

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

Rule 15c2-12 Disclosure

Annual Financial Information and Operating Data: 2018 Annual Report, for the year ended 06/30/2018

#### **Documents**

Financial Operating Filing

CFD 2017-1.pdf posted 02/28/2019

# The following issuers are associated with this continuing disclosure submission:

CUSIP-6	State	Issuer Name
68423P	CA	ORANGE CNTY CALIF CMNTY FACS DIST SPL TAX

## The following 22 securities have been published with this continuing disclosure submission:

Maturity Date
08/15/2019
08/15/2020
08/15/2021
08/15/2022
08/15/2023
08/15/2024
08/15/2025
08/15/2026
08/15/2027
08/15/2028
08/15/2029
08/15/2030

68423PXS4	08/15/2031
68423PXT2	08/15/2032
68423PXU9	08/15/2033
68423PXV7	08/15/2034
68423PXW5	08/15/2035
68423PXX3	08/15/2036
68423PXY1	08/15/2037
68423PXZ8	08/15/2038
68423PYA2	08/15/2042
68423PYB0	08/15/2047

## **Issuer's Contact Information**

**Obligor's Contact Information** 

Company:

Name: Susana Ortiz

Address: 333 W. Santa Ana Blvd., 3rd Floor City, State Zip: Santa Ana, CA 92701 Phone Number: (714) 834-3662 Email: Susana.Ortiz@ocgov.com

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# Dated February 28, 2019

Series A of 2018 CUSIP Numbers							
68423PXE5	68423PXK1	68423PXQ8	68423PXV7	68423PYA2			
68423PXF2	68423PXL9	68423PXR6	68423PXW5	68423PYB0			
68423PXG0	68423PXM7	68423PXS4	68423PXX3				
68423PXH8	68423PXN5	68423PXT2	68423PXY1				
68423PXJ4	68423PXP0	68423PXU9	68423PXZ8				

### Prepared at the direction of and on behalf of:

### **County of Orange**

333 West Santa Ana Boulevard, 3<sup>rd</sup> Floor Santa Ana, CA 92701-4062

### **Prepared by:**

David Taussig & Associates, Inc.

5000 Birch Street, Suite 6000 Newport Beach, CA 92660

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CERTAIN DISCLAIMERS
EXHIBIT
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Exhibit B – California Debt and Investment Advisory Commission Yearly Fiscal Report
Exhibit C – Comprehensive Annual Financial Report

#### **INTRODUCTION**

The Community Facilities District No. 2017-1 of the County of Orange (Village of Esencia) (the "Issuer" or "District") hereby provides its annual report (the "Annual Report") for the fiscal year ended June 30, 2018 in connection with the following Bonds:

#### **Bond Issue:**

1. Community Facilities District No. 2017-1 of the County of Orange (Village of Esencia) (Improvement Area No. 1) Series A of 2018 Special Tax Bonds

### **Annual Report:**

The Issuer's Annual Report required by the Continuing Disclosure Certificate (the "Disclosure Certificate") dated February 1, 2018 with respect to the Bonds for the Fiscal Year ended June 30, 2018 is attached hereto.

#### **Other Matters:**

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

While the financial statements of the County (which includes the District) for Fiscal Year ended June 30, 2018 have been incorporated herein by reference in order to comply with SEC Rule 15c2-12, the Bonds are a limited obligation of the District and neither the faith and credit nor the taxing power of the County is pledged to the payment of the Bonds. No income, receipts, funds (including the County general fund) or moneys of the County are pledged to the repayment of the Bonds.

#### SECTION 4 – CONTENT OF ANNUAL REPORT

### 1. Audited Financial Statements for Fiscal Year Ended June 30, 2018.

The County of Orange's Audited Financial Statements for Fiscal Year 2017-2018 were filed with the Municipal Securities Rulemaking Board Electronic Municipal Market Access on February 5, 2019 (Submission ID: EP808497) are included herein as Exhibit C.

While the financial statements of the County (which includes the District) for Fiscal Year ended June 30, 2018 have been incorporated herein by reference in order to comply with SEC Rule 15c2-12, the Bonds are a limited obligation of the District and neither the faith and credit nor the taxing power of the County is pledged to the payment of the Bonds. No income, receipts, funds (including the County general fund) or moneys of the County are pledged to the repayment of the Bonds.

