing Sources		9,503	_	18,947		20,872	_	1,925
Expenditures and Other Financing Uses								
General Government:								
Recovery Plan of Adjustment Available Cash		9,503		26,381		16,932		9,449
Total Expenditures and Other Financing Uses		9,503		26,381		16,932		9,449
Excess (Deficit) of Revenues and Other Financing								
Sources Over Expenditures and Other Financing Uses				(7,434)		3,940	\$	11,374
Fund Balances - Beginning of Year		16,936		16,936		16,936		
Fund Balances - Beginning of Teal	\$	16,936	\$	9,502	\$	20,876		
Tana Balanoos Ena of Toda	Ψ	10,000	Ψ	0,002	Ψ	20,010		
Health Care Programs								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties	\$	9,794	\$	9,394	\$	9,724	\$	330
Use of Money and Property		920		975		1,088		113
Intergovernmental		122,498		123,266		143,796		20,530
Charges for Services Other		1,277		1,277		1,373		96
Transfers In		260 410		260 410		5 91		(255) (319)
Total Revenues and Other Financing Sources		135,159	_	135,582		156,077	_	20.495
		,				,		
Expenditures and Other Financing Uses								
Health and Sanitation:								
Medi-Cal Administrative Activities Targeted Case Manageme	ent	1,932		1,932		1,184		748
Emergency Medical Services		9,834		9,834		8,837		997
HCA Interest Restricted Revenues		2,266		2,266		1,042		1,224
HCA Realignment		84 4 444		84		26		58 4,444
HCA Realignment Mental Health Services Act		4,444 144,023		4,444 144,038		 104,115		39,923
Bioterrorism Center for Disease Control		4,549		5,357		2,077		3,280
Total Expenditures and Other Financing Uses		167,132	_	167,955		117,281	_	50,674
Excess (Deficit) of Revenues and Other Financing				, . 30		,-31	_	,
Sources Over Expenditures and Other Financing Uses		(31,973)		(32,373)		38,796	\$	71,169
Fund Balances - Beginning of Year		234,644		234,644		234,644		
Fund Balances - End of Year	\$	202,671	\$	202,271	\$	273,440		

BUDGETARY COMPARISON SCHEDULE NONMAJOR GOVERNMENTAL FUNDS - SPEICAL REVENUE (Continued)

	Origi	nal Budget	get Final Budget			Actual on Budgetary Basis		Variance Positive Negative)
Orange County Housing Authority								
Revenues and Other Financing Sources								
Use of Money and Property	\$	145	\$	145	\$	113	\$	(32)
Intergovernmental		159,281		159,281		152,465		(6,816)
Charges for Services						5		5
Other		868		868		607		(261)
Total Revenues and Other Financing Sources		160,294		160,294		153,190		(7,104)
Expenditures and Other Financing Uses								
Public Assistance:								
Orange County Housing Authority-Operating Reserve		3,343		3,343		573		2,770
Orange County Housing Authority		167,155		165,945		154,875		11,070
Total Expenditures and Other Financing Uses		170,498		169,288		155,448		13,840
Excess (Deficit) of Revenues and Other Financing								
Sources Over Expenditures and Other Financing Uses		(10,204)		(8,994)		(2,258)	\$	6,736
Fund Balances - Beginning of Year		19,444		19,444		19,444		
Fund Balances - End of Year	\$	9,240	\$	10,450	\$	17,186		
Other Governmental Resources Revenues and Other Financing Sources Use of Money and Property Charges for Services Other Transfers In	\$	3 30 212 86	\$	3 30 212 86	\$	4 21 226 	\$	1 (9) 14 (86)
Total Revenues and Other Financing Sources		331	_	331	_	251		(80)
Expenditures and Other Financing Uses General Government:								
Remittance Processing Equipment Replacement		550		550		6		544
Assessor Property Characteristic		400		400		399		1
Deferred Compensation Reimbursement - CEO		202		214		189		25
Total Expenditures and Other Financing Uses		1,152		1,164		594		570
Excess (Deficit) of Revenues and Other Financing								
Sources Over Expenditures and Other Financing Uses		(821)		(833)		(343)	\$	490
Fund Balances - Beginning of Year		1,275	_	1,275		1,275		
Fund Balances - End of Year	\$	454	\$	442	\$	932		

BUDGETARY COMPARISON SCHEDULE NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE

	Origin	nal Budget	Final Budget	Actual on getary Basis	P	ariance ositive egative)
Pension Obligation Bonds						
Revenues and Other Financing Sources						
Use of Money and Property	\$	11,036	\$ 11,036	\$ 11,037	\$	11_
Total Revenues and Other Financing Sources		11,036	 11,036	 11,037		1_
Expenditures and Other Financing Uses						
General Government:						
Pension Obligation Bonds Debt Service		20,406	 20,406	 20,399		7
Total Expenditures and Other Financing Uses		20,406	20,406	20,399		7
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(9,370)	(9,370)	(9,362)	\$	8
Fund Balances - Beginning of Year		72,996	 72,996	 72,996		
Fund Balances - End of Year	\$	63,626	\$ 63,626	\$ 63,634		

BUDGETARY COMPARISON SCHEDULE NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS

	Origi	nal Budget		Final Budget		Actual on getary Basis		Variance Positive Negative)
Criminal Justice Facilities								
Revenues and Other Financing Sources	Φ.	4.540	•	4.545	•	4.544	•	(4)
Fines, Forfeitures and Penalties	\$	4,512	\$	4,515	\$	4,514	\$	(1)
Use of Money and Property Other		27 35		27 35		55 64		28 29
Other Transfers In		35 16.068		35 15,206		6,638		
Total Revenues and Other Financing Sources		20.642		19,783		11.271		(8,568)
Total Revenues and Other Financing Sources		20,642		19,783		11,271	-	(8,512)
Expenditures and Other Financing Uses Public Protection:								
Criminal Justice Facilities Accumulated Capital Outlay		9.783		9.994		4.749		5.245
Courthouse Temporary Construction		3,939		3,942		3,939		3,245
Sheriff-Coroner Construction and Facility Development		11,412		10,161		5,007		5,154
Total Expenditures and Other Financing Uses		25,134		24,097		13,695		10,402
Excess (Deficit) of Revenues and Other Financing	-	20,104	_	24,007		10,000		10,402
Sources Over Expenditures and Other Financing Uses		(4,492)		(4,314)		(2,424)	\$	1,890
Fund Balances - Beginning of Year		8,230		8,230		8,230		
Fund Balances - End of Year	\$	3,738	\$	3,916	\$	5,806		
Countywide Capital Projects Non General Fund Revenues and Other Financing Sources								
Transfers In	\$		\$	12.691	\$	13.363	\$	672
Total Revenues and Other Financing Sources	<u> </u>		<u> </u>	12,691	<u> </u>	13,363	<u> </u>	672
Expenditures and Other Financing Uses Capital Improvements: Countywide Capital Projects Non General Total Expenditures and Other Financing Uses		884 884		7,340 7,340		876 876		6,464 6,464
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(884)		5,351		12,487	\$	7,136
Fund Balances - Beginning of Year		876		876		876		
Fund Balances - End of Year	\$	(8)	\$	6,227	\$	13,363		

BUDGETARY COMPARISON SCHEDULE NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUND

	Origina	l Budget	Fin	al Budget	 ial on ary Basis	F	/ariance Positive legative)
Regional Park Endowment Revenues and Other Financing Sources Use of Money and Property Other	\$	1 2	\$	1	\$ 1	\$	
Other Total Revenues and Other Financing Sources		3		3	5		2
Expenditures and Other Financing Uses Public Ways and Facilities:							
Limestone Regional Park Mitigation Maintenance Endowment		5		3			3
Total Revenues and Other Financing Sources		5		3			3
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(2)			5	\$	5
Fund Balances - Beginning of Year		168		168	168		
Fund Balances - End of Year	\$	166	\$	168	\$ 173		

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, or to other governmental entities, 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, and group dental insurance programs.

Health Maintenance Organization (HMO) Health Insurance

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-funded workers' compensation insurance program.

Unemployment Insurance

This fund is used to account for the County's self-funded unemployment insurance program.

Property and Casualty Risk

This fund is used to account for the County's self-funded property and casualty risk insurance 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.

Publishing Services

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 voice and data services to departments and agencies on a costreimbursement basis.

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	HMO Health Insurance
<u>ASSETS</u>			
Current Assets			
Pooled Cash/Investments	\$ 213,905	\$ 28,439	\$ 4,012
Imprest Cash Funds Restricted Cash and Investments with Trustee	133 10	125 10	
Receivables	10	10	
Accounts	137	13	23
Interest/Dividends	300	41	
Allowance for Uncollectible Receivables	(91)		
Due from Other Funds	2,657		
Due from Other Governmental Agencies	586	292	
Inventory of Materials and Supplies	453		
Prepaid Costs Total Current Assets	1,657 219,747	28,920	4,035
Noncurrent Assets			
Capital Assets			
Construction in Progress	824		
Structures and Improvements	11,788		
Accumulated Depreciation	(5,807)		
Equipment	115,167		
Accumulated Depreciation Total Capital Assets	(70,639)		
Total Capital Assets	51,333		
Total Assets	271,080	28,920	4,035
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension	6,417		
Total Deferred Outflows of Resources	6,417		
LIABILITIES			
0			
Current Liabilities	26,566	107	
Accounts Payable Retainage Payable	20,500	107	
Salaries and Employee Benefits Payable	901		
Due to Other Funds	820	1	
Due to Other Governmental Agencies	5		
Insurance Claims Payable	51,836	11,760	
Compensated Employee Absences Payable	971		
Capital Lease Obligations Payable	6,900		
Total Current Liabilities	88,002	11,868	
Noncurrent Liabilities			
Insurance Claims Payable	155,741		
Compensated Employee Absences Payable	1,133		
Capital Lease Obligations Payable	13,800		
Net Pension Liability	37,220		
Total Noncurrent Liabilities	207,894		
Total Liabilities	295,896	11,868	
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pension	3,763		
Total Deferred Inflows of Resources	3,763		
NET POSITION			
Net Investment in Capital Assets	51,333		
Unrestricted	(73,495)	17,052	4,035
Total Net Position	\$ (22,162)	\$ 17,052	\$ 4,035

Insurance		Life		Vorkers'	mployment	
\$ 151 \$ 72,388 \$ 10,924 Pooled Cash/Investments Imprest Cash Funds	Inst	urance	Con	npensation	 nsurance	ASSETS
S						
Restricted Cash and Investments with Trustee Receivables Accounts	\$	151	\$	72,388	\$ 10,924	
Receivables						
109						
Allowance for Uncollectible Receivables Due from Other Funds				100		
Due from Other Funds				109	15	
1						
				1		
183						
151 72,681 10,939				183		
Capital Assets		151			 10,939	•
Capital Assets					 	
Construction in Progress Structures and Improvements Accumulated Depreciation Equipment Accumulated Depreciation Equipment Accumulated Depreciation Total Capital Assets						Noncurrent Assets
Structures and Improvements						Capital Assets
Accumulated Depreciation						
Company						
Compensated Employee Absences Payable Compensated Employee Absences Payable Compensated Employee Absences Payable Capital Lease Obligations Payable Net Pension Liabilities DEFERRED INFLOWS OF RESOURCES Deferred Inflows of Resources Net Position Total Deferred Inflows of Resources Net Position Net Investment in Capital Assets Unrestricted Unrest						•
Total Capital Assets						
151 72,681 10,939 Total Assets DEFERRED OUTFLOWS OF RESOURCES Deferred Outflows of Resources Related to Pension Total Deferred Outflows of Resources LIABILITIES Current Liabilities Accounts Payable Retainage Payable Retainage Payable Accounts Payable Payable Accounts Payable Payabl				(8)	 	
DEFERRED OUTFLOWS OF RESOURCES					 	Total Capital Assets
Deferred Outflows of Resources Related to Pension Total Deferred Outflows of Resources		151		72,681	10,939	Total Assets
Total Deferred Outflows of Resources LIABILITIES						DEFERRED OUTFLOWS OF RESOURCES
Total Deferred Outflows of Resources LIABILITIES						
LIABILITIES					 	
Current Liabilities				1,173	 	Total Deletted Outliows of Resources
- 1,244 Accounts Payable Retainage Payable Salaries and Employee Benefits Payable 6 1 Due to Other Funds Due to Other Governmental Agencies 28,313 952 Insurance Claims Payable 110 Compensated Employee Absences Payable 110 Capital Lease Obligations Payable 29,776 953 Total Current Liabilities 127,261 Insurance Claims Payable 1355 Compensated Employee Absences Payable 135 Compensated Employee Absences Payable Capital Lease Obligations Payable 134,580 Compensated Employee Absences Payable 7,184 Capital Lease Obligations Payable Total Current Liabilities Total Noncurrent Liabilities Total Deferred Inflows of Resources 727 Deferred Inflows of Resources 727 Net Investment in Capital Assets						LIABILITIES
- 1,244 Accounts Payable Retainage Payable Salaries and Employee Benefits Payable 6 1 Due to Other Funds Due to Other Governmental Agencies 28,313 952 Insurance Claims Payable 110 Compensated Employee Absences Payable 110 Capital Lease Obligations Payable 29,776 953 Total Current Liabilities 127,261 Insurance Claims Payable 1355 Compensated Employee Absences Payable 135 Compensated Employee Absences Payable Capital Lease Obligations Payable 134,580 Compensated Employee Absences Payable 7,184 Capital Lease Obligations Payable Total Current Liabilities Total Noncurrent Liabilities Total Deferred Inflows of Resources 727 Deferred Inflows of Resources 727 Net Investment in Capital Assets						Ourse the link liking
				4.044		
103						
6 1 Due to Other Funds Due to Other Governmental Agencies 28,313 952 Insurance Claims Payable 110 Compensated Employee Absences Payable 29,776 953 Total Current Liabilities 127,261 Insurance Claims Payable 135 Compensated Employee Absences Payable 135 Compensated Employee Absences Payable 135 Compensated Employee Absences Payable Capital Lease Obligations Payable 7,184 Net Pension Liability 134,580 Total Noncurrent Liabilities 164,356 953 Total Liabilities 727 Deferred Inflows of Resources 727 Deferred Inflows of Resources Related to Pension 727 Total Deferred Inflows of Resources NET POSITION Net Investment in Capital Assets Unrestricted						
					1	
28,313 952 Insurance Claims Payable 110 Compensated Employee Absences Payable 29,776 953 Total Current Liabilities 127,261 Insurance Claims Payable 135 Compensated Employee Absences Payable 135 Compensated Employee Absences Payable Capital Lease Obligations Payable 135 Compensated Employee Absences Payable 7,184 Capital Lease Obligations Payable 134,580 Total Noncurrent Liabilities 164,356 953 Total Liabilities 164,356 953 Total Liabilities 727 Deferred Inflows of Resources 727 Deferred Inflows of Resources Related to Pension 727 Total Deferred Inflows of Resources NET POSITION Net Investment in Capital Assets Unrestricted						
110 Compensated Employee Absences Payable 29,776 953 Total Current Liabilities 127,261 Insurance Claims Payable 135 Compensated Employee Absences Payable 134,580 Compensated Employee Absences Payable 7,184 Capital Lease Obligations Payable Net Pension Liability Total Noncurrent Liabilities 164,356 953 Total Liabilities 164,356 953 Total Liabilities 1727 Deferred Inflows of Resources 727 Total Deferred Inflows of Resources Net Investment in Capital Assets Unrestricted						
Deferred Inflows of Resources Net Investment in Capital Assets						
Noncurrent Liabilities				29.776	 953	
127,261 Insurance Claims Payable 135 Compensated Employee Absences Payable 7,184 Net Pension Liability 134,580 Total Noncurrent Liabilities 164,356 953 Total Liabilities 727 Deferred Inflows of Resources Related to Pension 727 Total Deferred Inflows of Resources NET POSITION Net Investment in Capital Assets Unrestricted				20,110	 	Total Guilon Labinios
- 135 - Compensated Employee Absences Payable - 7,184 - Net Pension Liabilities - 164,356 953 Total Liabilities - 164,356 953 Total Liabilities - 727 - Deferred Inflows of Resources Related to Pension - 727 - Total Deferred Inflows of Resources NET POSITION - Net Investment in Capital Assets Unrestricted						Noncurrent Liabilities
- 135 - Compensated Employee Absences Payable - 7,184 - Net Pension Liabilities - 164,356 953 Total Liabilities - 164,356 953 Total Liabilities - 727 - Deferred Inflows of Resources Related to Pension - 727 - Total Deferred Inflows of Resources NET POSITION - Net Investment in Capital Assets Unrestricted				127,261		Insurance Claims Payable
7,184 Net Pension Liabilities 134,580 164,356 953 Total Liabilities 164,356 953 Total Liabilities 727 Deferred Inflows of Resources Related to Pension Total Deferred Inflows of Resources 727 Total Deferred Inflows of Resources 727 Net Investment in Capital Assets 151 (91,229) 9,986 Unrestricted						•
- 134,580 - Total Noncurrent Liabilities - 164,356 953 Total Liabilities DEFERRED INFLOWS OF RESOURCES - 727 - Deferred Inflows of Resources Related to Pension Total Deferred Inflows of Resources NET POSITION - - - Net Investment in Capital Assets 151 (91,229) 9,986 Unrestricted						Capital Lease Obligations Payable
164,356 953 Total Liabilities DEFERRED INFLOWS OF RESOURCES 727 Deferred Inflows of Resources Related to Pension Total Deferred Inflows of Resources NET POSITION NET POSITION Net Investment in Capital Assets 151 (91,229) 9,986 Unrestricted				7,184		Net Pension Liability
DEFERRED INFLOWS OF RESOURCES				134,580		Total Noncurrent Liabilities
727 Deferred Inflows of Resources Related to Pension 727 Total Deferred Inflows of Resources NET POSITION				164,356	953	Total Liabilities
727 Deferred Inflows of Resources Related to Pension 727 Total Deferred Inflows of Resources NET POSITION						
727 Total Deferred Inflows of Resources NET POSITION Net Investment in Capital Assets 151 (91,229) 9,986 Unrestricted						DEFERRED INFLOWS OF RESOURCES
Net Investment in Capital Assets 151 (91,229) 9,986 Unrestricted				727	 	Deferred Inflows of Resources Related to Pension
Net Investment in Capital Assets 151 (91,229) 9,986 Unrestricted				727		Total Deferred Inflows of Resources
Net Investment in Capital Assets 151 (91,229) 9,986 Unrestricted						NET POSITION
						
						•
<u>\$ 151</u> <u>\$ (91,229)</u> <u>\$ 9,986</u> Total Net Position						
	\$	151	\$	(91,229)	\$ 9,986	Total Net Position

COMBINING STATEMENT OF NET POSITION (Continued) INTERNAL SERVICE FUNDS

	roperty & sualty Risk	Trai	nsportation	Publishing Services		Information & Technology	
<u>ASSETS</u>							3,00
Current Assets							
Pooled Cash/Investments	\$ 37,662	\$	13,761	\$	2,443	\$	44,125
Imprest Cash Funds	5						3
Restricted Cash and Investments with Trustee							
Receivables							
Accounts	14		57				30
Interest/Dividends Allowance for Uncollectible Receivables	60		18		3		54
Due from Other Funds	(11) 469		(56) 1,335				(24) 853
Due from Other Governmental Agencies	9		54		66		164
Inventory of Materials and Supplies			453				
Prepaid Costs	131		570		113		660
Total Current Assets	38,339		16,192		2,625		45,865
Noneument Aposto							
Noncurrent Assets							
Capital Assets Construction in Progress			91				733
Structures and Improvements			8,986				2,802
Accumulated Depreciation			(5,115)				(692)
Equipment			38,646		1,536		74,977
Accumulated Depreciation			(24,668)		(1,174)		(44,789)
Total Capital Assets			17,940		362		33,031
Total Assets	38,339		34,132		2,987		78,896
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows of Resources Related to Pension	474		2,092		400		2,278
Total Deferred Outflows of Resources	474		2,092		400		2,278
LIABILITIES							
Current Liabilities							
Accounts Payable	2,114		303		170		22,628
Retainage Payable							3
Salaries and Employee Benefits Payable	71		331		59		337
Due to Other Funds	2		389		288		133
Due to Other Governmental Agencies					5		
Insurance Claims Payable	10,811						
Compensated Employee Absences Payable	85		329		73		374
Capital Lease Obligations Payable	 						6,900
Total Current Liabilities	 13,083		1,352		595		30,375
Noncurrent Liabilities							
Insurance Claims Payable	28,480						
Compensated Employee Absences Payable	120		370		80		428
Capital Lease Obligations Payable							13,800
Net Pension Liability	 2,757		12,090		2,342		12,847
Total Noncurrent Liabilities	 31,357		12,460		2,422		27,075
Total Liabilities	 44,440		13,812		3,017		57,450
DEFERRED INFLOWS OF RESOURCES	 						
			,				
Deferred Inflows of Resources Related to Pension	 279		1,223		235		1,299
Total Deferred Inflows of Resources	 279		1,223		235		1,299
NET POSITION							
Net Investment in Capital Assets			17,939		362		33,032
Unrestricted	 (5,906)		3,250		(227)		(10,607)
Total Net Position	\$ (5,906)	\$	21,189	\$	135	\$	22,425

