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CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED)

FINANCIAL/OPERATING FILING (NON-CUSIP)

Rule 15c2-12 Disclosure

Annual Financial Information and Operating Data: Successor Agency to OCDA NDAPP Continuing Disclosure Annual Report, for the year ended 06/30/2017

Documents

Financial Operating Filing
- 00183127.PDF posted 01/25/2018

The following issuers are associated with this continuing disclosure submission:

Issuer Name	Issue Description	State	Dated Date
ORANGE COUNTY, CALIFORNIA (SUCCESSOR AGENCY TO THE) DEVELOPMENT AGENCY	TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014 (PRIVATE PLACEMENT)	CA	08/20/2014

Submitter's Contact Information

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CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDED JUNE 30, 2017

SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
(NEIGHBORHOOD DEVELOPMENT AND PRESERVATION PROJECT)
TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014

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

Prepared By:

APPLIED BEST PRACTICES, LLC
19900 MacArthur Boulevard, Suite 1100
Irvine, California 92612

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INTRODUCTION

THIS CONTINUING DISCLOSURE ANNUAL REPORT, dated January 25, 2018 (the "Annual Report") has been prepared to satisfy the obligations of the Successor Agency to the Orange County Development Agency, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "Successor Agency"), with respect to the 2014 Neighborhood Development and Preservation Project ("NDAPP") Bonds.

Delivery of the Annual Report

The Successor Agency has agreed under Section 5.1 of the Indenture of Trust dated August 1, 2014 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee, to provide certain reports, certifications, annual financial information and operating data. As provided in the Indenture, this Annual Report is being prepared for publication with the Electronic Municipal Market Access ("EMMA"), a service of the Municipal Securities Rulemaking Board, for the benefit of the 2014 NDAPP Bondholders.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Successor Agency for the fiscal year ended June 30, 2017 is attached hereto as Appendix A.

LIMITATION OF INDEBTEDNESS REPORT

The Successor Agency prepared a report from an independent redevelopment consultant to the Bondholders showing the total amount of Tax Increment Revenues remaining available to be received by the Successor Agency under the Redevelopment Plan's cumulative annual debt service respect to the 2014 NDAPP Bonds (the "Limitation of Indebtedness Report"). A copy of the Limitation of Indebtedness Report is attached hereto as Appendix B.

CERTIFICATION OF RATIO OF PLEDGED TAX REVENUES TO SCHEDULED DEBT SERVICE FOR FISCAL YEAR 2016-17

The following table sets forth the percent by which annual Pledged Tax Revenues have provided coverage for debt service on the Bonds for Fiscal Year 2016-17.

Percentage of Debt Service Coverage in FY 2016-17

Pledged Tax Revenue	$ 27,537,278	
FY 2016-17 Debt Service Payment	$ 2,027,725	1,358%

Source: County of Orange, CEO Public Finance Unit

ASSESSED VALUATIONS OF TAXABLE PROPERTY

The following table shows the actual assessed values for Fiscal Years 2016-17 and 2017-18 based upon the Orange County Auditor-Controller's equalized rolls and incremental values of property within the Neighborhood Development and Preservation Project (based on an exclusion of assessed values from the unsecured roll).

Neighborhood Development and Preservation Project
Assessed Valuations of the Taxable Property
Fiscal Years 2016-17 and 2017-18

	FY 2016-17 Taxable Value	***FY 2017-18 Taxable Value***
Secured Values[1]		
Local Secured Value	$ 3,767,716,728	$ 3,967,356,043
Public Utility Value	-	-
Total Secured Values	$ 3,767,716,728	$ 3,967,356,043
Unsecured Values	$ 64,738,163	$ 60,484,378
GRAND TOTAL	$ 3,832,454,891	$ 4,027,840,421
Base Year Value	$ 963,349,553	$ 963,349,553
Annual Incremental Value	$ 2,869,105,338	$ 3,064,490,868

[1] Secured values include state assessed non-unitary utility property.
Source: Orange County Auditor-Controller.

TOP TEN TAXPAYERS

The following table shows the top ten taxpayers by assessed value in the Neighborhood Development and Preservation Project for Fiscal Year 2017-18.