### 2. Financial and Operating Data

i. The principal amount of the Bonds outstanding as of August 16, 2018.

The principal amount of Bonds outstanding as of August 16, 2018 was \$76,950,000.

ii. The balance in each fund under the Indenture and the Reserve Requirement as of the August 16, 2018.

As of August 16, 2018				
CFD No. 2017-1 Improvement Area No. 1				
Special Tax Fund:	\$1,124,430.75			
Interest Account:	-0-			
Principal Account	-0-			
Redemption Account:	-0-			
Reserve Account:	\$6,681,120.35			
Administrative Expense Account:	\$49,160.29			
Rebate Fund:	-0-			
Acquisition and Construction Fund:	\$77,613,486.83			
Cost of Issuance Fund:	\$36,913.01			
Surplus Fund:	-0-			

The Reserve Requirement as of August 16, 2018 is \$6,647,513.78.

iii. Any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report.

There have been no changes made to the Rate and Method of Apportionment approved or submitted to the qualified electors for approval.

iv. An update of the estimated assessed value-to-lien ratio for the District substantially in the form of Table 5 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year.

An update of Table 5 is included in Exhibit A.

v. Until such time that the property within the District is no longer owned by any developer or merchant builder, an update of the largest taxpayers the District substantially in the form of Table 6 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year.

An update of Table 6 is included in Exhibit A.

vi. The percentage of the maximum Special Taxes levied by the District with respect to the Bonds.

The Special Tax was levied at 100.00% of the Assigned Special Tax rates for Developed Property in Zones 1 through 6 and 77.62% of the Maximum Special Tax rates for Undeveloped Property in all zones for Fiscal Year 2018-2019.

vii. The status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes.

CFD No. 2017-1 is not required to initiate any foreclosure proceedings at this time.

A statement as to whether the District participates in the Teeter Plan and in the event that the Teeter Plan is terminated with respect to the District, a table showing the total Special Taxes levied and the total Special Taxes collected for the prior fiscal year and the total Special Taxes that, as of December 31, remain unpaid for each prior fiscal year in which Special Taxes were levied and the number of delinquent parcels in the District.

The District participates in the Teeter Plan.

ix. <u>If Special Taxes are levied on Undeveloped Property, the amount of Special Taxes levied on Undeveloped Property and the amount of Special Taxes levied on Developed Property.</u>

See table entitled "Fiscal Year 2018-2019 Undeveloped and Developed Special Tax Revenues" in Exhibit A.

x. Any information not already included above that the District is required to file in its annual report pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, with the California Debt and Investment Advisory Commission.

See Exhibit B attached for copies of the Mello-Roos Community Facilities District (CFD) Yearly Fiscal Status Report for CFD No. 2017-1.

#### **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 District undertake no responsibility to oppose any revision or withdrawal of such information contained in this Annual Report.

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

By providing the information in this Annual Report, the County and the District 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 District 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 District.

No statement contained in this Annual Report should be construed as a prediction or representation about future financial performance of the County and the District. 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 District to be reliable but has not been independently verified by the County and the District and is not guaranteed as to accuracy by the County and the District.

# EXHIBIT A

# TABLE 5, ESTIMATED ASSESSED VALUE-TO-LIEN RATIO BY LAND USE TYPE

# TABLE 6, LARGEST TAXPAYERS

FISCAL YEAR 2018-2019 UNDEVELOPED AND DEVELOPED SPECIAL TAX REVENUES

COMMUNITY FACILITIES DISTRICT NO. 2017-1 IMPROVEMENT AREA NO. 1 (VILLAGE OF ESENCIA) ASSESSED VALUE-TO-LIEN RATIOS UPDATE OF TABLE 5 IN THE OFFICIAL STATEMENT [6]