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

Operating Revenues Total Employee Benefits Insurance Use of Money and Property \$ 1,970 \$ - \$ - Charges for Services 88,104 - - Insurance Premiums 297,564 64,717 158,107 Operating Expenses 387,638 64,717 158,107 Operating Expenses 18,665 - - - Services and Supplies 31,171 1,758 - - Services and Supplies 45,471 3,898 6 Operating Leases 2,472 - - Operating Leases 2,472 - - Operating Leases 196 196 159,038 Other Charges 196 196 196 Taxes and Other Fees 10 - - Depreciation 4,178 - - Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 - Intergovernmental Revenues			T. (1)	Self-	and Other nsured		HMO Health
Use of Money and Property \$ 1,970 \$	O		Total	Employe	e Benefits		insurance
Charges for Services 88,104 - - Insurance Premiums 297,564 64,717 158,107 Total Operating Revenues 387,638 64,717 158,107 Operating Expenses - - - Salaries and Employee Benefits 18,665 - - Services and Supplies 31,171 1,758 - Professional Services 45,471 3,898 6 Operating Leases 2,472 - - Insurance Claims and Premiums 275,732 59,255 159,038 Other Charges 196 196 - - Insurance Claims and Premiums 275,732 59,255 159,038 Other Charges 10 - - - Taxes and Other Fees 10 - - - Total Operating Expenses 377,895 65,107 159,044 Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 -		¢	1.070	¢		¢.	
Insurance Premiums 297,564 64,717 158,107 Total Operating Revenues 387,638 64,717 158,107 Operating Expenses 381,638 64,717 158,107 Salaries and Employee Benefits 18,665 - - Services and Supplies 31,171 1,758 - Professional Services 45,471 3,898 6 Operating Leases 2,472 - - Insurance Claims and Premiums 275,732 59,255 159,038 Other Charges 196 196 - - Taxes and Other Fees 10 - - - Taxes and Other Fees 377,895 65,107 159,044 Operating Expenses 377,895 65,107 159,044 Operating Revenues 1,115 1,115 - Interest Revenue 778 124 33 Gain on Disposition of Capital Assets 212 - - Total Nonoperating Revenues 7,301 3,378 263 <td></td> <td>Ф</td> <td></td> <td>Ф</td> <td></td> <td>Ф</td> <td></td>		Ф		Ф		Ф	
Total Operating Revenues 387,638 64,717 158,107 Operating Expenses 381,638 64,717 158,107 Salaries and Employee Benefits 18,665	3		,		64 717		150 107
Operating Expenses Salaries and Employee Benefits 18,665		-		-			
Salaries and Employee Benefits 18,665 Services and Supplies 31,171 1,758 Professional Services 45,471 3,898 6 Operating Leases 2,472 Insurance Claims and Premiums 275,732 59,255 159,038 Other Charges 196 196 Taxes and Other Fees 10 Depreciation 4,178 Total Operating Expenses 377,895 65,107 159,044 Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 Intergovernmental Revenues 1,115 1,115 Interest Revenue 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contr	Total Operating Nevertues		307,030		04,717		130,107
Salaries and Employee Benefits 18,665 Services and Supplies 31,171 1,758 Professional Services 45,471 3,898 6 Operating Leases 2,472 Insurance Claims and Premiums 275,732 59,255 159,038 Other Charges 196 196 Taxes and Other Fees 10 Depreciation 4,178 Total Operating Expenses 377,895 65,107 159,044 Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 Intergovernmental Revenues 1,115 1,115 Interest Revenue 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contr	Operating Expenses						
Services and Supplies 31,171 1,758 Professional Services 45,471 3,898 6 Operating Leases 2,472 Insurance Claims and Premiums 275,732 59,255 159,038 Other Charges 196 196 Taxes and Other Fees 10 Depreciation 4,178 Total Operating Expenses 377,895 65,107 159,044 Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 Intergovernmental Revenues 1,115 1,115 Interest Revenue 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 112 Capital Con			18,665				
Professional Services 45,471 3,898 6 Operating Leases 2,472 Insurance Claims and Premiums 275,732 59,255 159,038 Other Charges 196 196 Taxes and Other Fees 10 Depreciation 4,178 Total Operating Expenses 377,895 65,107 159,044 Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 Intergovernmental Revenues 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out					1,758		
Insurance Claims and Premiums 275,732 59,255 159,038 Other Charges 196 196 Taxes and Other Fees 10 Depreciation 4,178 Total Operating Expenses 377,895 65,107 159,044 Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 Intergovernmental Revenues 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions 112 Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715	Professional Services		45,471		3,898		6
Other Charges 196 196 Taxes and Other Fees 10 Depreciation 4,178 Total Operating Expenses 377,895 65,107 159,044 Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 Intergovernmental Revenues 1,115 1,115 Intergovernmental Revenues 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680)	Operating Leases		2,472		,		
Taxes and Other Fees 10 Depreciation 4,178 Total Operating Expenses 377,895 65,107 159,044 Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 Intergovernmental Revenues 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793)	Insurance Claims and Premiums		275,732		59,255		159,038
Depreciation	Other Charges		196		196		
Total Operating Expenses Operating Income (Loss) 377,895 65,107 159,044 Nonoperating Revenues 39,743 (390) (937) Nonoperating Revenues 1 1 115 1,115 Intergovernmental Revenues 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715 <td>Taxes and Other Fees</td> <td></td> <td>10</td> <td></td> <td></td> <td></td> <td></td>	Taxes and Other Fees		10				
Operating Income (Loss) 9,743 (390) (937) Nonoperating Revenues 1,115 1,115 Intergovernmental Revenues 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Depreciation		4,178				
Nonoperating Revenues	Total Operating Expenses		377,895		65,107	-	159,044
Intergovernmental Revenues 1,115 1,115 Interest Revenue 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Operating Income (Loss)		9,743		(390)		(937)
Intergovernmental Revenues 1,115 1,115 Interest Revenue 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Nonoperating Revenues						
Interest Revenue 778 124 33 Gain on Disposition of Capital Assets 212 Other Revenue, Net 5,196 2,139 250 Total Nonoperating Revenues 7,301 3,378 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	. •		1.115		1.115		
Other Revenue, Net Total Nonoperating Revenues 5,196 7,301 2,139 3,378 250 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions Transfers In Transfers Out Change in Net Position 112 5,758 (250) 22,664 3,991 (31) (680) Net Position - Beginning of Year Adjustment Due to Change in Accounting Principle Net Position - Beginning of Year, as Restated (9,033) (35,793) (13,061) 13,061 4,715 4,715 4,715 4,715			,		,		33
Other Revenue, Net Total Nonoperating Revenues 5,196 7,301 2,139 3,378 250 283 Income (Loss) Before Contributions and Transfers 17,044 2,988 (654) Capital Contributions Transfers In Transfers Out Change in Net Position 112 5,758 (250) 22,664 3,991 (31) (680) Net Position - Beginning of Year Adjustment Due to Change in Accounting Principle Net Position - Beginning of Year, as Restated (9,033) (35,793) (13,061) 13,061 4,715 4,715 4,715 4,715	Gain on Disposition of Capital Assets		212				
Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out (250) (31) Change in Net Position Beginning of Year Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (44,826) 13,061 4,715 Adjustment Due to Change in Accounting Principle (44,826) 13,061 4,715 Adjustment Due to Change in			5,196		2,139		250
Capital Contributions 112 Transfers In 5,758 1,003 5 Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Total Nonoperating Revenues		7,301	-	3,378		283
Transfers In Transfers Out 5,758 (250) 1,003 (31) 5 Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year Adjustment Due to Change in Accounting Principle Net Position - Beginning of Year, as Restated (9,033) 13,061 4,715 Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Income (Loss) Before Contributions and Transfers		17,044		2,988		(654)
Transfers Out (250) (31) Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Capital Contributions		112				
Change in Net Position 22,664 3,991 (680) Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Transfers In		5,758		1,003		5
Net Position - Beginning of Year (9,033) 13,061 4,715 Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Transfers Out		(250)				(31)
Adjustment Due to Change in Accounting Principle (35,793) Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Change in Net Position		22,664		3,991		(680)
Net Position - Beginning of Year, as Restated (44,826) 13,061 4,715	Net Position - Beginning of Year		(9,033)		13,061		4,715
	Adjustment Due to Change in Accounting Principle		(35,793)				
Net Position - End of Year \$ (22,162) \$ 17,052 \$ 4,035			(44,826)		13,061		4,715
	Net Position - End of Year	\$	(22,162)	\$	17,052	\$	4,035

	Life	Workers'		Unemployment	
	Insurance	Compensation		Insurance	Out of the Property
•		•	•		Operating Revenues
\$		\$	\$		Use of Money and Property
					Charges for Services
	996	41,162			Insurance Premiums
	996	41,162			Total Operating Revenues
					Operating Expenses
		2,146			Salaries and Employee Benefits
		280			Services and Supplies
		4,778		138	Professional Services
		205			Operating Leases
	998	40,937		1,112	Insurance Claims and Premiums
				·	Other Charges
					Taxes and Other Fees
					Depreciation
	998	48,346		1,250	Total Operating Expenses
	(2)	(7,184)		(1,250)	Operating Income (Loss)
					Nonoperating Revenues
					Intergovernmental Revenues
	1	266		49	Interest Revenue
	· 				Gain on Disposition of Capital Assets
		1,756		7	Other Revenue, Net
	1	2,022		56	Total Nonoperating Revenues
_	<u> </u>		_		rotal Honopolating Hononacc
	(1)	(5,162)		(1,194)	Income (Loss) Before Contributions and Transfers
					Capital Contributions
		677			Transfers In
	(1)				Transfers Out
	(2)	(4,485)		(1,194)	Change in Net Position
	153	(79,959)		11,180	Net Position - Beginning of Year
		(6,785)		,	Adjustment Due to Change in Accounting Principle
	153	(86,744)		11,180	Net Position - Beginning of Year, as Restated
\$	151	\$ (91,229)	\$	9,986	Net Position - End of Year
			=	·	

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (Continued) INTERNAL SERVICE FUNDS

	Property & Casualty Risk	Transportation	Publishing Services	Information & Technology
Operating Revenues				
Use of Money and Property	\$	\$	\$	\$ 1,970
Charges for Services		20,526	4,613	62,965
Insurance Premiums	32,582			
Total Operating Revenues	32,582	20,526	4,613	64,935
Operating Expenses				
Salaries and Employee Benefits	1,455	7,130	1,297	6,637
Services and Supplies	9,110	9,327	1,876	8,820
Professional Services	664	2,241	591	33,155
Operating Leases	188	28	526	1,525
Insurance Claims and Premiums	14,392			
Other Charges				
Taxes and Other Fees		10		
Depreciation		2,656	67	1,455
Total Operating Expenses	25,809	21,392	4,357	51,592
Operating Income (Loss)	6,773	(866)	256	13,343
Nonoperating Revenues				
Intergovernmental Revenues				
Interest Revenue	118	62	8	117
Gain on Disposition of Capital Assets	<u>-</u>	212	(1)	1
Other Revenue. Net	584	180	220	60
Total Nonoperating Revenues	702	454	227	178
Income (Loss) Before Contributions and Transfers	7,475	(412)	483	13,521
Capital Contributions		112		
Transfers In		3,280	3	790
Transfers Out		(218)		
Change in Net Position	7,475	2,762	486	14,311
Net Position - Beginning of Year	(10,716)	30,104	1,908	20,521
Adjustment Due to Change in Accounting Principle	(2,665)	(11,677)	(2,259)	(12,407)
Net Position - Beginning of Year, as Restated	(13,381)	18,427	(351)	8,114
Net Position - End of Year	\$ (5,906)	\$ 21,189	\$ 135	\$ 22,425

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

	_	Total	Se	h and Other If-Insured byee Benefits		O Health surance		Life urance
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers	\$	90,719	\$	232	\$		\$	
Cash Received for Premiums Within the County's Entity		297,564		64,717		158,107		996
Payments to Suppliers for Goods and Services		(330,423)		(65,492)		(159,044)		(998)
Payments to Employees for Services		(19,620)						
Payments for Interfund Services Receipts for Interfund Services		(2,178) 231						
Taxes and Other Fees		(10)						
Other Operating Receipts (Payments) - Net		2,520		1,943		241		
Net Cash Provided (Used) by Operating Activities	_	38,803		1,400		(696)		(2)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers In		5,758		1,003		5		
Transfers Out		(250)				(31)		(1)
Intergovernmental Revenues		1,115		1,115				
Net Cash Provided (Used) by Noncapital Financing Activities		6,623		2,118		(26)		(1)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition of Capital Assets		(14,188)						
Net Cash Used by Capital and Related Financing Activities		(14,188)						
CASH FLOW FROM INVESTING ACTIVITIES								
Interest on Investments		633		107		33		1_
Net Cash Provided by Investing Activities		633		107		33		1
Net Increase (Decrease) in Cash and Cash Equivalents		31,871		3,625 24,949		(689)		(2)
Cash and Cash Equivalents - Beginning of Year Cash and Cash Equivalents - End of Year	\$	182,177 214.048	\$	28,574	\$	4,701 4,012	\$	153 151
Reconciliation of Operating Income (Loss) to Net Cash								
Provided (Used) by Operating Activities								
Operating Income (Loss)	\$	9,743	\$	(391)	\$	(938)	\$	(2)
Adjustments to Reconcile Operating Income (Loss) to								
Net Cash Provided (Used) by Operating Activities:								
Depreciation		4,178						
Other Revenue - Net		5,196		2,139		250		
(Increases) Decreases In:		405		(0)		(00)		
Accounts Receivable		125		(3)		(23)		
Due from Other Funds		(14)				 15		
Due from Other Governmental Agencies		512 36		235		15		
Inventory of Materials and Supplies Prepaid Costs		1,559						
Deferred Outflows and Inflows of Resources		(3,590)						
from Pension Contributions Increases (Decreases) In:		(=,===)						
Accounts Payable		16,068		(13)				
Retainage Payable		3		(13)				
Salaries and Employee Benefits Payable		262						
Due to Other Funds		(1,933)						
Due to Other Governmental Agencies		(193)						
Insurance Claims Payable		4,478		(567)				
Compensated Employee Absences Payable		7						
Net Pension Liability from Pension Contributions and Expenses		2,366						
Total Adjustments		29,060		1,791	-	242		
Net Cash Provided (Used) by Operating Activities	\$	38,803	\$	1,400	\$	(696)	\$	(2)
Reconciliation of Cash and Cash Equivalents to								
Statement of Net Position								
Pooled Cash/Investments	\$	213,905	\$	28,439	\$	4,012	\$	151
Imprest Cash Funds		133		125				
Restricted Cash and Investments with Trustee	•	10	•	10	-	4.040	_	454
Total Cash and Cash Equivalents	\$	214,048	\$	28,574	\$	4,012	\$	151

Workers' Compensat	Unemployment on Insurance	Property & Casualty Risk	
			CASH FLOWS FROM OPERATING ACTIVITIES
\$	\$	\$ 3	Receipts from Customers
41,16	32	32,582	Cash Received for Premiums Within the County's Entity
(40,78		(23,981)	Payments to Suppliers for Goods and Services
(2,15		(1,540)	Payments to Employees for Services
(11		(183)	Payments for Interfund Services
`		(/	Receipts for Interfund Services
			Taxes and Other Fees
1,55	51 7	396	Other Operating Receipts (Payments) - Net
(33	(1,101)	7,277	Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
67	7		Transfers In
			Transfers Out
	<u> </u>		Intergovernmental Revenues
67	7		Net Cash Provided (Used) by Noncapital Financing Activities
		<u> </u>	
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING
			ACTIVITIES
			Acquisition of Capital Assets
	<u> </u>		Net Cash Used by Capital and Related Financing Activities
			CASH FLOW FROM INVESTING ACTIVITIES
22		87	Interest on Investments
22	24 44	87	Net Cash Provided by Investing Activities
56	, , ,	7,364	Net Increase (Decrease) in Cash and Cash Equivalents
71,82		30,303	Cash and Cash Equivalents - Beginning of Year
\$ 72,38	\$ 10,924	\$ 37,667	Cash and Cash Equivalents - End of Year
			Reconciliation of Operating Income (Loss) to Net Cash
			Provided (Used) by Operating Activities
\$ (7,18	34) \$ (1,250)	\$ 6,773	Operating Income (Loss)
ψ (7,10	ν (1,230)	ψ 0,773	Adjustments to Reconcile Operating Income (Loss) to
			Net Cash Provided (Used) by Operating Activities:
			Depreciation
1,75	6 7	584	Other Revenue - Net
.,		001	(Increases) Decreases In:
		1	Accounts Receivable
26	51	71	Due from Other Funds
20		2	Due from Other Governmental Agencies
		-	Inventory of Materials and Supplies
17	'8	124	Prepaid Costs
(62		(265)	Deferred Outflows and Inflows of Resources
,-		. ,	from Pension Contributions
			Increases (Decreases) In:
22	.5	33	Accounts Payable
			Retainage Payble
3		24	Salaries and Employee Benefits Payable
(37	(27)	(254)	Due to Other Funds
(2		(15)	Due to Other Governmental Agencies
4,83	3 169	43	Insurance Claims Payable
	(2)	(6)	Compensated Employee Absences Payable
58		162	Net Pension Liability from Pension Contributions and Expenses
6,84	5 149	504	Total Adjustments
\$ (33	\$ (1,101)	\$ 7,277	Net Cash Provided (Used) by Operating Activities
			• • • • •
			Reconciliation of Cash and Cash Equivalents to
			Statement of Net Position
\$ 72,38	8 \$ 10,924	\$ 37,662	Pooled Cash/Investments
,		5	Imprest Cash Funds
			Restricted Cash and Investments with Trustee
\$ 72,38	\$ 10,924	\$ 37,667	Total Cash and Cash Equivalents
			•