Neighborhood Development and Preservation Project
Top Ten Taxpayers by Assessed Value
Fiscal Year 2017-18

	Property Owner	***No. of Parcels***	***Primary Land Use***	***Secured Assessed Valuation***	***Unsecured Assessed Valuation***	***Total Assessed Valuation***	***Percent of Total Valuation***
1	Orchard Lake Forest CA LP	5	Commercial	$ 125,282,657	$ -	$ 125,282,657	3.11%
2	Buchheim Properties I, II, III, IV	9	Commercial	50,010,491	-	50,010,491	1.24%
3	Casa Pacifica	1	Commercial	32,539,364	-	32,539,364	0.81%
4	H&H Investments LP	1	Commercial	16,683,286	-	16,683,286	0.41%
5	Business Properties	7	Commercial	15,602,570	-	15,602,570	0.39%
6	Ashley Real Estate LLC	1	Commercial	14,658,504	-	14,658,504	0.36%
7	Brixton El Toro SQ LLC	3	Commercial	12,885,597	-	12,885,597	0.32%
8	Roberta J. Thompson TR	1	Commercial	12,827,652	-	12,827,652	0.32%
9	Prothero Enterprise Inc.	2	Commercial	12,529,774	-	12,529,774	0.31%
10	Whisler Holdings LLC	4	Commercial	12,350,822	-	12,350,822	0.31%
	Total	34		$ 305,370,717	$ -	$ 305,370,717	7.58%
	Total 2017-18 Project Area Assessed Value			$ 3,967,356,043	$ 60,484,378	$ 4,027,840,421	

Prepared by RSG, Inc.
Source: Orange County Assessor 2017-18 Secured and Unsecured Roll, Orange County Auditor-Controller.

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 Successor Agency undertakes no responsibility to oppose any revision or withdrawal of such information contained in this Annual Report.

To the extent the Successor Agency provides information in this Annual Report, the Successor Agency is not obligated to present or update information in future Annual Reports.

By providing the information in this Annual Report, the Successor Agency does not imply or represent (a) that all information provided in this Annual Report is material to investors' decisions regarding investment in the 2014 NDAPP Bonds, (b) the completeness or accuracy of any financial, operational or other information not included herein, (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 Successor Agency's financial condition, the security for the 2014 NDAPP Bonds or an investor's decision to buy, sell or hold the 2014 NDAPP Bonds.

The information set forth in this Annual Report or incorporated in this Annual Report has been furnished by the Successor Agency 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 Successor Agency. The Successor Agency is relying upon and has not independently confirmed or verified the accuracy or completeness of information provided by others or other information incorporated by reference therein.

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

APPENDIX A

SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017

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COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the County of Orange, California)

Independent Auditor's Reports,
Basic Financial Statements and Supplemental Information

For the Year Ended June 30, 2017

Certified
Public
Accountants

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the County of Orange, California)

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Independent Auditor's Report

To the Oversight Board
County of Orange Redevelopment Successor Agency
Santa Ana, California

We have audited the accompanying financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a fiduciary component unit of the County of Orange, California (County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Successor Agency'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Orange Redevelopment Successor Agency, as of June 30, 2017, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Macias Gini & O'Connell LLP
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Newport Beach, CA 92660

www.mgocpa.com

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Successor Agency and do not present fairly the financial position of the County as of June 30, 2017, and the changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 7, the Successor Agency trust fund reported a deficit net position. The deficit resulted from the Due Diligence Review of payments required by Assembly Bill 1484. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Successor Agency's financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information is 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017, on our consideration of the County's internal control over the Successor Agency's financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County's internal control over the Successor Agency's financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over the Successor Agency's financial reporting and compliance.