Property Classification / Owner [1]	Number of Lots/Units	CFD No. 2017-1 Improvement Area No. 1 Actual FY 2018-2019 Levy [2]	CFD No. 2017-1 Improvement Area No. 1 Bonds Oustanding [3]	Metropolitan Water District Bonds Oustanding [4]	Improvement District	Santa Margarita Water District Improvement District 4/4C Bonds Oustanding [4]	Total Direct and Overlapping Debt	Assessed Value [1]	Estimated Assessed Value-to-Lien Ratios
Developed Property	219	\$1,223,898	\$23,013,610	\$886	\$19,696	\$189,311	\$23,223,503	\$54,509,628	2.35
Undeveloped Property [5]									
CalAtlantic Group Inc	19	\$102,007	\$1,918,086	\$60	\$1,331	\$14,167	\$1,933,644	\$3,683,045	1.90
Meritage Homes of California	76	\$386,012	\$7,258,387	\$200	\$4,444	\$47,307	\$7,310,338	\$12,298,475	1.68
New Home Company Southe	40	\$127,679	\$2,400,824	\$71	\$1,574	\$16,755	\$2,419,224	\$4,355,745	1.80
Pulte Home Company LLC	97	\$445,577	\$8,378,427	\$451	\$10,040	\$106,883	\$8,495,802	\$27,786,309	3.27
RMV PA2 Development LLC	221	\$1,459,836	\$27,450,082	\$601	\$13,373	\$142,387	\$27,606,443	\$37,015,932	1.34
The New Home Company Sout	44	\$135,260	\$2,543,371	\$112	\$2,495	\$26,554	\$2,572,532	\$6,903,353	2.68
William Lyon Homes Inc	36	\$212,046	\$3,987,213	\$154	\$3,427	\$36,486	\$4,027,280	\$9,485,010	2.36
TOTAL	752	\$4,092,315	\$76,950,000	\$2,535	\$56,380	\$579,851	\$77,588,766	\$156,037,497	2.01

<sup>[1]</sup> Ownership and assessed values as of January 1, 2018 provided by the Orange County Assessor. Assessed value calculated as land value plus improvement value.

<sup>[2]</sup> Based on actual FY 2018-2019 levy.

<sup>[3]</sup> Allocated based on share of Fiscal Year 2018-2019 levy.

<sup>[4]</sup> As of September 2, 2018. Allocated based on Fiscal Year 2018-2019 levy.

<sup>[5]</sup> Pursuant to the Rate and Method, Undeveloped Property is any property that did not have a building permit as of January 1, 2018 for Fiscal Year 2018-2019.

<sup>[6]</sup> Totals may not sum due to rounding.

Source: David Taussig & Associates, Inc., Metropolitan Water District, Capistrano Unified School District, and County of Orange Assessor

# COMMUNITY FACILITIES DISTRICT NO. 2017-1 IMPROVEMENT AREA NO. 1 (VILLAGE OF ESENCIA) LARGEST TAXPAYERS UPDATE OF TABLE 6 IN THE OFFICIAL STATEMENT [2]