COMBINING STATEMENT OF CASH FLOWS (Continued) INTERNAL SERVICE FUNDS

Recipits from Customers \$2,0,625 \$4,533 \$6,52.6		Tran	sportation		ublishing ervices		ormation & echnology
Cash Received for Premiums Within the County's Entity	CASH FLOWS FROM OPERATING ACTIVITIES						
Payments to Suppliers for Goods and Services (11.175) (2.358) (25.513) Payments for Interfund Services (7.655) (1.357) (7.106) Payments for Interfund Services (7.655) (1.357) (7.106) Payments for Interfund Services (7.655) (1.345) (1.465) (1.	Receipts from Customers	\$	20,625	\$	4,583	\$	65,276
Payments to Employees for Services 7,455 (1,357) (7,109) Payments for Interfund Services 231	Cash Received for Premiums Within the County's Entity						
Payments for Interfund Services	Payments to Suppliers for Goods and Services		(11,175)		(2,358)		(25,513)
Receipts for Interfund Services	Payments to Employees for Services		(7,455)		(1,357)		(7,109)
Case and Other Fees	•				(11)		(1,845)
Cher Operating Receipts (Payments) - Net 15.2 2.368 55.2 26.344	•						
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES 3,280 3 790 77			, ,				
Transfers 3,280 3 790		-					
Transfers Out (218)	Net Cash Provided (Used) by Operating Activities	_	2,368		552		29,344
Transfers Out (218)	CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers Out			3.280		3		790
Net Cash Provided (Used) by Noncapital Financing Activities							
ACASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Acquisition of Capital Assets (6.232)	Intergovernmental Revenues						
ACTIVITIES Acquisition of Capital Assets (6,232) — (7,956) Net Cash Used by Capital and Related Financing Activities (6,232) — (7,956) CASH FLOW FROM INVESTING ACTIVITIES Interest on Investments 56 4 77 Net Cash Provided by Investing Activities 56 4 77 Net Increase (Decrease) in Cash and Cash Equivalents (746) 59 22,255 Cash and Cash Equivalents - Beginning of Year 14,507 1,884 21,873 Cash and Cash Equivalents - End of Year 14,507 1,884 21,873 Cash and Cash Equivalents - End of Year 14,507 1,884 21,873 Cash and Cash Equivalents - End of Year 8 13,761 \$ 2,443 \$ 44,128 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities Operating Income (Loss) \$ (866) \$ 256 \$ 13,345 Adjustments to Reconcile Operating Income (Loss) to Net Cash \$ (866) \$ 256 \$ 1,455 Other Revenue - Net 180 226 6 7 1,455	Net Cash Provided (Used) by Noncapital Financing Activities		3,062		3		790
Acquisition of Capital Assets	CASH FLOWS FROM CAPITAL AND RELATED FINANCING						
Net Cash Used by Capital and Related Financing Activities 56	ACTIVITIES						
Interest on Investments	·		(6,232)				(7,956)
Interest on Investments	Net Cash Used by Capital and Related Financing Activities		(6,232)	_			(7,956)
Net Cash Provided by Investing Activities 56 4 77 Net Increase (Decrease) in Cash and Cash Equivalents (746) 559 22.255 Cash and Cash Equivalents - Beginning of Year 14,507 1,884 21,873 Cash and Cash Equivalents - End of Year \$ 13,761 \$ 2,443 \$ 44,128 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: 5 (866) \$ 256 \$ 13,345 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: 5 (866) \$ 256 \$ 13,345 Depreciation 2,656 6 7 1,455 0 60 (Increases) Decreases In: 4 180 220 60 60 (Increases) Decreases In: 4 28 30 220 60 60 1,455 0 60 1,455 0 60 1,455 0 60 1,455 0 60 1,455 0 60 1,455 0 60 1,455 0 60 1,455 0 60 1,455 0 60 1,455 0 60 1,455 0 60							
Net Increase (Decrease) in Cash and Cash Equivalents							
Cash and Cash Equivalents - Beginning of Year 14,507 1,884 21,873 Cash and Cash Equivalents - End of Year \$ 13,761 \$ 2,443 \$ 44,128 Reconcilitation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities Operating Income (Loss) \$ (866) \$ 256 \$ 13,345 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: \$ 2,656 67 1,455 Other Revenue - Net 180 220 60 Other Revenue - Net 180 220 60 (Increases) Decreases In: \$ 166 67 1,455 Other Revenue - Net 150 6 - 94 Due from Other Funds 164 - 94 Due from Other Governmental Agencies 36 - - - Prepaid Costs 557 145 555 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) Increases (Decreases) In: 4 (1,174) (22) 15,981	Net Cash Provided by Investing Activities		56		4		77
Reconciliation of Operating Income (Loss) to Net Cash \$ 13,761 \$ 2,443 \$ 44,128 Provided (Used) by Operating Activities \$ (866) \$ 256 \$ 13,345 Operating Income (Loss) \$ (866) \$ 256 \$ 13,345 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: \$ 2,656 67 1,455 Other Revenue - Net 180 220 60 (Increases) Decreases In: \$ 180 220 60 (Increases) Decreases In: \$ 164 (510) Due from Other Funds 164 (510) Due from Other Funds 164 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 555 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) 15,881 Retainage Payble (134) (24) 15,881 15,881 Retainage Payble - - -	Net Increase (Decrease) in Cash and Cash Equivalents		(746)		559		22,255
Reconciliation of Operating Income (Loss) to Net Cash \$ 13,761 \$ 2,443 \$ 44,128 Provided (Used) by Operating Activities \$ (866) \$ 256 \$ 13,345 Operating Income (Loss) \$ (866) \$ 256 \$ 13,345 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: \$ 2,656 67 1,455 Other Revenue - Net 180 220 60 (Increases) Decreases In: \$ 180 220 60 (Increases) Decreases In: \$ 164 (510) Due from Other Funds 164 (510) Due from Other Funds 164 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 555 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) 15,881 Retainage Payble (134) (24) 15,881 15,881 Retainage Payble - - -			. ,		1,884		21,873
Provided (Used) by Operating Activities Operating Income (Loss) \$ (866) \$ 256 \$ 13,345 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: \$ 2,656 67 1,455 Other Revenue - Net 180 220 60 (Increases) Decreases In: \$ 180 220 60 (Increases) Decreases In: \$ 56 94 Due from Other Funds 164 (510) Due from Other Governmental Agencies 43 (30) 247 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) from Pension Contributions 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (22) (1,302) from Pension Contributions 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (24) 15,981 Ret		\$		\$		\$	
Provided (Used) by Operating Activities Operating Income (Loss) \$ (866) \$ 256 \$ 13,345 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: \$ 2,656 67 1,455 Other Revenue - Net 180 220 60 (Increases) Decreases In: \$ 180 220 60 (Increases) Decreases In: \$ 56 94 Due from Other Funds 164 (510) Due from Other Governmental Agencies 43 (30) 247 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) from Pension Contributions 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (22) (1,302) from Pension Contributions 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (24) 15,981 Ret							
Operating Income (Loss) \$ (866) \$ 256 \$ 13,345 Adjustments to Reconcile Operating Income (Loss) to 84 (justments to Reconcile Operating Income (Loss) to 8 (866) \$ 256 \$ 13,345 Net Cash Provided (Used) by Operating Activities: 2,656 67 1,455 Other Revenue - Net 180 220 60 (Increases) Decreases In: 8 6 94 Accounts Receivable 56 94 Due from Other Funds 164 (510) Due from Other Governmental Agencies 43 (30) 247 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) from Pension Contributions 1 (24) 15,981 15,981 15,981 15,981 15,981 15,981 15,981 15,981 15,981 15,981 15,981 15,981 15,981 15,981 15,981 15,981 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: 2,656 67 1,455 Depreciation 2,656 67 1,455 Other Revenue - Net 180 220 60 (Increases) Decreases In:							
Net Cash Provided (Used) by Operating Activities: 2,656 67 1,455 Other Revenue - Net (Increases) Decreases In: 180 220 60 Accounts Receivable 56 94 Due from Other Funds 164 (510) Due from Other Governmental Agencies 43 (30) 247 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) from Pension Contributions Increases (Decreases) In: Accounts Payable (134) (24) 15,981 881 Retainage Payble 3 3 Salaries and Employee Benefits Payable 96 15 91 Due to Other Funds 67 (11) (1,335) Due to Other Governmental Agencies (66) (11) (79) Insurance Claims Payable	, ,	\$	(866)	\$	256	\$	13,345
Depreciation 2,656 67 1,455 Other Revenue - Net 180 220 60 (Increases) Decreases In:							
Other Revenue - Net (Increases) Decreases In: 180 220 60 (Increases) Decreases In: 36 94 Accounts Receivable 56 94 Due from Other Funds 164 (510) Due from Other Governmental Agencies 43 (30) 247 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) from Pension Contributions Increases (Decreases) In: Accounts Payable (134) (24) 15,981 15,981 15,981 15,981 15,981 16,881 16,981 <t< td=""><td></td><td></td><td>0.656</td><td></td><td>67</td><td></td><td>1 455</td></t<>			0.656		67		1 455
(Increases) Decreases In: Accounts Receivable 56 94 Due from Other Funds 164 (510) Due from Other Governmental Agencies 43 (30) 247 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) from Pension Contributions Increases (Decreases) In: Accounts Payable (134) (24) 15,981 8 Retainage Payble 3 Salaries and Employee Benefits Payable 96 15 91 Due to Other Governmental Agencies 666 (111) (79) Insurance Claims Payable Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368	•		•				
Accounts Receivable 56 94 Due from Other Funds 164 (510) Due from Other Governmental Agencies 43 (30) 247 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) from Pension Contributions Increases (Decreases) In: 3 Accounts Payable (134) (24) 15,981 15,981 8 15 91 Accounts Payable 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 15 91 1 1 1,335) 9 1 1 1,335) 9 1 1 1,335) 9 1 1 1,335) 9 1 1 1 1,335) 1			100		220		00
Due from Other Funds 164 (510) Due from Other Governmental Agencies 43 (30) 247 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) from Pension Contributions 67 145 555 Increases (Decreases) In: Accounts Payable (134) (24) 15,981 Retainage Payble 3 Salaries and Employee Benefits Payable 96 15 91 Due to Other Funds 67 (11) (1,335) Due to Other Funds Governmental Agencies (66) (11) (79) Insurance Claims Payable Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296	·		56				94
Due from Other Governmental Agencies 43 (30) 247 Inventory of Materials and Supplies 36 Prepaid Costs 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) from Pension Contributions Increases (Decreases) In: Accounts Payable (134) (24) 15,981 Retainage Payble 3 Salaries and Employee Benefits Payable 96 15 91 Due to Other Funds 67 (11) (1,335) Due to Other Governmental Agencies (66) (11) (79) Insurance Claims Payable Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 552 \$ 29,344 Reco							
Inventory of Materials and Supplies 36							, ,
Prepaid Costs 557 145 555 Deferred Outflows and Inflows of Resources (1,174) (222) (1,302) Increases (Decreases) In: Total Agual Payable (134) (24) 15,981 Accounts Payable 3 Retainage Payble 3 Salaries and Employee Benefits Payable 96 15 91 Due to Other Funds 67 (11) (1,335) Due to Other Governmental Agencies (66) (11) (79) Insurance Claims Payable Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 552 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125	· · · · · · · · · · · · · · · · · · ·				. ,		241
Deferred Outflows and Inflows of Resources from Pension Contributions (1,174) (222) (1,302) Increases (Decreases) In: Accounts Payable (134) (24) 15,981 Retainage Payble							555
From Pension Contributions Increases (Decreases) In: Accounts Payable	·						
Accounts Payable (134) (24) 15,981 Retainage Payble 3 Salaries and Employee Benefits Payable 96 15 91 Due to Other Funds 67 (11) (1,335) Due to Other Governmental Agencies (66) (11) (79) Insurance Claims Payable Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 \$ 552 \$ 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds - - Restricted Cash and Investments with Trustee -	from Pension Contributions		, ,		` ,		, ,
Retainage Payble 3 Salaries and Employee Benefits Payable 96 15 91 Due to Other Funds 67 (11) (1,335) Due to Other Governmental Agencies (66) (11) (79) Insurance Claims Payable Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 \$ 552 \$ 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds - - Restricted Cash and Investments with Trustee - -	Increases (Decreases) In:						
Salaries and Employee Benefits Payable 96 15 91 Due to Other Funds 67 (11) (1,335) Due to Other Governmental Agencies (66) (11) (79) Insurance Claims Payable - - - - Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 \$ 552 \$ 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds - - - - Restricted Cash and Investments with Trustee - - - -			(134)		(24)		-
Due to Other Funds 67 (11) (1,335) Due to Other Governmental Agencies (66) (11) (79) Insurance Claims Payable Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 \$ 552 \$ 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds -3 Restricted Cash and Investments with Trustee							
Due to Other Governmental Agencies (66) (11) (79) Insurance Claims Payable Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 \$ 552 \$ 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds 3 Restricted Cash and Investments with Trustee	· · · · · · · · · · · · · · · · · · ·						
Insurance Claims Payable							
Compensated Employee Absences Payable 36 5 (26) Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 \$ 552 \$ 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds 3 Restricted Cash and Investments with Trustee			, ,				(79)
Net Pension Liability from Pension Contributions and Expenses 717 142 765 Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 \$ 552 \$ 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds 3 Restricted Cash and Investments with Trustee							
Total Adjustments 3,234 296 15,999 Net Cash Provided (Used) by Operating Activities \$ 2,368 \$ 552 \$ 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds 3 Restricted Cash and Investments with Trustee							
Reconciliation of Cash and Cash Equivalents to \$ 2,368 \$ 552 \$ 29,344 Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds 3 Restricted Cash and Investments with Trustee							
Reconciliation of Cash and Cash Equivalents to Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds -3 Restricted Cash and Investments with Trustee	·	_		_		_	
Statement of Net Position Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds 3 Restricted Cash and Investments with Trustee	Net Cash Provided (Used) by Operating Activities	\$	2,368	\$	552	\$	29,344
Pooled Cash/Investments \$ 13,761 \$ 2,443 \$ 44,125 Imprest Cash Funds 3 Restricted Cash and Investments with Trustee	Reconciliation of Cash and Cash Equivalents to						
Imprest Cash Funds 3 Restricted Cash and Investments with Trustee	Statement of Net Position						
Restricted Cash and Investments with Trustee	Pooled Cash/Investments	\$	13,761	\$	2,443	\$	44,125
							3
Total Cash and Cash Equivalents \$ 13,761 \$ 2,443 \$ 44,128							
	Total Cash and Cash Equivalents	\$	13,761	\$	2,443	\$	44,128

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the County in a trustee or agency capacity on behalf of outside parties, including employees, individuals, private organizations or other governments. These funds cannot be used to support the County's programs. When these assets are held under a formal trust agreement, a trust fund is used. Agency funds are generally used to account for assets that the County holds on behalf of others as their agent in a purely custodial capacity.

PRIVATE-PURPOSE TRUST FUNDS

Public Administration Trust Funds

These funds are used to account for trust arrangements where the principal and income benefit individuals, private organizations, or other governments. Examples of private-purpose trusts include unidentified funds, unclaimed prisoner funds and decedents' property held for escheatment.

OCDA Redevelopment Successor Agency

The Orange County Development Agency was dissolved effective February 1, 2012 in accordance with Health and Safety Code 34172. A successor agency was designated as the successor entity to the former redevelopment agency in accordance with Health and Safety Code 34173. The OCDA Redevelopment Successor Agency holds the assets of the dissolved Orange County Development Agency pending liquidation and distribution.

PENSION AND OTHER EMPLOYEE BENEFITS 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 extrahelp. This retirement plan was closed to new participants as of February 28, 2002. The eligible employees of these plans are not covered by the Orange County Employees Retirement System.

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 the Orange County Employees Retirement System ("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 the Orange County Employees Retirement System.

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 of Supervisors, 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 new administrative managers effective June 23, 2006.

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@65" Retirement (OCERS) formula who voluntarily contribute to the "1.62@65" Retirement, 457(b) defined contribution plan. The Plan was established on May 7, 2010.

Retiree Medical Plan

This fund is used to account for the annual required contributions, benefit payments, and investment losses and gains in the Retiree Medical Trust which was established effective July 2, 2007. The Retiree Medical Trust was established exclusively for the Retiree Medical Plan which is a single employer Other Postemployment Benefit plan that was established on August 1, 1993 for eligible employees as defined in the plan document.

Health Reimbursement Arrangement Plan

This fund is used to account for the employer contributions to the Health Reimbursement Arrangement, a defined contribution plan, which was established on June 17, 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.

AGENCY FUNDS

<u>Unapportioned Tax and Interest Funds</u>

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 fiduciary capacity. Disbursements are made from these funds by checks issued by the County Auditor-Controller upon requisition of the responsible officer.

COMBINING STATEMENT OF FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUNDS

	Total		Public Administration Trust Funds		OCDA development cessor Agency
<u>ASSETS</u>					
Pooled Cash/Investments Restricted Cash and Investments	\$ 57,364	\$	41,701	\$	15,663
Restricted Cash	4,630				4,630
Receivables Interest/Dividends	143		100		43
Due from Other Governmental Agencies	2		2		
Land and Improvemtents Held for Resale	 619				619
Total Assets	 62,758		41,803		20,955
DEFERRED OUTFLOWS OF RESOURCES Deferred Charge on Refunding Total Deferred Outflows of Resources	 305 305				305 305
<u>LIABILITIES</u>					
Bonds Payable	33,628				33,628
Interest Payable	429				429
Due to Other Governmental Agencies Total Liabilities	 644 34,701		622 622		22 34,079
Total Liabilities	 34,701		022		34,073
NET POSITION					
Restricted for Private-Purpose Trust Funds	28,362		41,181		(12,819)
Net Position	\$ 28,362	\$	41,181	\$	(12,819)

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 2015

	 Total	Adm	Public ninistration ust Funds	OCDA Redevelopment Successor Agency	
Additions:					
Contributions to Private-Purpose Trust	\$ 83,033	\$	83,033	\$	
Intergovernmental Revenues	17,568				17,568
Other Revenues	786				786
Interest and Investment Income	112		65		47
Less: Investment Expense	(7)				(7)
Total Additions	101,492		83,098		18,394
Deductions:					
Distributions from Private-Purpose Trust	78,892		78,892		
Professional Services	274		24		250
Bond Issuance Costs	183				183
Tax Pass-Throughs	4,000				4,000
Interest Expense	1,539				1,539
Total Deductions	 84,888		78,916		5,972
Change in Net Position	16,604		4,182		12,422
Net Position, Beginning of Year	 11,758		36,999		(25,241)
Net Position, End of Year	\$ 28,362	\$	41,181	\$	(12,819)

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

<u>ASSETS</u>	Total		Defin	Extra-Help Defined Benefit Plan		Extra-Help Defined Contribution Plan		401(a) Defined ntribution Plan
Pooled Cash/Investments Restricted Cash and Investments with Trustee	\$	9,297 299,926	\$	5,115 	\$	 7,597	\$	 14,005
Receivables		200,020				1,001		11,000
Interest/Dividends		28		10				
Due from Other Governmental Agencies	2,788							
Total Assets		312,039		5,125		7,597		14,005
<u>LIABILITIES</u>								
Salaries and Employee Benefits Payable		8		8				
Total Liabilities		8		8				
NET POSITION								
Restricted for Pension and OPEB Benefits		312,031		5,117		7,597		14,005
Net Position	\$	312,031	\$	5,117	\$	7,597	\$	14,005

Retir 401(a)	% at 65 rement,) Defined ution Plan	Retiree Medical Plan	Rein	Health nbursement angement Plan	<u>ASSETS</u>
\$	 515	\$ 4,137 206,118	\$	45 71,691	Pooled Cash/Investments Restricted Cash and Investments with Trustee Receivables
	27 542	18 2,354 212,627		407 72,143	Interest/Dividends Due from Other Governmental Agencies Total Assets
					<u>LIABILITIES</u>
				 	Salaries and Employee Benefits Payable Total Liabilities
					NET POSITION
\$	542 542	\$ 212,627 212,627	\$	72,143 72,143	Restricted for Pension and OPEB Benefits Net Position

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Additions:	Total		Extra-Help Defined Benefit Plan		Extra-Help Defined Contribution Plan		401(a) Defined Contribution Plan	
Contributions to Pension and Other								
Employee Benefits Trust:								
Employer	\$	51,126	\$	421	\$		\$	913
Employee		3,816				1,018		
Interest and Investment Income		6,728		29		161		528
Less: Investment Expense	(244)			(8)		(9)		(15)
Total Additions		61,426		442		1,170		1,426
Deductions:								
Benefits Paid to Participants		33,628		522		1,175		741
Administrative Expense		37		4				
Total Deductions		33,665		526		1,175		741
Change in Net Position		27,761		(84)		(5)		685
Net Position, Beginning of Year		284,270		5,201		7,602		13,320
Net Position, End of Year	\$	312,031	\$	5,117	\$	7,597	\$	14,005

1.62%@65 Retirement, 401(a) Defined Contribution Plan			Retiree Medical Plan	Reim	Health bursement ement Plan	
		•				Additions: Contributions to Pension and Other Employee Benefits Trust:
\$	368	\$	41,181 2,798	\$	8,243	Employer Employee
	8		4,668		1,334	Interest and Investment Income
			(7)		(205)	Less: Investment Expense
	376		48,640		9,372	Total Additions
						Deductions:
			29,874		1,316	Benefits Paid to Participants
			33			Administrative Expense
			29,907		1,316	Total Deductions
	376		18,733		8,056	Change in Net Position
	166		193,894		64,087	Net Position, Beginning of Year
\$	542	\$	212,627	\$	72,143	Net Position, End of Year

COMBINING STATEMENT OF FIDUCIARY NET POSITION ALL AGENCY FUNDS

<u>ASSETS</u>		Total	apportioned and Interest Funds	Departmental Funds		
Pooled Cash/Investments	\$	338,086	\$ 189,325	\$	148,761	
Cash/Cash Equivalents		326			326	
Restricted Cash and Investments with Trustee		31,075			31,075	
Investments		1,082			1,082	
Deposits In-Lieu of Cash		19,247			19,247	
Receivables						
Accounts		3			3	
Taxes		317,620	317,620			
Interest/Dividends		7,328	6,995		333	
Allowance For Uncollectible Receivables		(154,807)	(154,805)		(2)	
Due from Other Governmental Agencies		5,565	2,126		3,439	
Notes Receivable		30,376	 		30,376	
Total Assets		595,901	 361,261		234,640	
LIABILITIES						
Interest Payable		6,015	6,015			
Deposits from Others		30,386			30,386	
Monies Held for Others		155,775			155,775	
Due to Other Governmental Agencies		50,808	2,329		48,479	
Unapportioned Taxes		352,917	 352,917			
Total Liabilities		595,901	361,261		234,640	
NET POSITION			\$ 	\$		

COMBINING STATEMENT OF CHANGES ASSETS AND LIABILITIES ALL AGENCY FUNDS

UNAPPORTIONED TAX AND INTEREST FUNDS	Balance Beginning of Year	 Additions	 Deductions		Balance nd of Year
<u>ASSETS</u>					
Pooled Cash/Investments Receivables	\$ 158,931	\$ 7,643,015	\$ 7,612,621	\$	189,325
Taxes Interest Allowance for Uncollectible Receivables	304,568 4,686 (137,072)	16,512,040 46,900 	16,498,988 44,591 17,733		317,620 6,995 (154,805)
Due from Other Governmental Agencies Total Assets	\$ 9 331,122	\$ 29,776 24,231,731	\$ 27,659 24,201,592	\$	2,126 361,261
<u>LIABILITIES</u>					
Interest Payable Due to Other Governmental Agencies Unapportioned Taxes	\$ 3,436 4,683 323,003	\$ 19,070 81,784 10,342,523	\$ 16,491 84,138 10,312,609	\$	6,015 2,329 352,917
Total Liabilities	\$ 331,122	\$ 10,443,377	\$ 10,413,238	\$	361,261
	Balance Beginning			ļ	Balance
DEPARTMENTAL FUNDS	 of Year	 Additions	 Deductions	Er	nd of Year
<u>ASSETS</u>					
Pooled Cash/Investments Cash/Cash Equivalents	\$ 139,343 253	\$ 3,482,403 557	\$ 3,472,985 484	\$	148,761 326
Restricted Cash and Investments with Trustee Investments	38,726 1,082	90,525 	98,176 		31,075 1,082
Deposits In-Lieu of Cash Receivables	11,891	9,914	2,558		19,247
Accounts Taxes	8	63 6	68 6		3
Interest Allowance for Uncollectible Receivables	204 (1)	812 	683 1		333 (2)
Due from Other Governmental Agencies Prepaid Costs	24,030	601,510 2,559	622,101 2,559		3,439 [′]
Notes Receivable	 28,233	 2,372	 229		30,376
Total Assets	\$ 243,769	\$ 4,190,721	\$ 4,199,850	\$	234,640
LIABILITIES					
Deposits From Others Monies Held for Others	\$ 17,312 181,297	\$ 46,663 5,988,410	\$ 33,589 6,013,932	\$	30,386 155,775
Due to Component Unit Due to Other Governmental Agencies	45,160	13 1,101,674	13 1,098,355		48,479
Total Liabilities	\$ 243,769	\$ 7,136,760	\$ 7,145,889	\$	234,640

TOTAL - ALL AGENCY FUNDS	Balance Beginning of Year	Additions	 Deductions	Balance nd of Year
<u>ASSETS</u>				
Pooled Cash/Investments Cash/Cash Equivalents Restricted Cash and Investments with Trustee Investments Deposits In-Lieu of Cash Receivables	\$ 298,274 253 38,726 1,082 11,891	\$ 11,125,418 557 90,525 9,914	\$ 11,085,606 484 98,176 2,558	\$ 338,086 326 31,075 1,082 19,247
Accounts Taxes Interest Allowance for Uncollectible Receivables Due from Other Governmental Agencies Prepaid Costs Notes Receivable Total Assets	\$ 8 304,568 4,890 (137,073) 24,039 28,233 574.891	\$ 63 16,512,040 47,712 631,286 2,559 2,372 28.422,446	\$ 68 16,498,988 45,274 17,734 649,760 2,559 229 28,401,436	\$ 3 317,620 7,328 (154,807) 5,565 30,376 595,901
<u>LIABILITIES</u>				
Interest Payable Deposits from Others Monies Held for Others Due to Component Unit Due to Other Governmental Agencies Unapportioned Taxes	\$ 3,436 17,312 181,297 49,843 323,003	\$ 19,070 46,663 5,988,410 13 1,183,458 10,342,523	\$ 16,491 33,589 6,013,932 13 1,182,493 10,312,609	\$ 6,015 30,386 155,775 50,808 352,917
Total Liabilities	\$ 574,891	\$ 17,580,137	\$ 17,559,127	\$ 595,901



STATISTICAL SECTION (UNAUDITED)

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the basic financial statements, notes to the basic financial statements, and required supplementary information to understand and assess a government's economic condition.