Macias Gini & O'Connell LLP

Newport Beach, California
December 11, 2017

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Statement of Fiduciary Net Position (Deficit)
June 30, 2017

Assets	
Current assets:	
Pooled cash and investments (Note 2)	$ 9,086,869
Restricted assets - cash equivalents and investments with trustee (Note 2)	4,652,182
Interest receivable	24,296
Due from other governmental agencies	517
Noncurrent assets:	
Land and improvements held for resale (Note 3)	133,070
Total assets	13,896,934
Deferred Outflows of Resources	
Deferred charge on refunding	333,403
Liabilities	
Current liabilities:	
Bond interest payable	338,954
Due to other governmental agencies	6,402
Bonds payable (Note 4)	3,760,000
Noncurrent liabilities:	
Bonds payable, net of current portion (Note 4)	22,477,737
Total liabilities	26,583,093
Deferred Inflows of Resources	
Deferred charge on refunding	114,116
Net Position (deficit)	
Held in trust for other governments (Note 7)	$ (12,466,872)

See accompanying notes to the financial statements.

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Statement of Changes in Fiduciary Net Position (Deficit)
For the Year Ended June 30, 2017

Additions:		
Intergovernmental revenue	$	5,137,357
Other revenue		627,823
Interest		50,262
Less: investment expense		(5,232)
Total additions		5,810,210
Deductions:		
Professional services		84,998
Tax pass-throughs (Note 5)		22,944
Interest on long-term debt		930,880
Total deductions		1,038,822
Change in net position		4,771,388
Net position (deficit), July 1, 2016		(17,238,260)
Net position (deficit), June 30, 2017 (Note 7)	$	(12,466,872)

See accompanying notes to the financial statements.

Note 1 –Summary of Significant Accounting Policies

Reporting Entity

On January 24, 2012, the County of Orange (County) elected to become the Successor Agency to the former Orange County Development Agency (Successor Agency) 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, was established to account for the assets and liabilities of the former Orange County Development Agency (OCDA).

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established Oversight Board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The accompanying financial statements are not intended to present fairly the financial position or changes in financial position of the County in conformity with the accounting principles generally accepted in the United States of America.

Measurement Focus

Fiduciary fund financial statements 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 the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with operation of these funds are included on the statement of fiduciary net position (deficit). Additions are recorded when earned and deductions are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Land and Improvements Held for Resale

Land and improvements held for resale are recorded at the lower of acquisition cost or estimated net realizable value.

Deferred Charges on Refunding

The deferred charges on refunding are deferred and amortized over the life of the Successor Agency Tax Allocation Refunding Bonds Neighborhood Development and Preservation Project (NDAPP), Series 2014 and Santa Ana Heights (SAH), Series 2014 using the straight-line method. The deferred charge on refunding is recorded as a deferred inflows of resources or outflows of resources, as appropriate.

Note 1 –Summary of Significant Accounting Policies (continued)

The deferred charge on refunding for the NDAPP bonds is recorded as a deferred outflows of resources. With the refunding of the SAH bonds, it is recorded as a deferred inflows of resources.

Bond Premium

The bond premium is deferred and amortized over the life of the Successor Agency Tax Allocation Refunding Bonds SAH, Series 2014 using the effective interest method. Bonds payable are reported net of the applicable bond premium.

The bond premium is recorded annually as a reduction of interest expense.

Intergovernmental Revenue

The Dissolution Act amended the allocation of property tax revenue to successor agencies. Property taxes that formerly would have been apportioned to the former OCDA are deposited into a trust fund with the County of Orange, known as the Redevelopment Property Tax Trust Fund (RPTTF). The County Auditor – Controller administers the RPTTF on behalf of the former redevelopment agency debt holders, and taxing entities that receive pass-through payments and property tax distributions. This fund is used to pay obligations listed on the Recognized Obligation Payment Schedule (ROPS), including bond debt service, approved by the Successor Agency's Oversight Board, and the California Department of Finance. Any remaining monies in the RPTTF after the approved amounts listed on the ROPS have been paid are distributed to the appropriate taxing entities.

Use of Estimates

The preparation of the 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.

Note 2 – Cash and Investments

The Successor Agency follows the County's policy guidelines for pooling its cash and investments with the County Treasurer. The County Treasurer abides by the Investment Policy Statement (IPS) in investing the Pool's monies.

Pooled Cash and Investments

The County Treasurer maintains the Pool for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. At June 30, 2017, the Pool contains deposits and investments in U.S. government agencies, negotiable certificates of deposits, medium-term notes, repurchase agreements, and money market mutual funds with an average maturity of approximately 366 days. The Successor Agency's cash and investments are combined with the County's pooled investments, and therefore, do not represent specific identifiable investments. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the

Note 2 – Cash and Investments (continued)

asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in the internal government investment pool are not subject to reporting within the level hierarchy. Interest is apportioned to individual funds based generally on the average daily balances on deposit with the County Treasurer.