Zone	Owner [1]	Planning Area	FY 2018-2019 Taxable Acreage	FY 2018-2019 Tax Class	FY 2018-2019 Special Tax Levy	Percent of Total Levy
1	New Home Company Southern California LLC	MR-2	1.95	Developed	\$154,122	3.77%
1	New Home Company Southern California LLC Subtotal	MR-2	<u>1.87</u> 3.82	Undeveloped	<u>\$129,734</u> \$283,856	<u>3.17%</u> 6.94%
2	Meritage Homes of California	MR-5	2.52	Developed	\$206,148	5.04%
2	Meritage Homes of California	MR-5	4.91	Undeveloped	\$386,012	9.43%
2	New Home Company Southern California LLC	MR-4	1.10	Developed	\$129,094	3.15%
2	New Home Company Southern California LLC	MR-4	1.69	Undeveloped	\$133,206	3.26%
2	Individual Owners	MR-5	<u>0.19</u>	Developed	\$19,751	0.48%
2	Subtotal		10.41	·	\$874,211	21.36%
3	CalAtlantic Group, Inc.	AH-13	3.27	Developed	\$227,595	5.56%
3	CalAtlantic Group, Inc.	AH-13	0.55	Undeveloped	\$34,820	0.85%
3	RMW PA2 Development LLC	AH-13	9.50	Undeveloped	\$604,228	14.76%
3	William Lyon Homes Inc	AH-14	1.76	Developed	\$130,237	3.18%
3	William Lyon Homes Inc	AH-14	<u>3.34</u>	Undeveloped	<u>\$212,046</u>	<u>5.18%</u>
3	Subtotal		18.42		\$1,208,925	29.54%
4	CalAtlantic Group, Inc.	MR-12	1.98	Developed	\$139,414	3.41%
4	CalAtlantic Group, Inc.	MR-12	1.23	Undeveloped	\$67,187	1.64%
4	RMW PA2 Development LLC	MR-12	15.71	Undeveloped	\$855,608	20.91%
4	New Home Company Southern California LLC	MR-30	<u>1.44</u>	Developed	<u>\$74,797</u>	<u>1.83%</u>
4	Subtotal		20.36		\$1,137,005	27.78%
5	Individual Owners	AQ-14	1.33	Developed	\$63,960	1.56%
5	Individual Owners	AQ-14	<u>4.66</u>	Undeveloped	<u>\$195,337</u>	<u>4.77%</u>
	Subtotal		5.99		\$259,297	6.34%
6	Individual Owners	AQ-15	1.75	Developed	\$78,781	1.93%
6	Individual Owners	AQ-15	<u>6.17</u>	Undeveloped	\$250,240	<u>6.11%</u>
	Subtotal		7.92		\$329,021	8.04%
Total			66.92		\$4,092,315	100.00%

<sup>[1]</sup> Ownership as of January 1, 2018 provided by the Orange County Assessor.

Source: David Taussig & Associates, Inc.

<sup>[2]</sup> Totals may not sum due to rounding.

# COMMUNITY FACILITIES DISTRICT NO. 2017-1 IMPROVEMENT AREA NO. 1 (VILLAGE OF ESENCIA) FISCAL YEAR 2018-2019 UNDEVELOPED AND DEVELOPED SPECIAL TAX REVENUES [3]

Zone	Developed Property Special Tax Revenues [1]	Undeveloped Property Special Tax Revenues [2]	Total FY 2018-2019 Special Tax Levy	
1	\$154,122	\$129,734	\$283,856	
2	\$354,994	\$519,218	\$874,211	
3	\$357,831	\$851,094	\$1,208,925	
4	\$214,210	\$922,795	\$1,137,005	
5	\$63,960	\$195,337	\$259,297	
6	\$78,781	\$250,240	\$329,021	
Total	\$1,223,898	\$2,868,417	\$4,092,315	

<sup>[1]</sup> Developed Property is property for which a building permit was issued as of January 1, 2018.

Source: David Taussig & Associates, Inc.

<sup>[2]</sup> Undeveloped Property is property for which a building permit was not issued as of January 1, 2018.

<sup>[3]</sup> Totals may not sum due to rounding.

# Ехнівіт В

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION YEARLY FISCAL REPORT

# \*Revised February 26, 2019

Submitted:

Sunday, October 28, 2018

STATE OF CALIFORNIA MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD) YEARLY FISCAL STATUS REPORT

12:15:51PM

CDIAC #: 2018-0018

California Debt and Investment Advisory Commission 915 Capitol Mall, Room 400, Sacramento, CA 95814

For Office	e Use Only	
iscal Year		

P.O. Box 942809, Sacramento, CA 94209-0001 (916) 653-3269 Fax (916) 654-7440

I. GENERA	_ INFO	RMAT	ION
-----------	--------	------	-----

Orange County CFD No 2017-1 A. Issuer

Village of Esencia IA No 1 Series A B. Project Name

2018 Special Tax Bonds C. Name/ Title/ Series of Bond Issue

D. Date of Bond Issue 2/6/2018

E. Original Principal Amount of Bonds \$76,950,000.00

Х F. Reserve Fund Minimum Balance Required Amount \$6,647,513.78

**II. FUND BALANCE FISCAL STATUS** 

6/30/2018 Balances Reported as of:

\$76,950,000.00 A. Principal Amount of Bonds Outstanding

B. Bond Reserve Fund \$6,666,527.87

\$0.00 C. Capitalized Interest Fund

D. Construction Fund(s) \$77,446,538.77

#### III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX

1/1/2018 A. Assessed or Appraised Value Reported as of:

From Equalized Tax Roll

From Appriasal of Property

(Use only in first year or before annual tax roll billing commences)

\$156,037,497.00\* B. Total Assessed Value of All Parcels

IV. TAX COLLECTION INFORMATION

\$2,902,537.26 A. Total Amount of Special Taxes Due Annually

B. Total Amount of Unpaid Special Taxes Annually \$0.00

Υ C. Does this agency participiate in the County's Teeter Plan?