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Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	190
Revenue Capacity These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	202
Debt Capacity These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	206
Economic and Demographic Information 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.	211
Operating Information 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.	213

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

Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year									
		2014-15		2013-14	(4)	2012-13		2011-12	(4)	2010-11
Governmental Activities										
Net Investment										
in Capital Assets	\$	2,670,577	\$	2,646,812	\$	2,563,976	\$	2,699,809	\$	2,626,281
Restricted for:										
Expendable										
Other Postemployment										
Benefits								(1)	41,609
Pension Benefits		112,544		109,986		105,900		96,604		107,807
Capital Projects		6,154		8,661		11,904		16,269		56,219
Debt Service		37,734		37,639		31,965		-		87,253
Legally Segregated										
for Grants and										
Other Purposes		1,045,897		1,190,106		1,174,791		1,077,117		1,133,256
Regional Park Endowment		141		140		139				
Nonexpendable		400		405		400		0.40		045
Regional Park Endowment		188		185		183		319		315
Unrestricted Total Governmental Activities		(2,991,814)		331,408		196,850		37,790		(73,741)
Net Position	\$	881,421	\$	4,324,937	\$	4,085,708	\$	3,927,908	\$	3,978,999
Net Fosition	Φ	001,421	φ	4,324,937	φ	4,065,706	φ	3,927,900	φ	3,976,999
Business-Type Activities										
Net Investment										
in Capital Assets	\$	642,427	\$	624,621	\$	587,934	\$	574,982	\$	591,664
Restricted for:										
Expendable										
Debt Service		7,324		7,090		58,772				
Passenger Facility Charges										
Approved Capital Projects		70,538		62,522		55,331				
Capital Projects -										
Replacements and Renewals		1,000		1,000		1,000				
Landfill Closure/Postclosure		33,337		37,412		40,355				
Landfill Corrective Action		8,174		7,141		6,109				
Wetland		879		879		879				
Prima Deshecha/La Pata		0.0		0.0		0.0				
Closure		104		104		104				
Airport (3)								58,149		50,899
Waste Management (3)								82,205		84,070
Unrestricted (2)		362,546		384,871		335,122		350,474		313,568
Total Business-Type Activities		,0		,		,		,		,
Net Position	\$	1,126,329	\$	1,125,640	\$	1,085,606	\$	1,065,810	\$	1,040,201

Notes:

- (1) In FY 2011-12, it was determined that the Restricted Net Position for Other Postemployment Benefits does not meet the definition of restriction and should be reported as unrestricted.
- (2) In accordance with GASB Statement No. 54, which was implemented in FY 2010-11, net positions for business-type activities have been reclassified in the government-wide statements to be consistent with the classification of net position in the enterprise fund financial statements.
- (3) Starting in FY 2012-13, Restricted Net Position for Business-Type Activities will be shown by activity detail.
- (4) The balances shown have not been restated to include the prior period adjustments.

Fiscal Year										
	2009-10		2008-09		2007-08		2006-07		2005-06	
\$	2,560,468	\$	2,445,397	\$	2,302,926	\$	2,273,891	\$	2,306,178	Net Investment in Capital Assets Restricted for: Expendable
	43,580		57,322		46,442					Other Postemployment Benefits
	43,360		57,322		40,442					Pension Benefits
	58,947		85,197		211,426		247,277		255,201	Capital Projects
	76,936		66,515		168,468		155,918		121,840	Debt Service
										Legally Segregated for Grants and
	1,069,801		1,047,284		990,198		916,563		738,515	Other Purposes
										Regional Park Endowment Nonexpendable
	(0.096)		149		139		125		109	Regional Park Endowment
	(9,986)		(1,271)		57,812		135,826		(33,051)	Unrestricted Total Governmental Activities
Φ	3,799,900	\$	3,700,593	\$	3,777,411	\$	3,729,600	\$	3,388,792	Net Position
Ψ	3,733,300	Ψ	3,700,393	Ψ	5,777,711	Ψ	3,723,000	Ψ	3,300,732	Net i osition
\$	537,375	\$	493,658	\$	395,227	\$	359,544	\$	343,390	Business-Type Activities Net Investment in Capital Assets Restricted for: Expendable
										Debt Service
										Passenger Facility Charges
										Approved Capital Projects
										Replacements and Renewals
										Landfill Closure/Postclosure
										Landfill Corrective Action
										Wetland
										Prima Deshecha/La Pata Closure
	48,225		176,225		218,293		194,038		146,332	Airport
	86,943		284,943		294,068		292,847		264,502	Waste Management
	321,778									Unrestricted
										Total Business-Type Activities
\$	994,321	\$	954,826	\$	907,588	\$	846,429	\$	754,224	Net Position

Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting) (Continued)

	Fiscal Year										
		2014-15		2013-14	(1)	2012-13		2011-12	(1)	2010-11	
Primary Government											
Net Investment											
in Capital Assets	\$	3,313,004	\$	3,271,433	\$	3,151,910	\$	3,274,791	\$	3,217,945	
Restricted for:											
Expendable											
Other Postemployment											
Benefits										41,609	
Pension Benefits		112,544		109,986		105,900		96,604		107,807	
Capital Projects		6,154		8,661		11,904		16,269		56,219	
Debt Service		45,058		44,729		90,737				87,253	
Legally Segregated											
for Grants and											
Other Purposes		1,045,897		1,190,106		1,174,791		1,077,117		1,133,256	
Regional Park Endowment		141		140		139					
Passenger Facility Charges											
Approved Capital Projects		70,538		62,522		55,331					
Replacements and Renewals		1,000		1,000		1,000					
Landfill Closure/Postclosure		33,337		37,412		40,355					
Landfill Corrective Action		8,174		7,141		6,109					
Wetland		879		879		879					
Prima Deshecha/La Pata											
Closure		104		104		104					
Airport (3)								58,149		50,899	
Waste Management (3)								82,205		84,070	
Nonexpendable											
Regional Park Endowment		188		185		183		319		315	
Unrestricted (2)		(2,629,268)		716,279		531,972		388,264		239,827	
Total Primary Government											
Net Position	\$	2,007,750	\$	5,450,577	\$	5,171,314	\$	4,993,718	\$	5,019,200	

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

⁽²⁾ In accordance with GASB Statement No. 54, which was implemented in FY 2010-11, net positions for business-type activities have been reclassified in the government-wide statements to be consistent with the classification of net position in the enterprise fund financial statements.

⁽³⁾ Starting in FY 2012-13, Restricted Net Position for Business-Type Activities will be shown by activity detail.

				F	iscal Year					
	2009-10		2008-09		2007-08		2006-07		2005-06	
										Primary Government
										Net Investment
\$	3,097,843	\$	2,939,055	\$	2,698,153	\$	2,633,435	\$	2,649,568	in Capital Assets
										Restricted for:
										Expendable
										Other Postemployment
	43,580		57,322		46,442					Benefits
										Pension Benefits
	58,947		85,197		211,426		247,277		255,201	Capital Projects
	76,936		66,515		168,468		155,918		121,840	Debt Service
										Legally Segregated
										for Grants and
	1,069,801		1,047,284		990,198		916,563		738,515	Other Purposes
										Regional Park Endowment
										Passenger Facility Charges
										Approved Capital Projects
										Replacements and Renewals
										Landfill Closure/Postclosure
										Landfill Corrective Action
										Wetland
										Prima Deshecha/La Pata
	40.005		470.005				404.000		4.40.000	Closure
	48,225		176,225		218,293		194,038		146,332	Airport
	86,943		284,943		294,068		292,847		264,502	Waste Management
	154		149		139		125		109	Nonexpendable
	311,792		(1,271)		57,812		135,826		(33,051)	Regional Park Endowment Unrestricted
	311,192		(1,4/1)		31,012		133,020		(33,031)	Total Primary Government
Φ.	4 704 224	Φ	4 GEE 440	φ	4 694 000	φ	4 576 000	ď	4 1 4 2 0 1 0	-
Ф	4,794,221	\$	4,655,419	\$	4,684,999	\$	4,576,029	\$	4,143,016	Net Position

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

	Fiscal Year									
		2014-15		2013-14	(1)	2012-13		2011-12	(1)	2010-11
Expenses										
Governmental Activities:										
General Government	\$	191,793	\$	131,026	\$	221,110	\$	161,615	\$	223,710
Public Protection		1,326,028		1,261,984		1,264,354		1,231,925		1,174,859
Public Ways and Facilities		114,398		127,561		137,651		144,382		136,017
Health and Sanitation		537,580		626,063		621,381		593,657		586,525
Public Assistance		1,049,665		988,735		944,230		930,348		931,263
Education		43,314		41,240		38,548		41,226		39,788
Recreation and Cultural Services		102,069		96,820		101,232		102,762		101,993
Interest on Long-Term Debt		23,560		28,028		31,269		56,765		53,806
Subtotal Governmental Activities		3,388,407		3,301,457		3,359,775		3,262,680		3,247,961
Business-Type Activities:										
Airport		124,778		120,731		122,568		107,120		88,059
Waste Management		69,307		94,161		94,737		94,553		93,985
Compressed Natural Gas		331		379		305		306		349
Subtotal Business-Type Activities Total Primary Government		194,416		215,271		217,610		201,979		182,393
Expenses	\$	3,582,823	\$	3,516,728	\$	3,577,385	\$	3,464,659	\$	3,430,354
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$	36,924	\$	32,016	\$	32,127	\$	26,942	\$	33,561
Public Protection	*	286,644	*	273,215	*	283,031	*	271,423	*	310,773
Public Ways and Facilities		53,834		53,071		39,981		62,653		53,960
Health and Sanitation		102,599		93,470		81,039		86,027		93,815
Public Assistance		37,650		42,300		34,780		35,036		36,304
Education		1,480		2,059		1,327		1,437		1,576
Recreation and Cultural		1,400		2,000		1,021		1,407		1,070
Cultural Services		42 002		20.251		20 627		20 000		27 560
		43,882		39,251		39,637		38,888		37,560
Operating Grants and		4 000 004		0.000.550		4 004 050		4 000 000		4 700 004
Contributions		1,996,861		2,033,550		1,904,858		1,800,296		1,706,231
Capital Grants and		00.044		5.4.4 7 0		00.000		00.010		470.540
Contributions		33,241		54,478		62,893		39,010		170,516
Subtotal Governmental Activities		2 502 115		2 622 440		2 470 672		2 261 712		2 444 206
Program Revenues	-	2,593,115		2,623,410		2,479,673		2,361,712		2,444,296
Business-Type Activities:										
Charges for Services										
Airport		141,563		136,359		132,941		129,213		124,298
Waste Management		139,493		125,106		106,876		99,249		102,595
Compressed Natural Gas		312		392		385		293		242
Operating Grants and										
Contributions		255		900		200		212		657
Capital Grants and										
Contributions		9,215		5,277		3,839		5,216		6,544
Subtotal Business-Type Activities		•		•						
Program Revenues		290,838		268,034		244,241		234,183		234,336
Total Primary Government										
Program Revenues	\$	2,883,953	\$	2,891,444	\$	2,723,914	\$	2,595,895	\$	2,678,632

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

⁽²⁾ In FY 2006-07, the Unrestricted Investment Earnings were reclassified from Program Revenues to General Revenues for Business-Type Activities.

				F	iscal Year					
	2009-10		2008-09		2007-08		2006-07		2005-06	
										Expenses
										Governmental Activities:
\$	165,489	\$	268,092	\$	264,049	\$	281,739	\$	227,536	General Government
	1,160,823		1,230,894		1,164,458		1,055,593		972,996	Public Protection
	120,135		108,748		131,563		96,776		105,342	Public Ways and Facilities
	578,983		593,331		576,160		527,541		467,640	Health and Sanitation
	931,469		898,668		862,709		794,862		773,109	Public Assistance
	41,009		41,265		37,728		32,722		40,452	Education
	90,649		81,896		75,612		80,279		72,535	Recreation and Cultural Services
	53,782		59,751		76,210		65,961		64,680	Interest on Long-Term Debt
	3,142,339		3,282,645		3,188,489		2,935,473		2,724,290	Subtotal Governmental Activities
										Business-Type Activities:
	92,068		91,959		86,750		90,524		84,362	Airport
	84,754		79,374		101,990		85,378		76,771	Waste Management
	95									Compressed Natural Gas
	176,917		171,333		188,740		175,902		161,133	Subtotal Business-Type Activities
_	,		,,,,,,		100,110		,		.0.,.00	Total Primary Government
\$	3,319,256	\$	3,453,978	\$	3,377,229	\$	3,111,375	\$	2,885,423	Expenses
										Program Revenues
										Governmental Activities:
										Charges for Services
\$	27,452	\$	44,782	\$	40,659	\$	45,647	\$	38,645	General Government
Ψ	278,355	Ψ	289,014	Ψ	295,740	Ψ	283,215	Ψ	275,703	Public Protection
	45,809		47,283		45,898		41,014		42,483	Public Ways and Facilities
	86,430		82,059		95,069		85,305		79,493	Health and Sanitation
	30,914		26,636		6,360		5,372		4,709	Public Assistance
	1,449		1,338		1,349		4,743		1,353	Education
	1,443		1,550		1,549		4,743		1,555	Recreation and Cultural
	38,223		40,138		40,449		39,028		34,974	Cultural Services
	30,223		40,130		40,449		39,020		34,974	Operating Grants and
	1,741,762		1,641,501		1,735,820		1,759,887		1,605,063	Contributions
	1,741,702		1,041,301		1,733,620		1,739,007		1,005,005	Capital Grants and
	16,828		94,031		46,308		69,340		18,178	Contributions
	10,020		34,031		40,300		03,540		10,170	Subtotal Governmental Activities
	2,267,222		2,266,782		2,307,652		2,333,551		2,100,601	Program Revenues
	2,201,222		2,200,702		2,007,002		2,000,001		2,100,001	-
										Business-Type Activities:
	100.050		105.005	٠	400 400		407 747		101 775	Charges for Services
	126,656		125,095		126,139		127,747		101,775	Airport
	82,442		93,456		99,548		111,362		114,239	Waste Management
	129									Compressed Natural Gas
	4 400		474		500		691	(2)	00.040	Operating Grants and
	1,432		171		569		691		22,846	Contributions
	0.077		7 400		45 400		0.704		4 700	Capital Grants and
	8,077		7,466		15,188		6,731		1,720	Contributions
	010 =0=		202 12-		044.444		0.46 == :		0.10 ====	Subtotal Business-Type Activities
	218,736		226,188		241,444		246,531		240,580	Program Revenues Total Primary Government
\$	2,485,958	\$	2,492,970	\$	2,549,096	\$	2,580,082	\$	2,341,181	Program Revenues
÷	•	_	•	_	•	_	, -,	-	, , -	<u> </u>

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

	Fiscal Year									
		2014-15		2013-14	(4)	2012-13	2011-12 ⁽⁴⁾	2010-11		
Net (Expense)/Revenue										
Governmental Activities	\$	(795,292)	\$	(678,047)	\$	(880,102) \$	(900,968) \$	(803,665)		
Business-Type Activities		96,422		52,763		26,631	32,204	51,943		
Total Primary Government										
Net Revenue/(Expense)	\$	(698,870)	\$	(625,284)	\$	(853,471) \$	(868,764) \$	(751,722)		
General Revenue and Other										
Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes, Levied for	•		•							
General Fund	\$	328,500	\$	277,591	\$	313,299 \$	311,779 \$	298,953		
Property Taxes, Levied for		77.000		70 707		00.004	00.404	70.000		
Flood Control District		77,090		72,737		69,321	68,184	73,260		
Property Taxes, Levied for		E7 000		E4 040		E4 EE0	E4 4C0	E4 EE4		
OC Parks		57,266		54,042		51,550	51,168	51,554		
Property Taxes, Levied for OC Public Libraries		42,333		39,734		37,961	37,389	37,590		
		42,333		39,734		37,901	•	•		
Property Tax Increments (3)							18,308	30,755		
Property Taxes in-Lieu of		244.057		205 700		200 745	202.055	220 424		
Motor Vehicle License Fees Other Taxes		314,957		295,798		309,745	303,955	228,421		
Grants and Contributions Not		71,613		73,178		108,430	43,568	83,938		
Restricted to Specific										
Programs		49.476		14,192		6,711	9,377	27,457		
State Allocation of Motor		10,170		14,102		0,711	0,011	21,401		
Vehicle License Fees		764		895		1,659	2,667	49,889		
Unrestricted Investment Earnings		6,796		18,459		11,559	4,195	23,703		
Miscellaneous		69,789		54,412		48,478	57,125	64,563		
Gain on Sale of Capital Assets							34			
Transfers		19,959		17,557		10,276	11,767	12,681		
Subtotal Governmental Activities		1,038,543		918,595		968,989	919,516	982,764		
Extraordinary Gain/(Loss)										
Dissolution of OCDA (1)						1,800	(69,639)			
Business-Type Activities:										
Other Taxes		109		101		93	134	-		
Unrestricted Investment Earnings		3,042		3,064		2,113	3,530	5,509		
Miscellaneous Revenues		1,597		3,177		1,235	1,508	1,109		
Special Items		(40.050)		(47.557)		(40.070)	(44.707)	(40.004)		
Transfers		(19,959)		(17,557)		(10,276)	(11,767)	(12,681)		
Subtotal Business-Type Activities		(15,211)	•	(11,215)	_	(6,835)	(6,595)	(6,063)		
Total Primary Government	\$	1,023,332	\$	907,380	\$	963,954 \$	843,282 \$	976,701		
Change in Net Position										
Governmental Activities	\$	243,251	\$	240,548	\$	90,687 \$	(51,091) \$	179,099		
Business-Type Activities		81,211		41,548		19,796	25,609	45,880		
Total Primary Government	\$	324,462	\$	282,096	\$	110,483 \$	(25,482) \$	224,979		

Notes: (1) Extraordinary item results from dissolution of OCDA which is now reported as a private-purpose trust fund.

⁽²⁾ In FY 2006-07, the Unrestricted Investment Earnings were reclassified from Program Revenues to General Revenues for Business-Type Activities.

⁽³⁾ Starting in FY 2012-13, there were no property tax increment revenue due to dissolution of OCDA.

⁽⁴⁾ The balances shown have not been restated to include prior period adjustments.

				F	iscal Year					
	2009-10		2008-09		2007-08		2006-07		2005-06	
\$	(875,117) 41,819	\$	(1,015,863) 54,855	\$	(880,837) 52,704	\$	(601,922) 70,629	\$	(623,689) 79,447	Net (Expense)/Revenue Governmental Activities Business-Type Activities Total Primary Government
\$	(833,298)	\$	(961,008)	\$	(828,133)	\$	(531,293)	\$	(544,242)	Net Revenue/(Expense)
<u>*</u>	(000,000)	<u> </u>	(201,000)	<u>, , , , , , , , , , , , , , , , , , , </u>	(323,330)	<u> </u>	(55.,550)		(=	General Revenue and Other Changes in Net Position Governmental Activities: Taxes
\$	290,054	\$	263,893	\$	273,259	\$	283,112	\$	271,925	Property Taxes, Levied for General Fund Property Taxes, Levied for
	67,103		68,747		68,042		63,209		53,662	Flood Control District Property Taxes, Levied for
	49,857		51,076		50,551		46,965		39,869	OC Parks Property Taxes, Levied for
	37,057		37,932		37,454		34,427		31,408	OC Public Libraries
	31,917		35,276		32,376		25,828		26,580	Property Tax Increments Property Taxes in-Lieu of
	229,635		232,760		224,210		206,933		158,240	Motor Vehicle License Fees
	93,024		94,184		84,434		54,644		50,676	Other Taxes Grants and Contributions Not Restricted to Specific
	10,299		27,637		23,434		1,917		1,881	Programs State Allocation of Motor
	46,697		50,390		54,656		58,487		56,873	Vehicle License Fees
	15,541		13,583		27,773		60,856		38,588	Unrestricted Investment Earnings
	54,496		49,438		66,887		60,762		66,239	Miscellaneous
							31,460			Gain on Sale of Capital Assets
	11,188		14,129		16,802		14,130		11,435	Transfers
	936,868		939,045		959,878		942,730		807,376	Subtotal Governmental Activities
										Extraordinary Gain/(Loss) Dissolution of OCDA
										Business-Type Activities: Other Taxes
	6,411		17,332		29,206		34,300	(2)		Unrestricted Investment Earnings
	2,453		786		2,886		1,206		3,016	Miscellaneous Revenues
					(6,835)					Special Items
	(11,188)		(14,129)		(16,802)		(14,130)		(11,435)	Transfers
_	(2,324)	Φ.	3,989	Δ.	8,455	_	21,576	_	(8,419)	Subtotal Business-Type Activities
\$	934,544	\$	943,034	\$	968,333	\$	964,306	\$	798,957	Total Primary Government
_	04 ==:	_	/ 	•	3 6.54.	*	0.46.55=	*	400 555	Change in Net Position
\$	61,751	\$	(76,818)	\$	79,041	\$	340,808	\$	183,687	Governmental Activities
•	39,495	\$	58,844	Φ.	61,159 140,200	\$	92,205 433,013	\$	71,028	Business-Type Activities
\$	101,246	Φ	(17,974)	Φ	140,200	Φ	433,013	Φ	254,715	Total Primary Government

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

	Fiscal Year										
		2014-15		2013-14		2012-13	(2)	2011-12		2010-11	
General Fund											
Reserved	\$		\$		\$		\$		\$		
Unreserved											
Nonspendable (1)		336,606		321,022		263,446		225,460		266,328	
Restricted (1)		31,486		42,028		34,679		26,336		10,872	
Assigned (1)		269,529		153,336		68,157		100,448		1,394	
Unassigned (1)		26,887				78,264		990			
Total General Fund	\$	664,508	\$	516,386	\$	444,546	\$	353,234	\$	278,594	
All Other Governmental Funds											
Reserved	\$		\$		\$		\$		\$		
Unreserved,											
Reported in:											
Special Revenue Funds											
Debt Service Funds											
Capital Projects Funds											
Permanent Fund											
Nonspendable (1)		21,296		21,207		18,929		23,057		20,802	
Restricted (1)		1,417,122		1,362,102		1,357,556		1,318,071		1,482,755	
Assigned (1)		83,765		67,929		65,556		43,900		34,173	
Unassigned (1)								(3,016)		(8,074)	
Total All Other Governmental								,		, , ,	
Funds	\$	1,522,183	\$	1,451,238	\$	1,442,041	\$	1,382,012	\$	1,529,656	

Note:

⁽¹⁾ In accordance with GASB Statement No. 54, which was implemented in FY 2010-11, the classification of fund balance was redefined.

⁽²⁾ The balances shown have not been restated to include prior period adjustments.