Cash Equivalents and Investments with Trustee

Cash equivalents and investments with trustee represent amounts held by a trustee bank, which are restricted for servicing long-term debt of the Successor Agency as required by the bond indentures. The trustee as fiscal agent is mandated by the bond indentures as to the types of authorized investments. The investments of money market mutual funds are reported net asset value, and as such, are not subject to the fair value hierarchy.

Summary of Cash and Investments

At June 30, 2017, cash and investments of the Successor Agency are summarized as follows:

Cash and investments pooled by the County Treasurer	$	9,086,869
Investments held by trustee:		
Money market mutual funds		4,652,182
Total	$	13,739,051

Investment Disclosures

As of June 30, 2017, the major classes of Successor Agency's investments consisted of the following:

	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)
County Investment Pool	$ 9,086,869	$ 9,086,869			1.004
Restricted Investment with Trustee:					
Money Market Mutual Funds	4,652,182	4,652,182	Variable	On Demand	-
Total Restricted Investment with Trustee	$ 4,652,182	$ 4,652,182			
Portfolio Weighted Average Maturity					0.66

Interest Rate Risk

Interest rate risk refers to the risk that changes in interest rates will affect the fair value of an investment. The County manages exposure to declines in fair value by limiting the weighted average maturity (WAM) to 60

Note 2 – Cash and Investments (continued)

days for any short-term pool and the maximum maturity to 397 days for short-term pool if short-term and long-term pools are used. At June 30, 2017, the WAM for the Pool approximated 366 days (1.004 years). Restricted investments held by trustees are invested in "permitted investments" as defined in the various trust agreements. The weighted average maturity, for investments held with trustees, is 34 days.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Successor Agency will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At year-end, the Successor Agency's Pool and Money Market Fund did not have any securities exposed to custodial credit risk and there was no securities lending.

Credit Risk

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, 2017, the County's investments were in compliance with the IPS limits. The Successor Agency's pooled cash and investments are combined with the County's pooled investments, and therefore, do not represent specific identifiable investments and are not discretely rated.

Additional information regarding the Pool, including the investment portfolio and related interest rate, the custodial credit, credit, concentration of credit risks, and fair value measurements is disclosed in the County's Comprehensive Annual Financial Report (CAFR). The CAFR is available by accessing the Auditor-Controller's website at http://acdcweb01.ocgov.com/acInternet/Reports.aspx.

Note 3 – Land and Improvements Held for Resale

Land and improvements held for resale is recorded at the lower of acquisition cost or estimated net realizable value. At June 30, 2017, the cost of land and improvements is $607,747 with an estimated net realizable value of $133,070. There were no Successor Agency land parcels sold during the year.

Note 4 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the period July 1, 2016 through June 30, 2017.

	Balance July 1, 2016	Discount/ Premium Amortization	Retirements	Balance June 30, 2017	Due Within One Year
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014-SAH	$ 16,790,000	$ -	$ (1,895,000)	$ 14,895,000	$ 1,995,000
Bond premium on Tax Allocation Refunding Bonds, Series 2014 – SAH	1,636,419	(188,682)	-	1,447,737	-
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014-NDAPP	11,615,000	-	(1,720,000)	9,895,000	1,765,000
Total long-term liabilities	$ 30,041,419	$ (188,682)	$ (3,615,000)	$ 26,237,737	$ 3,760,000

Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Issue 2014 - Santa Ana Heights (SAH)

On January 9, 2014, the Successor Agency issued Tax Allocation Refunding Bonds for the SAH Project Area in the principal amount of $20,960,000 at a premium of $1,806,653 with an interest rate range of 3.00% - 5.00%. The bonds were issued to redeem the outstanding 2003 Tax Allocation Refunding Bonds, fund a reserve fund, and pay the cost of issuing the bonds. The SAH Refunding Bonds, payable through September 2023, are secured by a pledge of property tax revenues from the Santa Ana Heights Project Area. The bonds were issued for a debt service savings and have a final maturity of September 1, 2023. The principal amount outstanding at June 30, 2017 is $14,895,000. Interest paid and total tax increment revenues were $816,125 and $2,758,746 respectively, during the fiscal year.

Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Issue 2014 - Neighborhood Development and Preservation Project (NDAPP)

On August 20, 2014, the Successor Agency issued Tax Allocation Refunding Bonds, for the NDAPP Area in the principal amount of $14,090,000 with an interest rate of 2.75%. The Bonds were issued to redeem the outstanding Tax Allocation Refunding Bonds, Series 2001. The NDAPP Refunding bonds, payable through September 2022, are secured by a pledge of property tax revenues from the Neighborhood Development and Preservation Project Area. The bonds were issued for a debt service savings and have a maturity of September 1, 2022. The principal amount outstanding at June 30, 2017 is $9,895,000. Interest paid and total tax increment revenues were $307,725 and $2,068,611, respectively, during the fiscal year.

Note 4 – Long-Term Liabilities (continued)

The annual requirements to amortize outstanding bonds included in the Statement of Fiduciary Net Position (Deficit) as of June 30, 2017, including interest, are as follows:

Year(s) Ending	SAH 2014 Tax Allocation Bonds		NDAPP 2014 Tax Allocation Bonds	
June 30	Principal	Interest	Principal	Interest
2018	$ 1,995,000	$ 720,125	$ 1,765,000	$ 260,150
2019	2,095,000	619,125	1,810,000	211,269
2020	2,195,000	513,125	1,860,000	161,150
2021	2,310,000	402,000	1,910,000	109,656
2022	2,430,000	285,000	1,760,000	56,788
2023-2024	3,870,000	195,000	790,000	10,862
Total	$ 14,895,000	$ 2,734,375	$ 9,895,000	$ 809,875

Note 5 – Pass-Through Agreements

The former OCDA entered into agreements with various governmental entities to "pass-through" applicable portions of property tax revenues received by the SAH and NDAPP project areas attributable to these entities to the extent that their territorial limits reside within the former OCDA's project areas.

Note 6 – Related Party Transactions

Orange County Community Resources (OC Community Resources), a department of the County, is the primary administrative support to the Successor Agency, and is responsible for preparation of all payment schedules, financial reports, and project related matters. OC Community Resources also oversees the Orange County Housing Authority, the entity elected to be the County's Housing Successor. County Counsel provides all legal support services, and CEO's Corporate Real Estate Unit provides project support on real estate issues. All debt service related matters are administered by the CEO's Public Finance Unit.

Note 7 – Deficit Net Position

The Successor Agency reported a deficit net position of $12,466,872. The deficit resulted from the Due Diligence Review payments required by Assembly Bill 1484. Enforceable Obligations will be paid by future property tax increment apportioned to the Successor Agency.

Note 8 – New Accounting Pronouncements

The following lists recent Governmental Accounting Standards Board (GASB) pronouncements implemented or are effective in fiscal year 2016-17:

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 and the Successor Agency to implement this statement in fiscal year 2016-17. There was no impact to the Successor Agency financial statements.

In December 2015, GASB Issued Statement No. 78 "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*." This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this statement are effective for reporting periods beginning after December 15, 2015, which requires the County and the Successor Agency to implement this statement in fiscal year 2016-17. There was no impact to the Successor Agency financial statements.

In January 2016, GASB Issued Statement No. 80 "*Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*." This statement amends the blending requirements established in paragraph 53 of Statement No. 14, "The Financial Reporting Entity," as amended. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, which requires the County and the Successor Agency to implement this statement in fiscal year 2016-17. There was no impact to the Successor Agency financial statements.

In March 2016, GASB Issued Statement No. 82 "*Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*." This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, which requires the County and the Successor Agency to implement this statement in fiscal year 2016-17. There was no impact to the Successor Agency financial statements.

Note 8 – New Accounting Pronouncements (continued)

The following summarizes recent GASB pronouncements issued but not yet adopted that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following Statements may have on the financial statements of the Successor Agency.