#### V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 6/30/2018

A. Total Number of Delinquent Parcels:

\$0.00 B. Total Amount of Taxes Due on Delinquent Parcels:

(Do not include penalties, penalty interest, etc.)

#### VI. FORECLOSURE INFORMATION FOR FISCAL YEAR

(Aggregate totals, if foreclosure commenced on same date) (Attach additional sheets if necessary.)

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
		\$0.00
		\$0.00
		\$0.00
		\$0.00
		\$0.00

Submitted:

Sunday, October 28, 2018

12:15:51PM

CDIAC #: 2018-0018

# STATE OF CALIFORNIA MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD) YEARLY FISCAL STATUS REPORT

California Debt and Investment Advisory Commission 915 Capitol Mall, Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA 94209-0001 (916) 653-3269 Fax (916) 654-7440

For Office Use Only
Fiscal Year

VIII	ISSLIE	RETIRED	

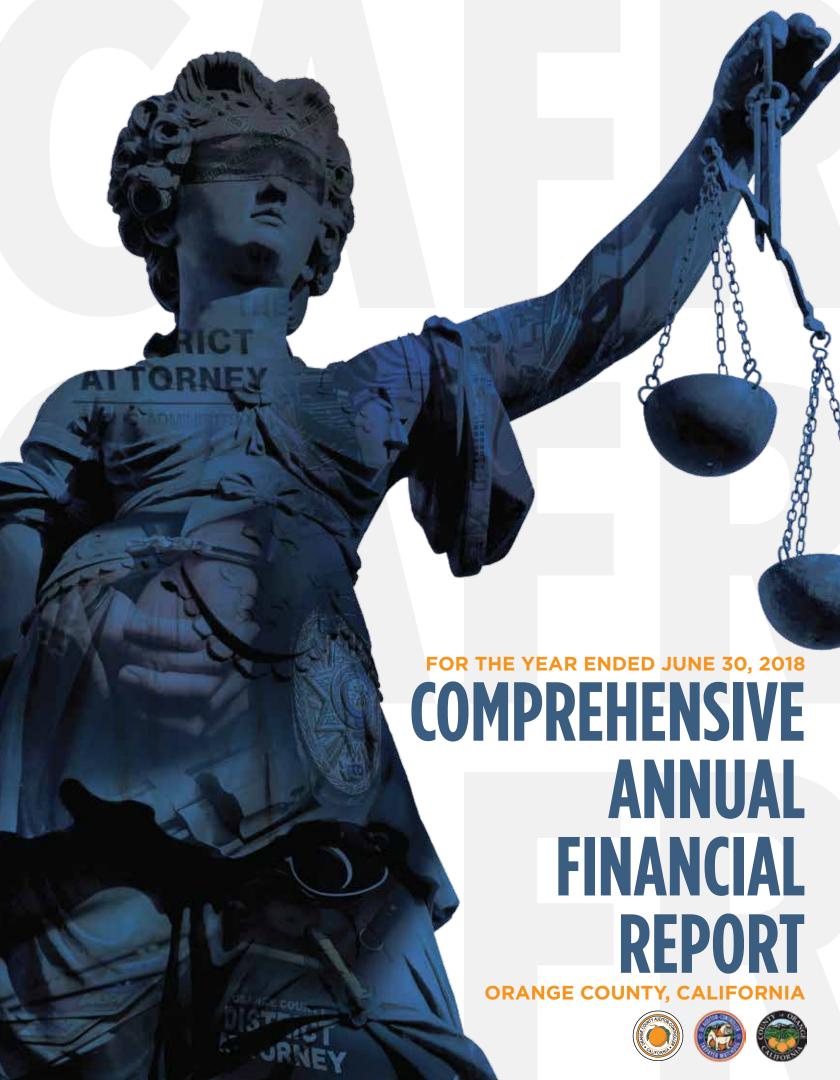
	ssue is retired and ate reason for retiren	•	he Year	ly Fiscal Status report filin	g requirements.	
	Matured	Redeemed Entirely		Other		
	If Matured, indicate	e final maturity date:				
	If Redeemed Entir	ely, state refunding b	ond title	& CDIAC #:		
	and redemption da	ate:				
	If Other:					
	and date:					
/III. N	IAME OF PARTY O	COMPLETING THIS F	ORM			
	Name	Gina Kim				
	Title	Public Finance Acc	ounting	Mgr		
	Firm/ Agency	Orange County CFI	O No 20	17-1		
	Address	333 West Santa An	a Boule	vard 3rd FL		
	City/ State/ Zip	Santa Ana, CA 927	01-4062			
	Phone Number	(714) 834-3749			Date of Report	10/28/2018