 2009-10	2008-09	2007-08	2006-07	2005-06
\$ 53,190 215,094	\$ 49,423 238,621	\$ 99,877 215,096	\$ 89,001 294,739	\$ 68,082 290,053
\$ 268,284	\$ 288,044	\$ 314,973	\$ 383,740	\$ 358,135
\$ 540,745	\$ 517,375	\$ 671,739	\$ 626,134	\$ 594,090
894,148 (1,813)	878,113 (9,903)	880,288 	838,291 17,456	694,973 5,323
47,362	73,045	198,348	232,317	245,770
154	149	139	125	110
\$ 1,480,596	\$ 1,458,779	\$ 1,750,514	\$ 1,714,323	\$ 1,540,266

Fiscal Year

General Fund

Reserved Unreserved

Nonspendable (1)

Restricted (1)

Assigned (1)

Unassigned (1)

Total General Fund

All Other Governmental Funds

Reserved

Unreserved,

Reported in:

Special Revenue Funds

Debt Service Funds

Capital Projects Funds

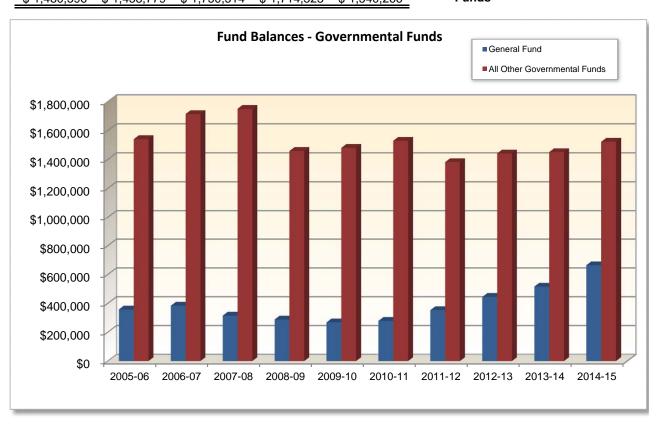
Permanent Fund Nonspendable (1)

Restricted (1)

Assigned (1)

Unassigned (1)

Total All Other Governmental Funds



Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Basis of Accounting)

					Fisca	l Year				
		2014-15	20	13-14	20	12-13	20	11-12 ⁽²⁾	2	2010-11
Revenues										
Taxes	\$	822,511	\$	778,936	\$ 8	54,587	\$ 7	784,797	\$	738,109
Licenses, Permits and Franchises		24,583		24,920		15,213		18,046		16,831
Fines, Forfeitures and Penalties		108,115		62,081		79,267		80,180		93,461
Use of Money and Property		73,700		63,611		58,441		81,088		89,514
Intergovernmental		2,064,354	2,0	070,245	1,9	40,687	1,8	346,311		1,745,066
Charges for Services		480,023	4	470,899	4	39,224	4	135,920		478,916
Contributions from Property Owners										
Other		71,207		54,406		77,464		66,920		64,125
Total Revenues		3,644,493	3,	525,098		64,883	3,3	313,262	;	3,226,022
Evnandituras				·				•		
Expenditures		242 005		170 105	4	0C 14E	,	170 156		207 402
General Government		212,805		172,195		86,145		170,156		207,193
Public Protection		1,230,878		194,069		57,676		125,831		1,068,267
Public Ways and Facilities		102,732		127,506		12,294		126,809		110,789
Health and Sanitation		515,560		621,891		11,369		580,791		576,793
Public Assistance		1,030,404	,	972,156		32,414	,	909,296		911,704
Education		41,949		40,008		37,239		37,621		37,671
Recreation and Cultural Services		98,001		98,388		94,051		91,753		84,506
Capital Outlay		102,863		125,781	1	22,639		105,207		84,311
Debt Service										
Principal Retirement		104,756		111,486		72,499		95,429		87,685
Escrow Bond Agent										
Interest		31,513		35,107		43,777		46,152		40,634
Debt Issuance Costs				200						
Total Expenditures		3,471,461	3,4	498,787	3,3	70,103	3,2	289,045	(3,209,553
Excess (Deficit) of Revenues										
Over Expenditures		173,032		26,311		94,780		24,217		16,469
Other Financing Sources (Uses)										
Transfers In		338,055	:	294,374	2	74,363	3	345,692		395,752
Transfers Out		(323,604)		279,287)		268,110)		336,157)		(388,274)
Bonds Issued		31,541	`	39,639		78,419	,	10,000		36,000
Premium on Bonds Issued								2,927		
Principal Payment on Demand Bonds								_,		
Refunding Bonds Issued								34,380		
Payment to Refunded Bond Escrow								(40,491)		(710)
Provisions for Increase in Land Held								(10,101)		(1.10)
for Resale								43		
Capital Leases		43						-		133
Total Other Financing Sources		46,035		54,726		84,672		16,394		42,901
Extraordinary Gain/(Loss)		+0,000				1,800	(*	113,615)		
Net Change in Fund Balances	\$	219,067	\$	81,037	\$ 1	81,252		(73,004)	\$	59,370
-	Ψ	210,001	Ψ	01,007	ΨΙ	01,202	Ψ	(10,004)	Ψ	00,070
Debt Service as a Percentage										
of Noncapital Expenditures:		4.04%		4.34%		3.60%		4.44%		4.12%

Notes:

In FY 2005-06, the County eliminated the effect of intra-departmental billings and expenditures for annual required pension contribution. Prior years have not been restated.

⁽²⁾ The balances shown have not been restated to include prior period adjustments.

			Fiscal Year			
2	2009-10	2008-09	2007-08	2006-07	2005-06	
						Revenues
\$	741,850	\$ 727,159	\$ 719,742	\$ 674,278		Taxes
	14,976	17,965	20,516	23,289		Licenses, Permits and Franchises
	102,959	112,882	89,700	73,353		Fines, Forfeitures and Penalties
	88,350	69,667	146,983	165,042		Use of Money and Property
•	1,769,253	1,697,017	1,743,637	1,722,951	1,614,484	Intergovernmental
	418,373	443,456	423,611	406,071	386,332	Charges for Services
					18,094	Contributions from Property Owners
	65,727	89,064	91,197	104,046		Other
	3,201,488	3,157,210	3,235,386	3,169,030	2,916,902	Total Revenues
						Expenditures
	211,434	277,369	252,781	204,585	303,827 ⁽¹⁾	General Government
	1,054,947	1,117,882	1,103,442	1,005,737		Public Protection
	106,985	110,548	117,963	90,683		Public Ways and Facilities
	559,315	576,964	564,335	516,901	458,741	Health and Sanitation
	903,733	878,436	851,836	788,326		Public Assistance
	38,921	39,666	37,091	35,904		Education
	82,826	79,889	70,084	73,386		Recreation and Cultural Services
	124,077	155,286	143,468	154,373	99,519	Capital Outlay
						Debt Service
	88,962	205,268	301,066	191,012	67,602	Principal Retirement
					230,719	Escrow Bond Agent
	39,565	46,697	53,478	58,586	57,028	Interest
				799	4,402	Debt Issuance Costs
	3,210,765	3,488,005	3,495,544	3,120,292	3,000,090	Total Expenditures
						Excess (Deficit) of Revenues
	(9,277)	(330,795)	(260,158)	48,738	(83,188)	Over Expenditures
						Other Financing Sources (Uses)
	382,154	793,528	359,791	298,138	245,441	Transfers In
	(370,820)	(781,397)	(345,674)			Transfers Out
		(. 0 . , 0 0 .)	(0.0,0)	32,700		Bonds Issued
				2,140		Premium on Bonds Issued
			211,065	105,991		Principal Payment on Demand Bonds
					565,762	Refunding Bonds Issued
					(568,409)	Payment to Refunded Bond Escrow
						Provisions for Increase in Land Held
						for Resale
			2,400		396	Capital Leases
	11,334	12,131	227,582	150,924	32,646	Total Other Financing Sources
						Extraordinary Loss
\$	2,057	\$ (318,664)	\$ (32,576)	\$ 199,662	\$ (50,542)	Net Change in Fund Balances
	4.18%	7.54%	10.43%	8.44%	5 12.40%	Debt Service as a Percentage of Noncapital Expenditures:

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

Fiscal Year	Residential Property			Unsecured Roll Gross Total ⁽³⁾	
2014-15	\$ 352,800,864	\$ 105,523,254	\$ 3,694,094	\$ 20,902,660	
2013-14	328,138,473	102,580,010	3,792,261	19,281,087	
2012-13	315,635,908	100,074,695	3,489,057	19,905,480	
2011-12	310,211,002	96,431,670	2,848,162	20,634,672	
2010-11	304,895,403	97,097,750	3,038,747	21,198,638	
2009-10	302,855,181	100,686,715	2,814,952	21,516,171	
2008-09	310,398,180	97,515,067	3,125,331	21,026,522	
2007-08	302,853,813	89,547,612	2,772,022	20,318,430	
2006-07	277,879,918	82,230,790	2,948,207	20,831,767	
2005-06	249,353,174	74,875,049	2,282,746	18,341,319	

Notes:

Source: Orange County Assessor Department

⁽¹⁾ Article XIIIA, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent, the current market value at time of ownership change and the market value for new construction. Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.

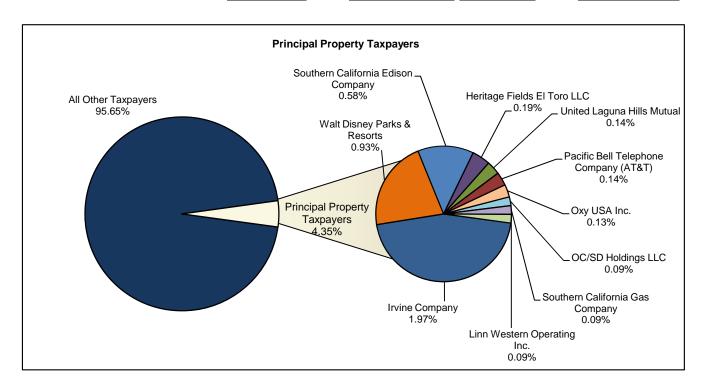
⁽²⁾ Other property includes: timeshares, rural/agricultural land, unique miscellaneous, mineral rights, water rights and personal property and fixtures.

⁽³⁾ Unsecured roll includes properties for which taxes assessed are not a lien on real property and are not sufficient, in the opinion of the Assessor, to secure payment of taxes. It consists of improvements, business personal property, boats and aircrafts, and it can also include land and improvements that are identified as real estate of others, as defined by the Assessor (reference Revenue and Taxation Code Section 134).

Total Taxable Assessed Value	Less: Exempt & Non-Reimbursed Exemptions		Non-Reimbursed Assessed		Total Direct Tax Rate Percent ⁽¹⁾
\$ 482,920,872	\$ (11,6	661,965)	\$ 471,258	3,907	1.00
453,791,831	(10,9	943,554)	442,848	3,277	1.00
439,105,140	(10,6	34,193)	428,470),947	1.00
430,125,506	(9,7	729,486)	420,396	5,020	1.00
426,230,538	(9,4	152,472)	416,778	3,066	1.00
427,873,019	(9,0)63,739)	418,809	,280	1.00
432,065,100	(8,0)51,290)	424,013	3,810	1.00
415,491,877	(6,7	757,810)	408,734	,067	1.00
383,890,682	(6,6	613,199)	377,277	7 ,483	1.00
344,852,288	(5,6	615,327)	339,236	5,961	1.00

Principal Property Taxpayers Current Year and Nine Years Ago

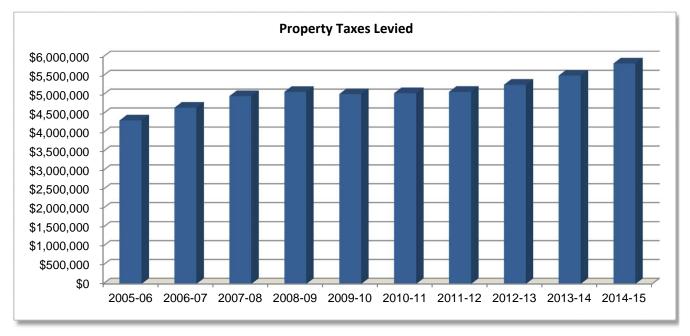
			201	5	2006				
Taxpayer		Actual Taxes Levied		Percentage of Total Taxes Levied	Actual Taxes Levied		Rank	Percentage of Total Taxes Levied	
Irvine Company	\$	106,692	1	1.97%	\$	48,788	1	1.28%	
Walt Disney Parks & Resorts	•	50,529	2	0.93%	•	35,813	2 & 6	0.94%	
Southern California Edison Company		31,303	3	0.58%		17,776	4	0.47%	
Heritage Fields El Toro LLC		10,503	4	0.19%					
United Laguna Hills Mutual		7,825	5	0.14%		6,792	7	0.18%	
Pacific Bell Telephone Company (AT&T)		7,672	6	0.14%					
Oxy USA Inc.		6,977	7	0.13%					
OC/SD Holdings LLC		5,091	8	0.09%					
Southern California Gas Company		4,727	9	0.09%					
Linn Western Operating Inc.		4,611	10	0.09%					
Irvine Apartment Communities						18,995	3	0.50%	
SBC California						7,727	5	0.20%	
Irvine Co. of W VA						5,309	8	0.14%	
Maguire Properties-Park Place						4,318	9	0.11%	
Irvine Community Development						4,127	10	0.11%	
Total	\$	235,930		4.35%	\$	149,645	i	3.93%	



Source: Treasurer-Tax Collector, County of Orange

Property Tax Levies and Collections Last Ten Fiscal Years

	Taxes Levied for the		s Within the Fiscal of the Levy ⁽²⁾	Collections of Delinquent Taxes from	To	tal Collections	for the Fiscal Year ⁽³⁾
Fiscal Year	Fiscal Year ⁽¹⁾	Amount	Percentage of Levy	Prior Years ⁽⁴⁾		Amount	Percentage of Levy
2014-15	\$ 5,828,106	\$ 5,759,699	98.83%	\$ -	\$	5,759,699	98.83%
2013-14	5,509,379	5,444,912	98.83%	35,142		5,480,054	99.47%
2012-13	5,265,844	5,194,193	98.64%	36,579		5,230,772	99.33%
2011-12	5,079,589	5,002,490	98.48%	58,963		5,061,453	99.64%
2010-11	5,045,802	4,960,748	98.31%	17,752		4,978,500	98.67%
2009-10	5,019,061	4,904,188	97.71%	8,628		4,912,816	97.88%
2008-09	5,076,796	4,901,574	96.55%	6,882		4,908,456	96.68%
2007-08	4,965,990	4,784,438	96.34%	4,088		4,788,526	96.43%
2006-07	4,661,169	4,499,537	96.53%	1,333		4,500,870	96.56%
2005-06	4,323,550	4,133,562	95.61%	425		4,133,987	95.62%



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 in FY 2014-15 because the property taxes levied will be collected in the following year.

Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt ⁽¹⁾ by Type Last Ten Fiscal Years (in Thousands Except Per Capita) (Accrual Basis of Accounting)

Governmental Activities

			overninental 7 tota	V1.11.00		
Fiscal Year	Refunding Recovery Bonds ⁽⁶⁾	Redevelopment Bonds (2)	Certificates of Participation (5)	Pension Obligation Bonds ⁽⁵⁾	Teeter Plan Revenue Bonds	Teeter Plan Notes
2014-15	\$ -	\$	\$ 8,780	\$ 116,494	\$	\$ 33,823
2013-14	19,172		10,626	127,206		39,830
2012-13	35,317		12,347	138,484		43,486
2011-12	51,600		3,422	47,523		
2010-11	67,028	47,009	4,064	54,680		
2009-10	81,619	49,729	4,758	59,331		
2008-09	95,206	52,306	5,502	69,711		
2007-08	108,175	54,750	6,306	72,728	123,725	
2006-07	120,019	57,122	7,165	89,891	123,725	
2005-06	131,420	58,994	8,092	99,714	123,725	

Notes:

Source: Auditor-Controller, County of Orange

⁽¹⁾ Details regarding the County's outstanding debt can be found in Note 11, Long-Term Obligations.

⁽²⁾ Redevelopment Bonds are no longer County debt due to the dissolution of Redevelopment Agency on February 1, 2012. Details regarding the Redevelopment Bonds can be found in Note 12, Conduit Debt Obligations and Successor Agency Debt.

⁽³⁾ Capital lease obligations arise from lease agreements which are in-substance like purchases. The agreements convey property rights to the lessee and the lessee assumes substantially all the risks and benefits of ownership.

⁽⁴⁾ See demographic and economic statistics schedule for personal income and population data. For years prior to FY 2012-13, the personal income ratio and the debt per capita amounts were calculated using personal income and population from the prior fiscal year.

⁽⁵⁾ Beginning FY 2012-13, outstanding debt includes accreted interest on capital appreciation bonds.

⁽⁶⁾ 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.

			Business-Type Activities						
Lea Reve Bond	enue	oital Lease igations ⁽³⁾	Airport Revenue Bonds		ste Management rstem Revenue Bonds	tal Primary	Percentage of Personal Income ⁽⁴⁾	Per	Capita ⁽⁴⁾
\$ 10	5,880	\$ 79,168	\$ 202,536	\$		\$ 546,681	0.29%	\$	174
137	7,115	62,446	209,804		-	606,199	0.34%		195
15	5,828	67,353	240,540		7,018	700,373	0.41%		227
18 ⁻	1,097	71,755	248,900		13,666	617,963	0.37%		202
249	9,924	76,074	256,683		19,921	775,383	0.49%		258
309	9,517	80,114	264,099		25,738	874,905	0.57%		276
36	5,850	84,952	33,502		31,144	738,173	0.50%		235
420	0,668	90,769	89,897		36,177	1,003,195	0.65%		321
470	0,616	93,533	101,925		40,881	1,104,877	0.72%		357
486	5,020	101,546	113,156		45,272	1,167,939	0.81%		380

Ratios of Net General Bonded Debt ⁽¹⁾ Outstanding Last Ten Fiscal Years (in Thousands Except Per Capita) (Accrual Basis of Accounting)

General Debt Outstanding

Fiscal Year 2014-15	Refunding Recovery Bonds	Pension Obligation Bonds ⁽³⁾ \$116,494	Restricted for Debt Payments (3) \$ 116,494	Total (Excess)/ Under \$ -	Percentage of Assessed Value 0.00%	Per Capita (2)
2013-14	19,172	127,206	127,206	19,172	0.00%	6
2012-13	35,317	138,484	138,484	35,317	0.01%	11
2011-12	51,600	47,523	47,523	51,600	0.01%	17
2010-11	67,028	54,680	54,680	67,028	0.02%	22
2009-10	81,619	59,331	59,331	81,619	0.02%	26
2008-09	95,206	69,711	69,711	95,206	0.02%	30
2007-08	108,175	72,728	72,728	108,175	0.03%	35
2006-07	120,019	89,891	89,891	120,019	0.04%	39
2005-06	131,420	99,714	99,714	131,420	0.04%	43

Notes: (1) Details regarding the County's outstanding debt can be found in Note 11, Long-Term Obligations.

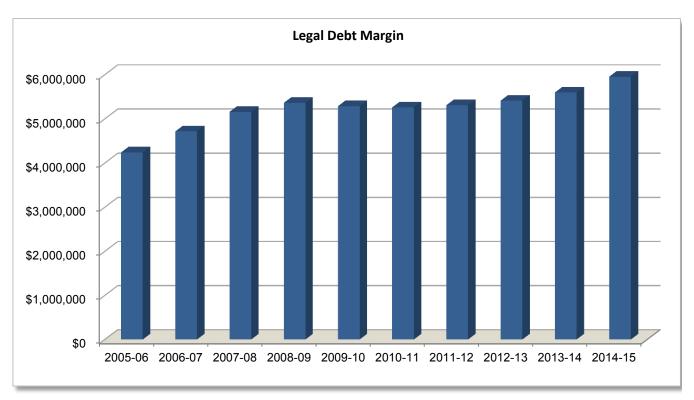
Source: Auditor Controller, County of Orange

⁽²⁾ See demographic and economic statistics schedule for population data. For years prior to FY 2012-13, the debt per capita amount was calculated using the population for the prior fiscal year.

⁽³⁾ Beginning in FY 2012-13, outstanding debt includes accreted interest on capital appreciation bonds.

Legal Debt Margin as a Percentage of Debt Limit Last Ten Fiscal Years

Fiscal Year	Assessed Value (1)	Legal Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit (2)
2014-15	\$ 476,303,290	\$ 5,953,791	\$	\$ 5,953,791	0%
2013-14	447,749,156	5,596,864		5,596,864	0%
2012-13	432,902,274	5,411,278		5,411,278	0%
2011-12	424,769,642	5,309,621		5,309,621	0%
2010-11	420,751,575	5,259,395		5,259,395	0%
2009-10	422,965,596	5,287,070		5,287,070	0%
2008-09	428,809,224	5,360,115		5,360,115	0%
2007-08	412,669,779	5,158,372		5,158,372	0%
2006-07	377,277,483	4,715,969		4,715,969	0%
2005-06	339,236,961	4,240,462		4,240,462	0%



Note: (1) Starting from FY 2007-08, Assessed Value includes values for the State assessed properties.