In June 2015, GASB issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*" 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 No. 43, and Statement No. 50, "*Pension Disclosures*." The provisions of this statement are effective for financial statement for periods beginning after June 15, 2016. The County's OPEB plans are calendar year based; therefore, it requires the County and the Successor Agency to implement this statement in FY 2017-18. 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 June 2015, GASB issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" 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 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 and the Successor Agency to implement this statement in fiscal year 2017-18.

In March 2016, GASB Issued Statement No. 81 "*Irrevocable Split-Interest Agreements*". This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this statement are effective for financial statements beginning after December 15, 2016, which requires the County and the Successor Agency to implement this statement in fiscal year 2017-18.

In November 2016, GASB issued Statement No. 83, "*Certain Asset Retirement Obligations.*" This statement requires the recognition of a liability and a corresponding deferred outflows of resources associated with an asset retirement obligation based on the criteria and the measurement established in the statement. This statement also requires disclosure of required information about the asset retirement obligations. The requirements of this statement are effective for reporting periods beginning after June 15, 2018, which requires the County and the Successor Agency to implement this statement in FY 2017-18.

Note 8 – New Accounting Pronouncements (continued)

In January 2017, GASB issued Statement No. 84, "*Fiduciary Activities*." This statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement also describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The requirements of this statement are effective for reporting periods beginning after December 15, 2018, which requires the County and the Successor Agency to implement this statement in FY 2019-20.

In March 2017, GASB issued Statement No. 85, "*Omnibus 2017*." This statement addresses issues that have been identified during implementation and application of certain GASB Statements. The topics include issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits and more. The requirements of this statement are effective for reporting periods beginning after June 15, 2017, which requires the County and the Successor Agency to implement this statement in FY 2017-18.

In May 2017, GASB issued Statement No. 86, "*Certain Debt Extinguishment Issues*." This statement establishes disclosure requirements of in-substance defeasance of debt using only existing resources and prepaid insurance related to extinguished debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2017, which requires the County and the Successor Agency to implement this statement in FY 2017-18.

In June 2017, GASB issued Statement No. 87, "*Leases*." This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognized a lease receivable and a deferred inflows of resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, which requires the County and the Successor Agency to implement this statement in FY 2020-21.

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COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Combining Statement of Fiduciary Net Position (Deficit) by Trust Fund
June 30, 2017

	Private-Purpose Trust Funds			
	Redevelopment Retirement Obligation **SAH Debt Service**	Redevelopment Retirement Obligation **NDAPP Debt Service**	OCDA Redevelopment **Successor Agency**	**Total**
Assets				
Current assets:				
Pooled cash and investments	$ 960,670	$ 345,058	$ 7,781,141	$ 9,086,869
Restricted assets - cash equivalents and investments with trustee	3,644,931	1,007,251	-	4,652,182
Interest receivable	2,567	1,268	20,461	24,296
Due from other governmental agencies	-	-	517	517
Noncurrent assets:				
Land and improvements held for resale	-	-	133,070	133,070
Total assets	4,608,168	1,353,577	7,935,189	13,896,934
Deferred Outflows of Resources				
Deferred charge on refunding	-	333,403	-	333,403
Liabilities				
Current liabilities:				
Bond interest payable	248,250	90,704	-	338,954
Due to other governmental agencies	3,032	671	2,699	6,402
Bonds payable	1,995,000	1,765,000	-	3,760,000
Noncurrent liabilities:				
Bonds payable, net of current portion	14,347,737	8,130,000	-	22,477,737
Total liabilities	16,594,019	9,986,375	2,699	26,583,093
Deferred Inflows of Resources				
Deferred charge on refunding	114,116	-	-	114,116
Net Position (deficit)				
Held in trust for other governments	$ (12,099,967)	$ (8,299,395)	$ 7,932,490	$ (12,466,872)

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Combining Statement of Changes in Fiduciary Net Position (Deficit) by Trust Fund
For the Year Ended June 30, 2017