### IX. ADDITIONAL COMMENTS:

E-Mail

gina.kim@ocgov.com

# EXHIBIT C COMPREHENSIVE ANNUAL FINANCIAL REPORT



# County of Orange

State of California

# Comprehensive Annual Financial Report

For the Year Ended June 30, 2018







Eric H. Woolery, CPA Auditor-Controller

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# AUDITOR-CONTROLLER COUNTY OF ORANGE

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# COUNTY EXECUTIVE OFFICE COUNTY OF ORANGE

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#### **December 17, 2018**

#### 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, 2018, is hereby submitted in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California. The report contains financial statements that have been prepared in conformity with United States generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. A comprehensive framework of internal controls has been designed and established to provide reasonable assurance that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of County funds. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

The CAFR has been audited by the independent certified public accounting firm of Vavrinek, Trine, Day & Co., LLP (VTD). 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, 2018, 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, 2018. The independent auditor's report is located at the front of the financial section of this report.

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

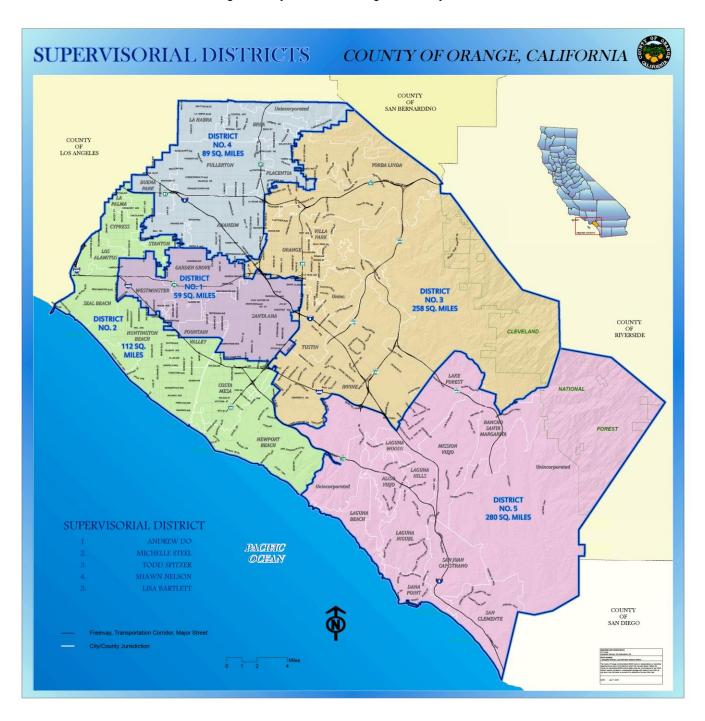
#### PROFILE OF THE GOVERNMENT

The County, incorporated in 1889 and located in the southern part of the State of California, is one of the major metropolitan areas in the state and nation. The County occupies a land area of 798 square miles with a coastline of 42 miles serving a population of over 3 million. It represents the third most populous county in the state and ranks sixth in the nation.

The County 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 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 June 2016, voters approved Measure B, which requires the County Auditor-Controller to review any Countywide measure placed on the ballot and prepare a fiscal impact statement.