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

Source: Auditor-Controller, County of Orange

Pledged Revenue Coverage (1) Last Ten Fiscal Years

	So	outh Orange	County Pub	lic Financin	g Authority	·		Ora	ange County	Public Facil	ities Corpo	ration Bon	ds
Fund	ding Source:	Interest Earnin	ngs, Rents and	d Concessions	, and Transfe	rs	Fund	ing Source:	Interest Earni	ngs and Transf	ers		
				Debt S	Service	_					Debt S	ervice	=
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2014-15	\$ 5,830	\$	\$ 5,830	\$ 4,780	\$ 1,049	1.00	2014-15	\$ 2,475	\$	\$ 2,475	\$ 518	\$ 2,090	0.95
2013-14	5,825		5,825	4,680	1,143	1.00	2013-14	2,459		2,459	560	2,045	0.94
2012-13	5,841		5,841	4,520	1,307	1.00	2012-13	2,403	44	2,359	600	2,005	0.91
2011-12		262	(262)				2011-12	2,770		2,770	642	1,958	1.07
2010-11							2010-11	2,525		2,525	694	1,906	0.97
2009-10							2009-10	2,743		2,743	744	1,861	1.05
2008-09							2008-09	2,700		2,700	804	1,801	1.04
2007-08							2007-08	2,789		2,789	859	1,741	1.07
2006-07							2006-07	2,605		2,605	927	1,678	1.00
2005-06							2005-06	2,234		2,234	992	1,615	0.86
		Orange Cou	ınty Public	Financing A	uthority					Teeter Plan	n Notes (3)		
Fund	ding Source:	Orange Cou				ers	Fund	ing Source:	Delinquent Pr	Teeter Plar roperty Taxes (
Fund	ding Source:				s, and Transfe	ers	Fund	ing Source:	Delinquent Pr			ervice	
Fund Fiscal Year	ding Source: Gross Revenue			d Concessions	s, and Transfe	Coverage	Fund Fiscal Year	ing Source: Gross Revenue	Delinquent Properating Operating Expenses		Collected	ervice Interest	Coverage
Fiscal	Gross	Interest Earnin Operating	ngs, Rents an Net Available	d Concessions Debt S	s, and Transfe Service	-	Fiscal	Gross	Operating	roperty Taxes (Net Available	Collected Debt S Principal		Coverage (0.07)
Fiscal Year	Gross Revenue	Operating Expenses	ngs, Rents an Net Available Revenue	d Concessions Debt S Principal	s, and Transfe Service Interest	Coverage	Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Collected Debt S Principal	Interest	
Fiscal Year 2014-15	Gross Revenue \$ 29,928	Operating Expenses	Net Available Revenue \$ 29,928	Debt S Principal \$ 24,235	s, and Transfe Service Interest \$ 4,455	Coverage 1.04	Fiscal Year 2014-15	Gross Revenue	Operating Expenses \$ 2,954	Net Available Revenue \$ (2,780)	Debt S Principal 4)\$ 37,548	Interest \$ 352	(0.07)
Fiscal Year 2014-15 2013-14	Gross Revenue \$ 29,928 29,949	Operating Expenses	Net Available Revenue \$ 29,928 29,949	Principal \$ 24,235 23,115	Interest \$ 4,455 5,605	Coverage 1.04 1.04	Fiscal Year 2014-15 2013-14	Gross Revenue \$ 174 11,147	Operating Expenses \$ 2,954 251	Net Available Revenue \$ (2,780)	Principal 4)\$ 37,548 43,295	Interest \$ 352 413	(0.07)
Fiscal Year 2014-15 2013-14 2012-13	Gross Revenue \$ 29,928 29,949 29,952	Operating Expenses	Net Available Revenue \$ 29,928 29,949 29,952	Debt S Principal \$ 24,235 23,115 22,160	Interest \$ 4,455 5,605 6,638	Coverage 1.04 1.04 1.04	Fiscal Year 2014-15 2013-14 2012-13	Gross Revenue \$ 174 11,147 15,706	Operating Expenses \$ 2,954 251 1,032	Net Available Revenue \$ (2,780) 10,896 14,674	Principal 43,295 14,449	Interest \$ 352 413 327	(0.07) 0.25 0.99
Fiscal Year 2014-15 2013-14 2012-13 2011-12	Gross Revenue \$ 29,928 29,949 29,952 35,697	Operating Expenses	Net Available Revenue \$ 29,928 29,949 29,952 35,697	Principal \$ 24,235 23,115 22,160 61,630	Interest \$ 4,455 5,605 6,638 10,837	Coverage 1.04 1.04 1.04 0.49	Fiscal Year 2014-15 2013-14 2012-13 2011-12	Gross Revenue \$ 174 11,147 15,706 17,094	Operating Expenses \$ 2,954 251 1,032 1,769	Net Available Revenue \$ (2,780) 10,896 14,674 15,325	Principal 4)\$ 37,548 43,295 14,449	Interest \$ 352 413 327 267	(0.07) 0.25 0.99 57.40
Fiscal Year 2014-15 2013-14 2012-13 2011-12 2010-11	Gross Revenue \$ 29,928 29,949 29,952 35,697 74,725	Operating Expenses	Net Available Revenue \$ 29,928 29,949 29,952 35,697 74,725	Principal \$ 24,235 23,115 22,160 61,630 58,990	Interest \$ 4,455 5,605 6,638 10,837 13,643	Coverage 1.04 1.04 1.04 0.49 1.03	Fiscal Year 2014-15 2013-14 2012-13 2011-12 2010-11	Gross Revenue \$ 174 11,147 15,706 17,094 25,679	Operating Expenses \$ 2,954 251 1,032 1,769 1,989	Net Available Revenue \$ (2,780) 10,896 14,674 15,325 23,690	Principal 4)\$ 37,548 43,295 14,449	Interest \$ 352 413 327 267 654	(0.07) 0.25 0.99 57.40 36.22
Fiscal Year 2014-15 2013-14 2012-13 2011-12 2010-11 2009-10	Gross Revenue \$ 29,928 29,949 29,952 35,697 74,725 74,838	Operating Expenses	Net Available Revenue \$ 29,928 29,949 29,952 35,697 74,725 74,838	Principal \$ 24,235 23,115 22,160 61,630 58,990 56,580	Interest \$ 4,455 5,605 6,638 10,837 13,643 16,151	Coverage 1.04 1.04 1.04 0.49 1.03 1.03	Fiscal Year 2014-15 2013-14 2012-13 2011-12 2010-11 2009-10	Gross Revenue \$ 174 11,147 15,706 17,094 25,679 35,113	Operating Expenses \$ 2,954 251 1,032 1,769 1,989 2,203	Net Available Revenue \$ (2,780) 10,896 14,674 15,325 23,690 32,910	Principal 4)\$ 37,548 43,295 14,449	Interest \$ 352 413 327 267 654 917	(0.07) 0.25 0.99 57.40 36.22 35.89
Fiscal Year 2014-15 2013-14 2012-13 2011-12 2010-11 2009-10 2008-09	Gross Revenue \$ 29,928 29,949 29,952 35,697 74,725 74,838 77,027	Operating Expenses	Net Available Revenue \$ 29,928 29,949 29,952 35,697 74,725 74,838 77,027	Principal \$ 24,235 23,115 22,160 61,630 58,990 56,580 56,225	Interest \$ 4,455 5,605 6,638 10,837 13,643 16,151 18,385	Coverage 1.04 1.04 1.04 0.49 1.03 1.03	Fiscal Year 2014-15 2013-14 2012-13 2011-12 2010-11 2009-10 2008-09	Gross Revenue \$ 174 11,147 15,706 17,094 25,679 35,113	Operating Expenses \$ 2,954	Net Available Revenue \$ (2,780) 10,896 14,674 15,325 23,690 32,910	Principal Principal 4)\$ 37,548 43,295 14,449 (2)	\$ 352 413 327 267 654 917 1,170	(0.07) 0.25 0.99 57.40 36.22 35.89

Airport Revenue Bonds

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

				Debt S	ervice	_
			Net			
Fiscal	Gross	Operating	Available			
Year	Revenue	Expenses	Revenue	Principal	Interest	Coverage
2014-15	\$ 135,491	\$ 82,558	\$ 52,933	\$ 6,995	\$ 10,603	3.01
2013-14	131,285	84,708	46,577	30,473	11,395	1.11
2012-13	126,966	79,739	47,227	9,250	12,250	2.20
2011-12	124,403	77,628	46,775	7,851	12,592	2.29
2010-11	120,088	70,521	49,567	7,460	12,906	2.43
2009-10	121,761	68,771	52,990	2,865	7,163	5.28
2008-09	115,026	67,749	47,277	13,480	4,567	2.62
2007-08	118,105	63,174	54,931	12,765	5,280	3.04
2006-07	117,879	82,383	35,496	12,120	6,249	1.93
2005-06	111,324	75,992	35,332	11,500	6,866	1.92

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.

Source: Auditor-Controller, County of Orange

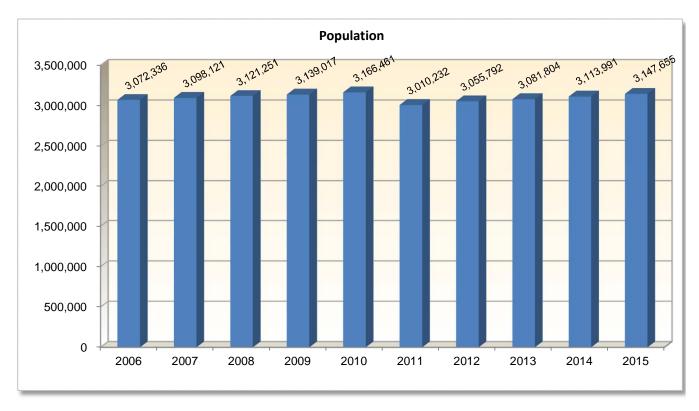
⁽²⁾ For FY 2008-09, there is a deficit balance for Net Available Revenue due to additional expenditures resulting from the establishment of the Teeter tax loss reserves in the Tax Loss Reserve Agency Fund during the first year of the program.

⁽³⁾ Teeter Plan Notes were converted from short-term commercial paper to long-term note in FY 2012-13.

⁽⁴⁾ For FY 2014-15, there is a deficit balance for Net Available Revenue due to the change in Teeter Plan Reserve methodology.

Demographic and Economic Statistics Last Ten Calendar Years

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (Absolute Dollars) (2)	Median Age ⁽³⁾	Public School Enrollment (In Thousands) (4)	Unemployment Rate ⁽⁵⁾
2015	3,147,655	\$ 185,500,000	\$ 58,933	N/A	497,116	4.0%
2014	3,113,991	177,412,900	56,973	36.4	500,487	5.4%
2013	3,081,804	168,966,400	54,827	36.2	501,801	6.2%
2012	3,055,792	166,345,500	54,436	36.7	502,195	7.7%
2011	3,010,232	159,007,100	52,822	37.3	502,895	8.6%
2010	3,166,461	153,098,600	48,350	37.2	502,239	9.6%
2009	3,139,017	148,372,600	47,267	36.9	504,136	9.6%
2008	3,121,251	155,068,400	49,681	36.1	503,225	5.7%
2007	3,098,121	153,446,600	49,529	35.9	503,955	3.8%
2006	3,072,336	143,949,044	48,209	35.3	510,114	3.4%



N/A means Not Available

Sources:

- (1) California Department of Finance, Demographic Research Unit, http://www.dof.ca.gov
- (2) For years prior to 2007, source is U.S. Department of Commerce, Bureau of Economic Analysis, http://www.bea.gov. From 2007 to current, the source for personal income is from the Chapman University Economic & Business Review. Starting in 2007, per capita personal income was calculated by dividing personal income by the population.
- (3) U.S. Census Bureau, American Community Survey, http://www.census.gov, 2015 N/A
- (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

2015

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	27,000	1	1.69%
University of California, Irvine	22,385	2	1.40%
County of Orange	18,135	3	1.13%
St. Joseph Health System	12,227	4	0.76%
Kaiser Permanente	7,000	5	0.44%
Boeing Co.	6,890	6	0.43%
Walmart	6,000	7	0.38%
Memorial Care Health System	5,650	8	0.35%
Bank of America	5,500	9	0.34%
Target Corporation	5,400	10	0.34%

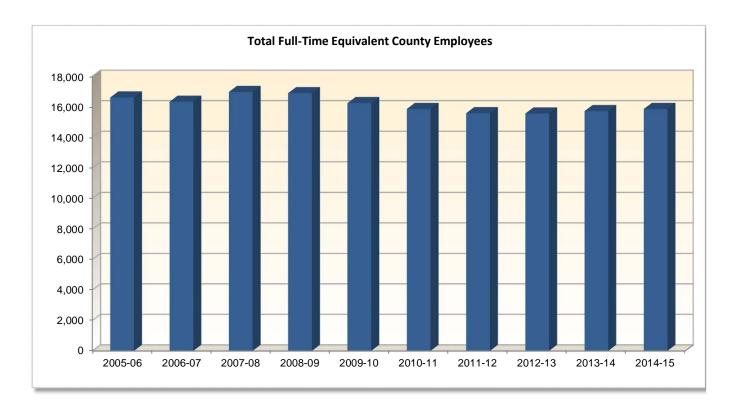
2006

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	21,000	1	1.37%
County of Orange	17,785	2	1.16%
University of California, Irvine	16,229	3	1.06%
Boeing Co.	12,042	4	0.79%
St. Joseph Health System	9,385	5	0.61%
Yum! Brands Inc.	6,600	6	0.43%
Ameriquest Capital Corporation	6,300	7	0.41%
California State University, Fullerton	5,256	8	0.34%
PacifiCare Health System	5,074	9	0.33%
Home Depot, Incorporated	5,000	10	0.33%

Source: Source: Orange County Business Journal Book of Lists - County of Orange http://www.labormarketinfo.edd.ca.gov

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

Function/Program	2014-15	2013-14	2012-13(2)	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
General Government	1,341	1,322	1,273	1,279	1,314	1,346	1,383	1,377	1,334	1,384
Public Protection	6,674	6,760	6,781	6,653	6,692	6,879	7,298	7,226	6,943	7,068
Public Ways and Facilities	440	478	508	542	569	585	622	621	579	598
Health and Sanitation	2,198	2,128	2,137	2,209	2,292	2,346	2,507	2,550	2,441	2,478
Public Assistance	4,239	4,043	3,876	3,867	3,935	4,023	4,000	4,123	3,992	4,029
Education	286	290	286	307	324	325	350	360	351	359
Recreation and Cultural Services	265	274	268	283	289	285	277	264	257	265
Airport	159	162	167	168	168	169	168	161	157	150
Waste Management	241	249	255	257	261	267	272	270	258	263
Children and Families Commission of Orange County	11	11	11	13	14	16	17	17	16	15
Total Full-time Equivalent Employees (1)	15,854	15,717	15,562	15,578	15,858	16,241	16,894	16,969	16,328	16,609



Note: (1) Full-time equivalent employment is calculated by dividing total labor hours by the total of hours in a fiscal year (2,080 hours).

(2) Updated FY 2012-13 numbers due to revaluation of methodology. It was subsequently determined that prior methodology was appropriate.

Source: County Executive Office, County of Orange

Operating Indicators by Function/Program Last Ten Fiscal Years

	Fiscal Year									
Function/Program		2014-15		2013-14		2012-13		2011-12		2010-11
General Government										
Auditor-Controller										
Property Tax Bills Prepared		1,216,325		1,220,750		1,186,238		1,153,816		1,189,320
Assessor										
Number of Real Property Valued		924,791		918,672		914,489		901,840		899,644
Number of Unsecured Property Assessed		145,151		135,551		139,865		159,464		161,005
New Parcels Created and Mapped		6,918		4,519		8,175		3,649		2,739
New Construction Events		18,530		16,904		17,173		17,129		9,372
County Executive Office Volunteer Program Service Hours		638,230		700,759		815,407		885,416		935,284
Clerk-Recorder										
Marriage Licenses Issued		23,553		25,244		22,502		22,415		20,868
Marriage Ceremonies Performed		11,213		12,056		*		*		*
Copies of Birth Certificates Issued		79,826		82,268		81,775		83,611		85,773
Property-Related Document Recordings		651,866		580,899		839,353		741,935		725,323
Passport Applications Filed		5,016		2,686		*		*		*
Treasurer-Tax Collector										
Orange County Investment Pool Income	\$	14,581	\$	11,298	\$	12,958	\$	17,978	\$	22,295
Assets Under Management	\$	7,604,246	\$	6,566,145	\$	6,490,056	\$	5,922,768	\$	6,183,195
Number of Property Tax Bills		1,381,808		1,421,654		1,347,596		1,257,709		1,382,198
Percentage of Secured Tax Bill Collection		99.21%		99.16%		98.94%		98.51%		98.35%
Number of Incoming Phone Calls		121,461		115,123		150,830		148,463		162,955
Percentage of Electronic Payments		54.2%		53.8%		49.4%		51.1%		49.3%
Secured Tax Bill Reminders		35,917		31,988		28,664		25,451		21,027
Property Tax Payments by eCheck		285,932		248,908		213,146		181,151		143,136
Registrar of Voters										
Registered Voters		1,424,216		1,411,232		1,683,001		1,612,145		1,621,934
Highest Number of Ballots Cast		640,358		340,187		1,133,204		145,474		898,205
Elections Conducted		7		3		2		2		5
Public Protection										
Sheriff-Coroner										
Patrolled Cities Population		637,261		631,934		627,447		557,403		553,148
Patrolled Unincorporated Areas		404.044		404 470		400.000		440.000		101 100
Population		124,014		121,473		120,396		119,698		121,488
Number of Bookings to Orange County Jail System		56,135		61,262		63,439		65,256		63,615
Average Daily Jail Head Count		6,055		7,039		6,805		6,265		5,721
		0,033		7,000		0,000		0,200		5,721
District Attorney Defendants Prosecuted - Adult		56,233		55,906		57,873		61,759		64,418
Defendants Prosecuted - Addit Defendants Prosecuted - Juvenile		4,482		5,103		6,651		6,743		7,907
		1, 102		0,100		0,001		0,7 10		7,007
Probation Physical Arrests - Adult		*		*		2,947		2,307		1,926
Physical Arrests - Juvenile		*		*		640		2,307 467		488
Probationers under Supervision as of						040		407		400
June 30th-Adult		10,725		14,425		14,186		14,788		13,243
Probationers under Supervision as of		. 5,. 25		,0		,		,. 50		. 3,= .3
June 30th-Juvenile		3,124		4,156		4,984		5,399		5,792
Avg. Daily Juvenile Hall Population		150		229		320		315		417
Avg. Daily Camp Population		203		182		193		169		194
Public Defender										
Cases Appointed Annually		79,119		74,101		77,073		73,487		77,661
Cases Appointed Attitudity		75,115		7-7,101		. 1,013		70,407		77,001

			Fiscal Year					
	2009-10	2008-09	2007-08		2006-07		2005-06	Function/Program
								General Government
								Auditor-Controller
	1,144,933	1,148,720	1,149,007		1,164,584		1,155,562	Property Tax Bills Prepared
								Assessor
	897,547	888,770	881,233		872,439		859,112	Number of Real Property Valued
	168,208	169,821	176,584		171,542		168,342	Number of Unsecured Property Assessed
	9,413	9,185	10,252		14,760		13,800	New Parcels Created and Mapped
	13,172	16,565	19,380		19,991		16,730	New Construction Events
								County Executive Office
	882,680	839,125	675,285		923,689		1,021,153	Volunteer Program Service Hours
								Clerk-Recorder
	20,292	21,339	20,894		21,088		21,198	Marriage Licenses Issued
	*	*	*		*		*	Marriage Ceremonies Performed
	87,999	98,231	117,226		120,817		99,792	Copies of Birth Certificates Issued
	669,332	629,373	658,005		849,739		979,733	Property-Related Document Recordings
								Passport Applications Filed
•				•		•		Treasurer-Tax Collector
\$		\$ 67,242	\$ 141,824	\$	167,107	\$	119,561	Orange County Investment Pool Income
\$		\$ 5,963,577	\$ 6,064,067	\$	6,186,614	\$	5,537,981	Assets Under Management
	1,362,221	1,367,901	1,472,466		1,477,237		1,421,439	Number of Property Tax Bills
	97.61% 160,067	96.30%	96.13%		97.18% 161,832		98.35%	Percentage of Secured Tax Bill Collection Number of Incoming Phone Calls
	43.8%	178,420 40.8%	175,149 41.2%		101,032		*	Percentage of Electronic Payments
	43.076 *	*	41.2 <i>7</i> 0		*		*	Secured Tax Bill Reminders
	126,942	112,114	105,396		*		*	Property Tax Payments by eCheck
	,	,	,					Registrar of Voters
	1,603,312	1,607,989	1,566,951		1,497,397		1,491,009	Registered Voters
	482,708	1,167,657	748,910		756,348		653,077	Highest Number of Ballots Cast
	5	4	5		3		8	Elections Conducted
								Public Protection
								Sheriff-Coroner
	584,947	581,109	575,909		571,648		571,456	Patrolled Cities Population
	,-	33.,.33	0.0,000		0,0.0		0,.00	Patrolled Unincorporated Areas
	120,088	119,480	118,136		120,174		118,664	Population
								Number of Bookings to Orange County
	58,322	61,778	64,596		66,869		67,062	Jail System
	5,171	6,090	6,183		6,571		6,517	Average Daily Jail Head Count
								District Attorney
	64,969	70,058	69,507		74,010		71,094	Defendants Prosecuted - Adult
	6,894	7,740	9,076		8,763		7,670	Defendants Prosecuted - Juvenile
								Probation
	1,822	1,725	2,470		3,000		3,052	Physical Arrests - Adult
	685	595	1,051		1,363		1,421	Physical Arrests - Juvenile
	40.175	4-00-			40.01-		40.000	Probationers under Supervision as of
	13,476	15,022	16,223		16,646		16,656	June 30th-Adult
	6 507	6 400	6 560		6 440		E 040	Probationers under Supervision as of
	6,527 428	6,492 455	6,569 490		6,112 502		5,912 522	June 30th-Juvenile Avg. Daily Juvenile Hall Population
	426 191	310	438		333		328	Avg. Daily Suverille Hall Population Avg. Daily Camp Population
	101	310	+30		555		320	
	76 404	92.020	70.050		92.200		70 705	Public Defender
	76,191	83,029	79,052		83,299		79,785	Cases Appointed Annually

* means Not Available

Sources: County Departments

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

			Fiscal Year		
Function/Program	2014-15	2013-14	2012-13	2011-12	2010-11
Recreation					_
OC Community Resources					
Exotic Invasive Plant Removal (acres)	1,466	1,154	4,102	4,042	629
Native Vegetation Restoration (acres)	312	368	843	994	2,448
New Open Space Management (acres)					
Dana Point Harbor					
Slip and Dry Storage Tenants	3,204	2,679	2,700	2,237	2,748
Boat Launches	15,511	15,606	15,037	14,327	15,150
Sailing and Event Center Participants	75,000	111,838	115,996	111,959	108,070
Ocean Institute Students	41,000	100,000	108,668	110,059	125,000
Hotel Guests	43,073	42,887	41,141	36,800	26,972
Catalina Express Passengers	123,688	123,257	123,257	120,945	114,176
Special Events at the Harbor	12	15	16	16	16
Public Ways and Facilities					
OC Public Works (OCPW)					
Building and Home Inspections	30,324	31,772	19,368	15,591	13,215
Health and Sanitation					
OC Community Resources					
Animal Licenses	198,358	192,320	191,098	200,755	173,570
Health Care Agency					
911 Emergency Medical Services Responses	183,794	170,804	171,420	168,172	156,638
Retail Food Facility Inspections Conducted	31,397	32,689	34,953	35,025	34,962
Hazardous Waste Inspections Conducted	5,950	4,616	6,058	5,444	6,237
Number of Home Visits by Public Health Nurses	31,258	35,101	34,953	32,498	29,260
Number of Low Income Children Dental Health	755	4.005	4.407	4.044	4 500
Services Number of Ocean Water Days of Closure	755	1,225	1,107	1,344	1,533
(In Beach-Miles)	24	20	8	0.93	61
,	2-	20	Ü	0.00	01
Public Assistance OC Community Resources					
Adult Day Care Hours of Service	43,010	50,944	49,129	70,267	93,425
Elderly Nutrition Program Meals Delivered	1,406,526	1,347,251	1,360,601	1,636,379	1,846,571
One-Way Transportation Trips Provided to Seniors	180,899	187,864	155,003	184,476	287,611
Social Service Agency	•	•	•	·	•
Average Monthly Medi-Cal Recipients	718,061	521,078	430,559	418,649	403,142
Average Monthly Child Abuse Hotline Calls	4,049	3,674	3,009	2,880	3,003
Average Monthly CalFresh (formerly Food	1,010	2,21	5,555	_,	5,555
Stamp) Recipients	258,676	247,517	230,964	213,919	185,489
Average Monthly In-Home Supportive Services	20,787	19,652	19,663	19,240	18,335
Average Persons Receiving Cash Assistance	55,921	55,225	55,008	56,847	58,770
Average Children in Foster Care/Relative Care	1,924	2,119	2,213	2,128	2,148
Average Elder and Adult Abuse Unduplicated					
Reports Received	815	710	636	630	604
Education					
OC Community Resources	0.444.407	0.040.700	0.504.000	0.744.000	7 700 054
Total Volumes Borrowed at Library Branches	6,411,127	6,642,739	6,564,262	6,741,380	7,796,954
<u>Airport</u>					
Passengers	9,608,873	9,304,295	9,124,172	8,642,116	8,611,054
Air Cargo Tonnage	16,997	17,564	17,821	16,831	15,150
Takeoffs & Landings	264,726	252,166	252,506	251,191	260,466
Waste Management					
Solid Waste Tonnage	4,581,359	4,070,238	3,428,657	3,304,643	3,495,649
Gallons of Leachate and Impacted	E E40 004	2.054.520	2 440 400	2 440 004	2 200 705
Ground Water Collected	5,510,821	3,854,530	3,116,108	3,448,964	3,209,725