	Private-Purpose Trust Funds			
	Redevelopment Retirement Obligation **SAH Debt Service**	Redevelopment Retirement Obligation **NDAPP Debt Service**	OCDA Redevelopment **Successor Agency**	**Total**
Additions:				
Intergovernmental revenue	$ 2,758,746	$ 2,068,611	$ 310,000	$ 5,137,357
Other revenue	81,025	11,102	535,696	627,823
Interest	16,616	2,509	31,137	50,262
Less: investment expense	(628)	(263)	(4,341)	(5,232)
Total additions	2,855,759	2,081,959	872,492	5,810,210
Deductions:				
Professional services	17,245	14,759	52,994	84,998
Tax pass-throughs	-	-	22,944	22,944
Interest on long-term debt	578,303	352,577	-	930,880
Total deductions	595,548	367,336	75,938	1,038,822
Change in net position	2,260,211	1,714,623	796,554	4,771,388
Net position (deficit), July 1, 2016	(14,360,178)	(10,014,018)	7,135,936	(17,238,260)
Net position (deficit), June 30, 2017	$ (12,099,967)	$ (8,299,395)	$ 7,932,490	$ (12,466,872)

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Oversight Board
County of Orange Redevelopment Successor Agency
Santa Ana, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a fiduciary component unit of the County of Orange, California (County) as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2017. Our report includes emphasis of matter paragraphs.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over the Successor Agency's financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over the Successor Agency. Accordingly, we do not express an opinion on the effectiveness of the County's internal control the Successor Agency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Successor Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Successor Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance over the Successor Agency's financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance over the Successor Agency's financial reporting. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Newport Beach, California
December 11, 2017

APPENDIX B

LIMITATION OF INDEBTEDNESS REPORT

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RSG
BETTER COMMUNITIES. BOLDER FUTURES.

RSG, INC.
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F 714 541 1175
E INFO@WEBRSG.COM
WEBRSG.COM

Via Electronic Mail

To: Susie Ortiz, Administrative Manager
CEO/PUBLIC FINANCE, COUNTY OF ORANGE

From: Tara Matthews, Principal
Dominique Clark, Associate
RSG, INC.

Date: December 12, 2017

SUBJECT: CONTINUING DISCLOSURE - NDAPP

This memorandum is to confirm that RSG, Inc. ("RSG") has reviewed Covenant 11 of the Indenture of Trust related to Tax Allocation Refunding Bonds, Issue 2014 of $14,090,000 for the Neighborhood Development and Preservation Project ("NDAPP"). Covenant 11 requests that an independent consultant report on the total amount of tax increment revenues remaining available to the Successor Agency to the Orange County Development Agency ("Successor Agency") under the Redevelopment Plan's cumulative annual debt service with respect to the bonds.

NDAPP's Redevelopment Plan limitations are as follows.

Time Limit to Incur Debt:	Eliminated
Time Limit to Receive Increment:	June 27, 2038
Total Bonded Debt Limit:	$500 Million
Total Tax Increment Limit:	$1.6 Billion

Based on data obtained from the Successor Agency, the State Department of Finance, and a review of records RSG maintains on file, the 2014 Refunding Bonds are the only bonds associated with NDAPP. As such, the $14,090,000 bond indebtedness is well under the $500 million limit.

Additionally, RSG reviewed internal records and obtained available reports on annual tax increment collections for NDAPP (inclusive of all sub-areas) through Fiscal Year 2016-17 (the most recently completed fiscal year) from the Orange County Auditor Controller ("Auditor Controller"). Through Fiscal Year 2016-17, $327,377,557 in tax increment has been collected from NDAPP (inclusive of all sub-areas), well below the $1.6 billion limit.

Though the Indenture of Trust requires this review, Section 34189(a) of the Health and Safety Code was amended by Senate Bill 107 in the 2015-16 Legislative Session. Accordingly, the law now states that limitations on time and tax increment collections no longer apply if tax increment is still needed for enforceable obligations, including bond debt service.

Finally, ample revenues are available for debt service coverage on the bonds. Based on the Fiscal Year 2017-18 total assessed valuation in NDAPP (as reported by the Auditor Controller) and RSG's projections, NDAPP will generate a total of nearly $21.7 million in tax increment in Fiscal Year 2017-18, net of taxing agency pass-through payments and County bankruptcy payments, but inclusive of the amount that was once set aside for affordable housing before redevelopment agency dissolution. Approximately $5.0 million of the available $21.7 million in net revenues is associated with the El Toro Sub-Area.