			Fiscal Year			
	2009-10	2008-09	2007-08	2006-07	2005-06	Function/Program
						Recreation
						OC Community Resources
	61	1,475	*	30	15	Exotic Invasive Plant Removal (acres)
	82	144	*	13	0.5	Native Vegetation Restoration (acres)
			250			New Open Space Management (acres)
						Dana Point Harbor
	2,750	2,836	2,932	2,932	2,932	Slip and Dry Storage Tenants
	18,759	19,903	22,247	22,159	19,719	Boat Launches
	83,738	66,163	54,371	54,539	54,496	Sailing and Event Center Participants
	125,060	126,957	116,218	149,220	136,926	Ocean Institute Students
	25,252	28,650	26,940	29,580	28,366	Hotel Guests
	106,305	111,648	114,000	114,708	114,567	Catalina Express Passengers
	16	16	16	16	16	Special Events at the Harbor
						Public Ways and Facilities
						OC Public Works (OCPW)
	11,222	24,731	31,363	32,365	38,945	Building and Home Inspections
						Health and Sanitation
						OC Community Resources
	176,123	158,202	155,875	166,137	167,340	Animal Licenses
						Health Care Agency
	158,863	160,369	150,545	147,067	141,850	911 Emergency Medical Services Responses
	36,445	33,146	33,451	31,475	31,216	Retail Food Facility Inspections Conducted
	6,600	5,847	6,194	6,223	6,122	Hazardous Waste Inspections Conducted
	30,091	29,505	30,447	38,245	42,646	Number of Home Visits by Public Health Nurses
	4.500	070	000	4.055	200	Number of Low Income Children Dental Health
	1,520	979	660	1,055	993	Services
	20	26	11	3	19	Number of Ocean Water Days of Closure (In Beach-Miles)
	20	20		3	13	,
						Public Assistance OC Community Resources
	92,964	101,732	89,584	76,005	85,116	Adult Day Care Hours of Service
1.	,796,596	1,725,058	1,736,877	1,606,272	1,665,392	Elderly Nutrition Program Meals Delivered
	213,832	233,382	225,783	242,415	226,689	One-Way Transportation Trips Provided to Seniors
	•	,	•	•	,	Social Service Agency
	376,101	343,222	326,506	317,771	316,949	Average Monthly Medi-Cal Recipients
	3,165	3,242	3,427	3,049	2,782	Average Monthly Child Abuse Hotline Calls
	-,	-,- :-	-,	5,5 15	_,	Average Monthly CalFresh (formerly Food
	150,141	109,491	88,284	82,132	79,487	Stamp) Recipients
	17,595	16,364	14,425	12,765	11,877	Average Monthly In-Home Supportive Services
	53,214	44,115	38,840	38,790	40,886	Average Persons Receiving Cash Assistance
	2,336	2,466	2,797	2,692	2,531	Average Children in Foster Care/Relative Care
	500	504	5.10	500		Average Elder and Adult Abuse Unduplicated
	598	531	549	509	444	Reports Received
						Education
-	000 070	7 04 4 04 5	0.000.477	0.707.500	0.040.007	OC Community Resources
7	,629,378	7,314,615	6,908,477	6,767,502	6,919,627	Total Volumes Borrowed at Library Branches
_						Airport
8	,812,169	8,552,590	9,566,043	9,910,016	9,600,753	Passengers
	14,870	15,197	21,084	22,853	24,246	Air Cargo Tonnage
	213,404	215,585	319,791	343,572	348,993	Takeoffs & Landings
2	E02 74E	2 076 002	4 207 640	4 706 267	E 062 000	Waste Management
3,	,502,715	3,876,902	4,207,649	4,706,367	5,063,988	Solid Waste Tonnage Gallons of Leachate and Impacted
3	,390,965	3,441,343	3,766,898	3,695,743	3,922,890	Ground Water Collected
O,	, - 50,000	5, , 5 . 6	5,. 55,000	0,000,1	0,022,000	G. 5 a

* means Not Available Sources: County Departments

Capital Asset Statistics by Function Last Ten Fiscal Years

		Fiscal `	Year		
Function/Program	2014-15	2013-14	2012-13	2011-12	2010-11
General Government					
Auditor-Controller					
Hall of Finance and Records	1	1	1	1	1
Clerk-Recorder					
OC Archives Building	1	1	1	1	1
Registrar of Voters					
Trailer	1	1	1	1	1
Vehicle/Truck	4	3	3	3	3
Public Protection					
Probation Department					
Juvenile Institutions	4	4	4	5	5
Vehicles/Trucks	159	156	*	*	*
Equipment	16	12	*	*	*
District Attorney					
Justice Center Offices	5	5	5	5	5
Sheriff-Coroner					
Crime/Forensic Lab	1	1	1	1	1
Jail Facilities	3	3	3	3	3
Vehicles	916	911	918	838	844
Buses	11	11	11	11	13
Helicopters	3	3	2	2	2
Boats	10	10	9	9	5
Robot Andros	3	3	3	3	3
Haz-mat Vehicles	4	4	4	4	4
K-9 units	22	18	13	10	14
Public Assistance					
Social Service Agency					
Vehicles	5	5	6	10	10
Office Locations	20	19	20	20	19
Parks and Recreation					
OC Community Resources					
Park Land (acres)	62,900	60,500	59,318	57,688	57,688
Recreational Trails (in miles)	295	295	295	295	295
Zoo	1	1	1	1	1
Urban Regional Parks	15	15	15	12	12
Wilderness Parks	5	5	5	5	5
Nature Preserves	4	4	4	4	4
Harbors	3	3	3	2	2
Beaches	11	11	11	9	9
Historical Sites	7	7	7	7	7
Boats	7	7	9	21	15
Tractors	26	28	24	26	22
Trailers	27	29	33	30	24
Vehicles/Trucks	174	170	211	188	233
					_50

	ı	Fiscal Year			
2009-10	2008-09	2007-08	2006-07	2005-06	Function/Program
					General Government
					Auditor-Controller
1	1	1	1	1	Hall of Finance and Records
					Clerk-Recorder
1	1	1	-	-	OC Archives Building
					Registrar of Voters
1	1	1	1	1	Trailer
3	3	3	2	2	Vehicle/Truck
					Public Protection
					Probation Department
5	5	6	6	5	Juvenile Institutions
*	*	*	*	*	Vehicles/Trucks
*	*	*	*	*	Equipment
					District Attorney
5	5	6	6	6	Justice Center Offices
					Sheriff-Coroner
1	1	1	1	1	Crime/Forensic Lab
3	3	3	3	3	Jail Facilities
844	859	855	777	646	Vehicles
13	13	12	14	16	Buses
2	2	2	3	3	Helicopters
5	5	5	3	3	Boats
3	3	3	3	2	Robot Andros
4	4	4	4	4	Haz-mat Vehicles
14	14	13	12	20	K-9 units
					Public Assistance
					Social Service Agency
8	7	8	7	7	Vehicles
20	21	27	27	30	Office Locations
					Parks and Recreation
					OC Community Resources
39,490	39,490	32,000	32,000	32,000	Park Land (acres)
292	300	300	300	300	Recreational Trails (in miles)
1	1	1	1	1	Zoo
12	12	12	12	12	Urban Regional Parks
5	5	5	5	5	Wilderness Parks
4	3	3	3	3	Nature Preserves
2	2	2	2	2	Harbors
9	9	9	9	9	Beaches
7	7	7	7	7	Historical Sites
14	14	15	9	17	Boats
18	17	9	16	9	Tractors
20	17	15	21	15	Trailers
208	176	165	135	119	Vehicles/Trucks

^{*} means Not Available Source: County Departments

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

		Fiscal \	′ ear		
Function/Program	2014-15	2013-14	2012-13	2011-12	2010-11
Parks and Recreation (Continued)					
Dana Point Harbor					
Harbor	1	1	1	1	1
Marinas	2	2	2	2	2
Public Parking Areas	9	9	9	9	9
Beaches	1	1	1	1	1
Access Points to Ocean	6	6	6	6	6
Hotel	1	1	1	1	1
Ocean Education Center	1	1	1	1	1
Sailing and Events Center	1	1	1	1	1
Shops	23	23	23	25	25
Restaurants	16	16	16	16	15
Fuel Dock	1	1	1	1	1
Shipyard	1	1	1	1	1
Boater Service Buildings	15	15	15	15	15
Parcel 11 (Former Restaurant)	*	*	*	*	1
Parcel 23 (Yacht Club)	*	*	*	*	1
Public Ways and Facilities					
OC Public Works					
Hall of Administration	1	1	1	1	1
Data Center	1	1	1	1	1
Alternate Fuel Vehicles	51	60	60	59	59
Vehicles/Trucks	53	54	51	50	50
OC Flood Control District					
Watersheds	13	13	13	13	19
Dams	3	3	3	3	3
Dump Trucks	7	12	5	5	13
Tractors	14	19	5	5	10
Trailers	24	17	8	12	15
Vehicles/Trucks	156	156	156	165	161
Roads					
Street Miles	320	320	319	320	320
Dump Trucks	11	9	4	11	9
Tractors	18	9	6	3	4
Trailers	30	18	10	5	9
Vehicles/Trucks	146	165	151	146	151
<u>Education</u>					
Library Branches	33	33	33	33	33
Library Headquarters	*	*	*	*	1
<u>Health</u>					
Clinics ⁽¹⁾	4	3	3	3	2
Laboratories ⁽¹⁾	2	2	2	2	2
Trailers ⁽¹⁾	12	8	11	27	27
Vehicles and Trucks (1)	24	25	25	24	27
OC Community Resources		_5	23		
Animal Care Center	1	1	1	1	1
Trailers	3	3	3	3	3
	-	-	•	•	•

	1	Fiscal Year			
2009-10	2008-09	2007-08	2006-07	2005-06	Function/Program
					Parks and Recreation (Continued)
					Dana Point Harbor
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
25	26	26	26	26	Shops
16	15	15	15	15	Restaurants
1	1	1	1	1	Fuel Dock
1	1	1	1	1	Shipyard
15	15	15	15	15	Boater Service Buildings
*	*	*	*	*	Parcel 11 (Former Restaurant)
*	*	*	*	*	Parcel 23 (Yacht Club)
					Public Ways and Facilities
					OC Public Works
1	1	1	1	1	Hall of Administration
1	1	1	1	1	Data Center
59	59	59	50	31	Alternate Fuel Vehicles
50	47	47	48	34	Vehicles/Trucks
					OC Flood Control District
11	11	11	13	13	Watersheds
3	3	3	3	3	Dams
13	13	14	14	14	Dump Trucks
19	19	20	20	19	Tractors
14	14	13	13	13	Trailers
122	166	162	154	150	Vehicles/Trucks
					Roads
320	320	320	317	312	Street Miles
1	8	8	8	8	Dump Trucks
3	12	13	13	11	Tractors
11	14	14	14	12	Trailers
144	158	157	143	138	Vehicles/Trucks
					Education
33	33	33	32	32	Library Branches
1	1	1	1	1	Library Headquarters
					Health .
2	2	49	37	15	Clinics (1).
2	1	2	2	2	Laboratories ⁽¹⁾
27	27	25	25	-	Trailers (1)
26	25	68	68	_	Vehicles and Trucks (1)
20	20	00	00	_	OC Community Resources
1	1	1	1	1	Animal Care Center
3	3	2	2	*	Trailers
9	0	_	_		Transfer

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

(2) * means Not Available Source: County Departments

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

		Year			
Function/Program	2014-15	2013-14	2012-13	2011-12	2010-11
<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	1
Fire Trucks	4	4	4	4	4
Waste Management					
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	7	7	7	8	8
Dump Trucks	10	10	12	12	14
Loaders	20	20	20	21	22
Scrapers	8	8	8	8	11
Excavator	2	2	2	2	2
Tractors	28	29	28	29	29
Graders	4	4	4	4	4
Compactors	8	8	8	8	8
Water/Fuel Trucks	13	13	11	11	11

Fiscal	V
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1.000					
2009-10	2008-09	2007-08	2006-07	2005-06	Function/Program
					<u>Airport</u>
501	501	501	501	501	Acres
2	2	2	2	2	Runways
5	5	5	5	5	Public Parking Structures/Lots
1	1	1	1	1	Terminals
4	4	4	4	4	Fire Trucks
					Waste Management
3	3	3	3	3	Active Landfills
2	2	2	2	2	Inactive Landfills
					Household Hazardous Waste
4	4	4	4	4	Collection Centers
10	10	10	12	15	Dozers
14	14	14	14	4	Dump Trucks
21	21	21	21	12	Loaders
13	13	15	15	10	Scrapers
-	-	-	-	-	Excavator
29	28	27	26	34	Tractors
3	6	5	5	5	Graders
5	5	6	5	8	Compactors
12	13	12	12	12	Water/Fuel Trucks

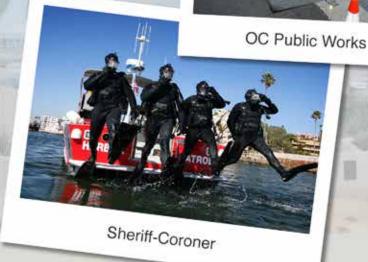
Source: County Departments

^{*} means Not Available

Your County Working for You

lotal County Employees:	17,151
Ist District	8
1st District	8
3rd District	
4th District	
5th District	8
Assessor	319
Auditor-Controller	404
CEO	227
Child Support Services	509
Clerk of the Board	26
Clerk-Recorder	103
OC Community Resources	1,177
County Counsel	
OC Dana Point Harbor	12
District Attorney	808
Health Care Agency	2,403
Human Resource Services	
John Wayne Airport	157
Performance Audit	1
Probation	1,178
Public Administrator	16
Public Defender	401
Public Guardian	36
OC Public Works	826
Registrar of Voters	56
Sheriff-Coroner	3,735
Social Services Agency	4,144
Treasurer-Tax Collector	
OC Waste & Recycling	244







Auditor - Controller County of Orange

12 Civic Center Plaza Santa Ana, CA 92702 www.ac.ocgov.com



APPENDIX B INVESTMENT POLICY

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Orange County Treasurer



Investment Policy Statement

(Approved By B.O.S. 12/15/2015)

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ORANGE COUNTY TREASURER INVESTMENT POLICY STATEMENT

PURPOSE

This policy is intended to provide the structure for the prudent investment of the cash balances entrusted to the Orange County Treasurer (the "Treasurer") and outline the policies to assist in maximizing the efficiency of the Treasurer's cash management system while meeting the daily cash flow demands of the County, the School Districts, Community Colleges, voluntary participants and other County-related agency funds. The Treasurer's Investment Policy Statement is approved annually by the County Board of Supervisors as required by California Government Code Section 53646 (a) (1) and reviewed annually by the Treasury Oversight Committee, pursuant to the requirements of California Government Code Section 27133. (All references are to the California Government Code unless otherwise stated.)

I. POLICY STATEMENT

The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner that will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The Orange County Investment Fund (the "OCIF"), which includes all cash balances entrusted to the Treasurer as noted above, is designed to meet both the investment and cash requirements of our participants. If separate funds are established, the Treasurer shall determine on a cash flow basis what percent of available cash will be invested in each fund.

II. SCOPE

The scope of this Investment Policy Statement applies to all financial assets as indicated in II.1 below.

1. FUNDS

The Treasurer is responsible for investing the unexpended cash of the OCIF, defined as all monies under the investment authority of the Treasurer, including funds, and subsets of funds, for the Orange County Department of Education; and excluding the County employee's pension and medical trust funds which are invested separately by Orange County Employees Retirement System (OCERS), and those funds that are invested separately by the County Treasurer under bond indenture agreements. The County Funds are accounted for in the County's CAFR and include:

- Governmental Funds, including the General Fund
- Enterprise Funds
- Fiduciary Funds
- Any other funds or new funds created by the County, unless specifically exempted

a) Pooled Funds:

It is the Treasurer's policy to pool certain funds for investment purposes to provide efficiencies and economies of scale. Investing through pooled funds will provide for greater use of funds by allowing for more efficient cash flows, a reduction in transaction costs, and improved access to the market. In addition to allowing for one pool for all participants, OCIF may also be split into different pools to meet the specific needs of participants such as short-term pools and longer-term pools. Each pool established will be reviewed separately for purposes of determining compliance with the Investment Policy Statement. These pools are based on the investment requirements detailed in Government Code Sections 53600 *et seq.* and 53630 *et seq.*

- i. If a longer-term pool such as an extended fund is established by the Treasurer, it will be utilized for investment requirements generally longer than one year. It will be invested primarily in high grade securities.
- ii. If a short-term pool is established, it can be established as a single pool or as separate pools depending on the needs of the pool participants. These pools will be utilized for shorter-term investment requirements and providing liquidity for immediate cash needs. They will be invested primarily in cashequivalent securities to fulfill the primary goals of safety and liquidity.

b) Specific Investment Accounts:

From time to time, the Treasurer may be authorized by a participant's governing board to invest other specific investments or to manage bond proceeds issued by the County, a local school district, voluntary participant, or other local agency. This may include deposits that are set aside for future needs of a long-term nature and may be appropriately invested in longer-term securities as allowed by Government Code. Participating agencies will sign a written agreement acknowledging that there may be risk to principal should they desire to redeem funds early, thereby forcing an early sale of securities rather than holding investments to maturity.

No investment will be made in any security with a remaining maturity in excess of five years at the time of purchase, unless the Board of Supervisors has granted express authority to make such an investment specifically or as part of an investment program, which may include investing through pooled funds. Board of Supervisor's approval must occur at least three months prior to the investment or investment programs being effective. Strategies for such deposits may include matching maturities with long-term liabilities.

III. PRUDENCE

Government Code Sections 27000.3 and Section 53600.3 provides that the "prudent investor" standard is to be used by the Treasurer as a fiduciary of public funds. This standard provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and

the other depositors. Within the limitation of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

The Treasurer and those delegated staff shall act in accordance with written procedures and the Investment Policy Statement, exercise due diligence, report in a timely fashion and implement appropriate controls to mitigate adverse developments.

IV. DELEGATION OF AUTHORITY

Annually, the County Board of Supervisors delegates to the Treasurer the authority to invest and reinvest the funds of the County and other depositors as specified in Government Code Sections 27000.1, 53607 and 53608. Such delegation is conditioned upon the Treasurer submitting any and all investment policies and amendments thereto to the Board for review and approval. The Treasurer may further delegate investment authority to such persons within the Treasurer's Department as deemed appropriate.

V. OBJECTIVES

Criteria for selecting investments and the absolute order of priority are:

1. SAFETY

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The Treasurer shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

- a) Credit Risk: Defined as an issuer's ability and willingness to repay interest and principal. Credit risk shall be mitigated by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants.
- b) Market Risk: Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities, market risk will be mitigated by establishing a maximum weighted average maturity or duration for the portfolio. Occasional market losses on individual securities are inevitable with active portfolio management and must be considered within the context of the overall investment return.

2. LIQUIDITY

Liquidity refers to the recurring maturity of a portion of the investment portfolio, as well as the ability to sell an investment at any given moment with a minimal chance of principal loss. A portion of OCIF, which may be in a separate pool, will maintain liquidity for the purpose of meeting all operating requirements and reasonably anticipated cash flow needs.

3. YIELD

Yield refers to the objective of attaining a market rate of return commensurate with the risk profile and cash flow characteristics of the portfolio throughout budgetary and economic cycles. Although the Treasurer may employ certain indices to gauge the funds' rate of return, such indices shall be used solely for comparative purposes and do not constitute a warranty or guarantee of actual fund performance.

4. MARK-TO-MARKET

Investment pools, as described in Section II, 1 (a) of this Investment Policy Statement, are marked to market. To the extent reasonably possible and consistent with the Treasurer's trust and fiduciary duty, any funds in a short-term pool will attempt to stabilize at a \$1.00 net asset value (NAV). If the ratio of the market value of the short-term pool divided by the book value of the short-term pool is less than \$.995 or greater than \$1.005, holdings may be sold as necessary to maintain the ratio between \$.995 and \$1.005.

The Treasurer will act on a "best efforts" basis to stabilize any short-term pools within the \$.995 to \$1.005 range. However, the \$1.00 NAV is not guaranteed or insured by the Treasurer for any pool, including any longer-term pool, nor are the pools registered with the Securities Exchange Commission (SEC).

VI. <u>AUTHORIZED INVESTMENTS</u>

The County is authorized by Government Code Section 53600 *et seq.* to invest in specific types of securities. Investments not specifically listed below are prohibited. Consistent with the requirements of law and this Investment Policy Statement, the Treasurer may place orders for the execution of transactions with or through such broker/dealers, banks or counterparties as may be selected from time to time at his/her discretion. All securities must be U.S. dollar denominated. To the extent consistent with the objectives stated above, the investment restrictions outlined below, and the investment limitations specified in Sections VII and VIII, the pools may invest in the following areas.

1. U.S. TREASURY SECURITIES

United States Treasury bills, notes, bonds, or certificates of indebtedness, for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no limit on the percentage of a pool that can be invested in this category.

2. U. S. GOVERNMENT AGENCY SECURITIES

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise (GSE). There is no limit on the percentage of a pool that can be invested in this category, but each issuer is limited to 33% of any individual pool's total assets except that GSE issuers rated 'AA-' or higher with final maturities of 30 days or less are excluded from the calculation of the 33% limit.

3. COMMERCIAL PAPER

Eligible commercial paper shall be of "prime" quality of the highest ranking or of the highest letter and number rating as provided by a Nationally Recognized Statistical Rating Organization (NRSRO), shall not exceed 270 days maturity, and shall not exceed 40% of a pool. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

- a) Has total assets in excess of five hundred million dollars (\$500,000,000), is organized and operating within the United States as a general corporation, and has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.
- **b)** Is organized in the United States as a special purpose corporation, trust, or limited liability company, has program-wide credit enhancements including, but not limited to overcollateralization, letters of credit or a surety bond, has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Split ratings (i.e. A2/P1) are not allowed, and two NRSRO ratings are required. No more than 5% of the total assets of any individual pool may be invested in any one issuer's commercial paper.

4. NEGOTIABLE CERTIFICATES OF DEPOSIT

Negotiable certificates of deposit issued by a nationally or state-chartered bank, savings association, or, federal association (as defined by Section 5102 of the California Financial Code) a state-licensed branch of a foreign bank. Issuing banks must be rated by at least two NRSROs, have a short-term rating of not less than A1/P1 and a long-term rating of not less than an "A" from a NRSRO, if any. No more than 30% of any individual pool's total assets may be invested in negotiable certificates of deposit.

5. REPURCHASE AGREEMENTS

Investments in repurchase agreements for the purpose of this Investment Policy Statement means a purchase of securities by the Treasurer pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the Treasurer by book entry, physical delivery, or by third party custodial agreement. The term of a repurchase agreement shall not exceed one year. The term "securities," for the purpose of repurchase agreements, means securities of the same issuer, description, issue date, and maturity.

To participate in repurchase agreements, a master repurchase agreement must be completed and signed by all parties involved. The Treasurer will maintain a signed copy of the agreement. Repurchase agreements are required to be collateralized by securities or cash.

a) Collateralization:

In order to anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

Collateral will be limited to cash, and U.S. Treasury and U.S. Government Agency securities. For compliance purposes, U.S. Treasury and/or U.S. Government Agency collateral are exempt from the issuer limits as stated in Section VIII.2. 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 any individual pool's total assets. 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 (bills of exchange), are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days maturity. Issuing banks must be rated by at least two of the NRSROs and have a short-term rating of at least A1/P1 and a long-term rating of not less than "A" from a NRSRO, if any. Bankers' acceptances are limited to no more than 40% of any individual pool's total assets.

7. MONEY MARKET MUTUAL FUNDS

Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*), which only invest in direct obligations in U.S. Treasury bills, notes, and bonds, U.S. Government Agencies, Municipal Debt, and repurchase agreements with a weighted average maturity of 60 days or less. Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV) are prohibited. Money market mutual funds are not required to conform to the restrictions detailed in this Investment Policy Statement, but are limited to no more than 20% of any individual pool's total assets. The Treasurer shall be required to investigate money market mutual funds prior to investing and perform a periodic review, but at least annually thereafter while the funds are invested in the money market mutual fund. At a minimum, approved money market mutual funds shall have met either of the following criteria:

- a) Attained the highest ranking or the highest letter and numerical rating provided by no less than two NRSROs.
- **b)** Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of \$500,000,000.

8. STATE POOL - LOCAL AGENCY INVESTMENT FUND

The Treasurer may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer under Government Code Section 16429.1. LAIF has no final stated maturity and will be reported as a one-day maturity. Investments in LAIF shall not exceed \$50 million per pool.

9. MUNICIPAL DEBT

Such instruments are defined as being issued by a local or state agency, including:

a) 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, 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 any local agency within a 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.

Issuing municipalities must have a short-term rating of not less than A1/P1 and a long-term rating of not less than an "A" from the NRSROs, and two NRSRO ratings of "A" or better are required unless they have a single NRSRO rating of AA-/AA3 or better. Municipal debt issued by the County of Orange, California is exempt from this credit rating requirement.

10. MEDIUM-TERM NOTES

Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of not more than 397 days for any short-term pools and five years for any other pools such as a longer-term pool. 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. Notes eligible for investment shall be rated not less than "A" or its equivalent from at least two NRSROs and if remaining maturity is longer than 397 days, it shall be rated by at least two NRSROs and have obtained no less than an "AA" rating by both. Investments in medium-term notes are limited to no more than 30% of any individual pool's total assets.

11. INVESTMENT POOLS

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations as authorized under 53601 (a) to (o), inclusive, and that comply with the investment restrictions of Government Code Sections 53600 through 53610 and Section 53630. The Treasurer shall be required to investigate all local government investment pools prior to investing and perform a quarterly review thereafter while the funds are invested in the pool. The analysis shall include, but is not limited to, the following characteristics of a pool/fund as part of its investigation and quarterly review:

- Eligible securities
- Maximum maturity
- REPO collateral/counter-party
- Size of the pool/fund
- Limits on withdrawal/deposit
- Expense ratio

Investments in this investment type are limited to no more than 20% of any individual pool's total assets. No more than 10% of an individual pool shall be invested in a single investment pool.

12. SUPRANATIONAL SECURITIES

Supranational securities are defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and, Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity five years or less, and eligible for purchase and sale within the United States. Supranational securities eligible for investment shall be rated "AA" or better from at least two NRSROs. Investments in supranationals shall not exceed 30 percent of any individual pool's total assets.

VII. INVESTMENT RESTRICTIONS

1. CREDIT RATINGS

Credit ratings will be applied at the time of purchase of a security. A subsequent downgrade in a security's credit rating will not constitute a violation of the Investment Policy Statement. Securities which are downgraded below the minimum acceptable rating levels must be reviewed for possible sale within a reasonable amount of time. Municipal debt issued by the County of Orange, California is exempt from the credit rating requirements listed below. U.S. Government obligations (as defined in Section VI (1) and VI (2)) are exempt from the credit rating requirements listed below. The credit ratings referred to in this policy must be assigned by one of the following Nationally Recognized Statistical Rating Organizations (NRSRO): Standard & Poor's Corporation "S&P," Moody's Investors Service, Inc. "Moody's", and Fitch Ratings "Fitch."

a) Short-term debt ratings – (two of the following and not less than the following)

"A-1" or "SP-1" Standard & Poor's Corporation (S&P)

"P-1" or "MIG 1/VMIG 1" Moody's Investors Service, Inc. (Moody's)

"F1" Fitch Ratings (Fitch)

Split ratings are not allowed, i.e. A-1/P-1/F2 or similar. An issuer of short-term debt must have no less than an "A" rating on long-term debt, if any.

Long-term debt ratings – Investments purchased for short-term pools or with remaining maturities of 397 days or less- shall be rated by at least two NRSROs and have obtained no less than an "A" rating by any. Investments purchased for pools with remaining maturities longer than 397 days, shall be rated by at least two NRSROs and have obtained no less than an "AA" rating by any. If an issuer of long-term debt has a short-term rating, then it may not be less than A-1/SP-1 or P-1/MIG1 or F1 and should be rated by two NRSROs.

- **b)** Repurchase Agreement counterparties shall have a minimum short-term rating, or counterparty rating, of no less than A-1 or equivalent by two NRSROs and have capital of not less than \$500 million.
- c) Any issuer that has been placed on "Credit Watch-Negative" by a NRSRO will be placed on hold and current holdings reviewed for possible sale within a reasonable period of time unless the following criteria are met and are also approved in writing by the Treasurer prior to purchase:

The issuer has:

- (a) an A-1+ or F1+ short-term rating; or
- (b) at least an AA or Aa2 long-term rating.

d) If any issuer is placed on "Credit Watch-Negative" by a NRSRO, all related entities, including parent and subsidiaries, will also be placed on hold and subject to the above requirements.

VIII. <u>DIVERSIFICATION AND MATURITY RESTRICTIONS</u>

It is the policy of the Treasurer to diversify the pooled funds. Investments are diversified to minimize the risk of loss resulting in overconcentration of assets in a specific maturity, specific issuer, or a specific class of securities. Diversification strategies shall be established by the Treasurer and periodically reviewed.

1. AUTHORIZED INVESTMENTS AND ISSUER CONCENTRATION

Only debt issued by firms listed on the Office of the Treasurer's Approved Issuer List may be purchased. The following diversification limits will also be applied at the time of purchase of a security.

Type of Investment	Cal Gov Code % of Funds Permitted	Orange County IPS	Cal Gov Code Maximum Final Maturity	Orange County IPS Maximum Final Maturity (All Pooled Funds Except Short-Term Funds)	Orange County IPS Maximum Final Maturity (Short-Term Fund)
U.S. Treasury Securities	100%	100%	5 Years	5 Years	397 Days
U.S. Government Agency Securities (GSEs)	100%	100% Total, no more than 33% in one issuer excluding securities with final maturities of30 days or less	5 Years	5 Years	397 Days
Municipal Debt	100%	30% Total, no more than 5% in one issuer except 10%- County of Orange	5 Years	5 Years	397 Days
Medium-Term Notes	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days
Bankers Acceptances	40%, 30% of a single issuer	40% Total, no more than 5% in one issuer	180 Days	180 Days	180 Days
Commercial Paper	40%, 10% of a single issuer	40% Total, no more than 5% in one issuer	270 Days	270 Days	270 Days
Negotiable Certificates of Deposits	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days
State of California Local Agency Investment Fund	\$50 million per account	\$50 million per pool	N/A	N/A	N/A
Repurchase Agreements	100%	20% Total, no more than 10% in one issuer	1 Year	1 Year	1 Year
Money Market Mutual Funds	20%	20% Total	N/A	N/A	N/A
Investment Pools	100%	20% Total, no more than 10% in one pool	N/A	N/A	N/A
Supranationals	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days

2. MATURITY

- **a)** The weighted average maturity (WAM) of any short-term pool, on a dollar-weighted basis, shall not exceed 60 days.
- **b)** The maximum maturity of any investment purchased will be five years with the exception of investments and investment pools authorized by the Board of Supervisors to be invested in longer than five year maturities.

If short-term and long-term pools are used, the following restrictions will apply:

Short-term pool 13 months (397)

Long-term pool 5 years

- c) For purposes of calculating a final maturity date, the earlier of either the final maturity date, pre-refunded date, or mandatory put to tender option date that will be used.
- **d)** For purposes of calculating the weighted average maturity of the portfolio, the maturity of a variable-rate security will be considered its next interest rate reset date, if there is a reasonable expectation that the security will maintain an approximate value of par upon each adjustment of the security's interest rate at any time until final maturity.

3. DURATION

a) All pools, except short-term pools, shall have an effective duration not to exceed a leading 1-3 year index +25%.

IX. PROHIBITED TRANSACTIONS

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the Government Code, as may be amended from time to time. No investment prohibited by Government Code shall be permitted herein.

Any investment transactions, credit risk criterion, percentage limitations, or market valuation that are not in compliance with this Investment Policy Statement and cannot be corrected without penalty <u>at time of purchase</u> must be documented and approved by the Treasurer in writing as soon as possible. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

- **1.** The following transactions are prohibited:
 - a) Borrowing for investment purposes ("Leverage").
 - **b**) Reverse Repurchase Agreements, as defined by Government Code Section 53601(j) (3) and (j) (4) or otherwise.
 - c) Structured Notes (e.g. inverse floaters, leveraged floaters, structured certificates of

deposit, equity-linked securities, event-linked securities). This includes all floating-rate, adjustable-rate or variable-rate securities in which a change in interest rates or other variables that can reasonably be foreseen to occur during their term would result in their market value not returning to par at the time of each interest rate adjustment.

Simple "floating rate notes," whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate, 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, U.S. Treasury and Agency strips, Resolution Funding Corporation (REFCORP) strips, or other callable securities which otherwise meet the quality, maturity, and percent limitations assigned to their respective security category, are exempt from this section.

- **d)** Structured Investment Vehicles (SIV).
- **e**) Derivatives (e.g. options, futures, swaps, swap options, spreads, straddles, caps, floors, collars).
- f) Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV).

X. ETHICS AND CONFLICT OF INTEREST

The Treasurer and all persons involved in the investment process shall refrain from personal business activity, which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and all treasury and investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions, broker dealers, and vendors ("outside entities") that conduct business with the County of Orange and shall disclose any material financial investment positions in such outside entities.

1. STATEMENT OF ECONOMIC INTEREST FORM 700

The Treasurer, Auditor-Controller, members of the Treasury Oversight Committee, and all designated employees must annually file a Form 700 (Statement of Economic Interests) in accordance with the County's Conflict-of-Interest Code.

2. COUNTY'S GIFT BAN ORDINANCE – SEC. 1-3-22 THE CODIFIED ORDINANCES, ORANGE COUNTY, CALIF.

The County's Gift Ban Ordinance prohibits the receipt of specified gifts to the Treasurer, Auditor-Controller, and "designated employees" from business entities and individuals that "do business with the County" as that termed in defined in the Ordinance. Under the Ordinance, the term "designated employee" includes every employee of the County who is designated in the County's Conflict-of-Interest Code to file a Form 700 and every member of a board or commission under the jurisdiction of the Board of Supervisors required to file such a form. For purposes of the Treasurer's Office, "designated employees" include: the Chief Assistant Treasurer-Tax Collector, the Assistant Treasurer-Tax Collectors, all investment staff, all financial/credit analysts, all cash managers, and all accounting and compliance staff. The Treasurer will review this list of "designated employees" periodically and submit any proposed changes to the Board of Supervisors for approval.

XI. AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

The Treasurer will maintain a list of broker/dealers and financial institutions authorized to provide investment and/or depository services and products. Any permitted investment, not purchased directly from an approved issuer, shall be purchased either from a "primary" or regional securities broker/dealer qualifying under SEC Rule 15c3-1(uniform net capital rule) and licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a "well capitalized" national bank or Federal savings association as defined in Title 12 of the Code of Federal Regulations (CFR) Part 6.4 or a savings association or Federal association as defined by Section 5102 of the California Financial Code. Broker/dealers must comply with the political contribution limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. Section 27133(c) of the Government Code prohibits the selection of any broker, brokerage, dealer, or securities firm that has made a contribution to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices, within any consecutive 48 month period. A detailed questionnaire is required to be completed by broker/dealers and financial institutions seeking to provide investment services. The Treasurer shall conduct an annual review of each broker/dealer's and financial institution's financial condition and registrations to determine whether it should remain on the approved list for investment and/or depository services and require annual audited financial statements to be on file for each firm. The Treasurer shall, at least every two years, review all new broker/dealers and financial institutions submitting a questionnaire to determine if they should be added to the approved list. The Treasurer shall annually send a copy of the current Investment Policy Statement to all broker/dealers and financial institutions approved to provide investment services to the County, and they shall notify the Treasurer in writing of receipt and that they have read it.

XII. PERFORMANCE EVALUATION

The Treasurer shall submit monthly, quarterly, and annual reports (in compliance with Government Code Sections 53607, 53646, and 27134) to the Treasury Oversight Committee, the pool participants, the County Executive Officer, the Director of Auditor-Controller Internal Audit, the Auditor-Controller, and the Board of Supervisors. These reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall be in compliance with Government Code. In accordance with GASB Statements 31 and 40, the Treasurer shall provide financial information on investments for the County's Comprehensive Annual Financial Report.

XIII. SAFEKEEPING

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a delivery-versus-payment (DVP) basis. All investments shall have the County of Orange and either the OCIF or the specific pool name as its registered owner except for municipal debt issued by the County of Orange and privately placed with the County Treasurer in which case the investments shall have the Orange County Treasurer on behalf of the OCIF as its registered owner.

All securities shall be held by a third party custodian designated by the Treasurer (this does not apply to money market funds or investment pools). The third party custodian shall be

required to issue a safekeeping statement to the Treasurer listing the specific instrument, rate, maturity, and other pertinent information.

XIV. MAINTAINING THE PUBLIC TRUST

All participants in the investment process shall act as custodians of the public trust. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

XV. INTERNAL CONTROLS

The Treasurer shall establish a system of written internal controls, which will be reviewed annually with the County's independent (external) auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Treasurer's Office. The Treasurer shall evaluate audit reports in a timely manner with the Treasury Oversight Committee. The quarterly audit reports of the Treasury shall be provided as required by Government Code Sections 26920 through 26922. Daily compliance of the investment portfolio shall be performed by the Treasurer's Compliance Division. Compliance will be determined on a fair market value basis. Cash held at the bank will not be included in the pool balance. All agreements, statements, and trade packets will be subject to review annually by auditors in conjunction with their audit.

1. INVESTMENT PROCEDURES

The Treasurer shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this investment policy. Procedures will include reference to safekeeping, Master Repurchase Agreements, wire transfer agreements, collateral and depository agreements, banking service contracts, and other investment and banking related activities. Such procedures shall include explicit delegation of authority to personnel responsible for investment transactions.

No investment personnel may engage in an investment transaction except as provided under terms of this policy and the procedures established by the County Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of all Treasury and Investment personnel.

XVI. EARNINGS AND COSTS APPORTIONMENT

The Treasurer determines the interest earnings for the respective pools on an accrual basis. Accrual basis interest earnings and Treasury administrative fees (see below) are allocated to each individual pool participant based upon their average daily balance on deposit with the Treasurer. The actual cash distribution is generally paid in the months following.

As authorized by Government Code Section 27013, the Treasurer will charge all pool participants for administrative and overhead costs. Costs include, but are not limited to, portfolio management, bank and custodial fees, software maintenance fees, and other indirect costs incurred from handling or managing funds. In addition, the costs of compliance with the Treasury Oversight provisions of Government Code Sections 27130 through 27137 shall be included as administrative costs. The Treasurer shall annually prepare a proposed budget

revenue estimate, providing a detailed itemization of all estimated costs which comprise the administrative fee charged in accordance with Government Code Section 27013. The Treasurer will be required to annually reconcile the estimated charges and actual costs incurred and adjust participant accounts accordingly.

Investment earnings and the above estimated fee charge will be allocated to the pool participants on at least a quarterly basis. As of the first working day of the following period, the pool participants' account will reflect the gross investment earnings and the estimated monthly administrative and overhead costs. The Treasurer's monthly report will state the current estimated fees 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 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 the Treasurer's Investment Pool will be invested in the OCIF and shall be invested by the Treasurer in accordance with this Investment Policy Statement, as amended from time to time. The local agency's authorized representative will execute an agreement with the Treasurer. This agreement specifies the contractual terms and conditions by which the Treasurer will manage and invest local agency's excess funds which have been deposited for investment with the Treasurer.

XVIII. WITHDRAWAL

Withdrawal of participant funds for the purpose of investing or depositing these funds outside the County treasury shall require prior written approval from the Treasurer or designee. The Treasurer shall thereafter review the withdrawal request consistent with his/her trust and fiduciary duties. Prior to approving or disapproving the withdrawal request, the Treasurer or designee shall make a finding of the effect on the stability and predictability of the investments and on the interests of the other depositors in the County treasury. (Government Code Sections 27000.3, 27133(h), 27136 and 53684(c))

XIX. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk

constraints and the cash flow needs, but focusing on, in order of importance, preservation of capital, liquidity, and yield.

The Treasurer's investment strategy is to actively manage the portfolios to create less risk than a benchmark comparable index and to use economies of scale to invest and administer the program at a reasonable cost. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be the indices most comparable to the fund, such as money rate data published in Barron's, The Wall Street Journal, Bloomberg, or other bond fund indices. The standards enumerated herein do not constitute a guarantee of the fund's performance.

XX. INVESTMENT POLICY STATEMENT REVIEW

This Investment Policy Statement shall be reviewed on an annual basis by the Treasury Oversight Committee prior to being presented to for review and approval by, the Board of Supervisors in an open session.

XXI. FINANCIAL REPORTING

The monthly Treasurer's Investment Report and all compliance Audit Reports shall be provided to the Orange County Board of Supervisors, the County Executive Officer, the Chief Financial Officer, the Director of Auditor-Controller Internal Audit, the Auditor-Controller, the Treasury Oversight Committee, the presiding judge of the Superior Court, the director or director executive officer and Treasurer or other official responsible for the funds of any Local Agency who has investments in the OCIF as allowed by Government Code Sections 53607, 53646, and 53686.

All reports filed by the Treasurer in accordance with Government Code Section 53646 shall, among other matters, state compliance of the portfolio with the Investment Policy Statement, or the manner in which the portfolio is not in compliance. A statement will also be filed by the Treasurer in accordance with Government Code 53646(b) denoting the ability of each pool to meet its expenditure requirements for the next six months or provide an explanation of why sufficient money may not be available.

XXII. LEGISLATIVE CHANGES

Any State of California law that further restricts allowable maturities, investment type, percentage allocations, or any other provision of this Investment Policy Statement will, upon effectiveness, be incorporated into this Investment Policy Statement and supersede any and all previous applicable language.

XXIII. <u>DISASTER RECOVERY PROGRAM</u>

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. Three copies of the Disaster Plan for home, office, and car have been 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 all uninvested cash with the custody bank into a money market mutual fund. Until normal operations of the Treasurer's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy Statement and would be required to be reported to the Board of Supervisors and pool participants in a timely manner.

INVESTMENT POLICY STATEMENT GLOSSARY

This Glossary is for general reference purposes only and does not constitute an exhaustive or exclusive list of terms and definitions applicable to this Investment Policy Statement. The definitions included herein do not modify any of the terms of this Investment Policy Statement or applicable law.

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 180 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)
 - (negative)
 Evolving/ Neutral
 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.

DOMINION BOND RATING SERVICE, LTD: (see Nationally Recognized Statistical Rating Organization)

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, LIBOR, 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.; Fitch, Inc.; and Dominion Bond Rating Service, Ltd.

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: One of 21 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.

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, including a 13-month maturity limit and a 60-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

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.

(Price appreciation) + (Dividends paid) + (Capital gains) = 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), Resolution Trust Corporation (RTC), 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.