The County is like a general law county and 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 16 County departments, and elected officials serving as department heads oversee six County departments. The Supervisorial Districts map below shows the boundaries of Orange County and the areas governed by each member of the Board.



The County provides a full range of services Countywide, for the unincorporated areas, and contracted services for cities. These services are outlined in the following table:

Countywide Services		
Affordable Housing (Housing Authority)	Veterans Services	
Agricultural Commissioner	Indigent Medical Services	
Airport	Jails & Juvenile Facilities	
Child Protection & Social Services	Juvenile Justice Commission	
Child Support Services	Landfills & Solid Waste Disposal	
Clerk-Recorder	Law Enforcement	
Coroner & Forensic Services	Probationary Supervision	
District Attorney	Public 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 Assessment, Apportionment & Collection	

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

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

Sources: County departments

In addition to these services, the County is also financially accountable for the reporting of component units. Blended units, although legally separate entities, are, in substance, part of the County's operations and, therefore, data from these units are combined with data of the County. The County has two discretely presented component units, the Children and Families Commission of Orange County (CFCOC) and CalOptima, which require discrete presentation in the government-wide financial statements. The following entities are presented as blended component units in the basic financial statements for the year ended June 30, 2018: the Orange County Flood Control District, Orange County Housing Authority, Orange County Public Financing Authority, Capital Facilities Development Corporation, South Orange County Public Financing Authority, Orange County Public Facilities Corporation, Campaign Finance and Ethics Commission (CFEC), County Service Areas, Special Assessment Districts, Community Facility Districts, and In-Home Supportive Services Public Authority. Additional information on these entities can be found in Note 1, Summary of Significant Accounting Policies, in the Notes to the Basic Financial Statements section.

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of the General Fund and most of the Special Revenue, Debt Service, Capital Projects and Permanent Funds are included in the annual appropriated budget. The level of budgetary control (that level which cannot be exceeded without action by the Board) is at the legal fund-budget control unit level, which represents a department or an agency. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. The Budgetary Comparison Statements for the General Fund and major Special Revenue Funds are part of the Basic Financial Statements. The Budgetary Comparison Schedules for the nonmajor Governmental Funds with appropriated annual budgets are presented in the Supplemental Information section for governmental funds. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered appropriations do not lapse at year-end; outstanding encumbrances are carried forward. Additional information on

the budgetary process can be found in Note 1, Summary of Significant Accounting Policies, in the Notes to the Basic Financial Statements section.

The County's eGovernment website portal at <a href="www.ocgov.com">www.ocgov.com</a> provides online services and extensive information about the 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 and pay property taxes, request and track services provided by OC Public Works such as pothole repair and sidewalk maintenance, and subscribe to receive emergency alerts. The County continuously strives to improve our constituents' ability to conduct business online with the County.

#### **FACTORS AFFECTING ECONOMIC CONDITION**

### **Local Economy**

Two indicators of the County economy are: how well the local economy performs relative to surrounding counties, the state, and the nation (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 County's economy.

In terms of the external indicators, the County's economy continues to outperform local surrounding counties, the state, and national economies (in annual percentage growth).

The 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 the California Department of Finance, inflation, as measured by the increase of the Consumer Price Index (CPI) in 2018, is expected to be 3.1% for Orange County, lower than the State of California at 3.2%, but higher than the U.S. at 2.5% (see Table 2).

**Table 1: Unemployment Rate Comparison** 

Primary Government Entity	August 2018 Unemployment Rate
United States	3.9%
California	4.2%
Los Angeles County	5.1%
Riverside County	4.7%
San Bernardino County	4.2%
San Diego County	3.4%
Orange County	3.1%

#### **Unemployment Rate**

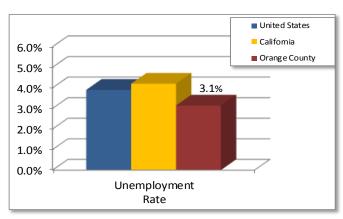


Table 2: 2018 - Projected Increase of the CPI

United States	California	Orange County
2.5%	3.2%	3.1%

Sources: State of California, Employment Development Department

California Department of Finance, April 2018

Note: Unemployment rates are for the month of August 2018

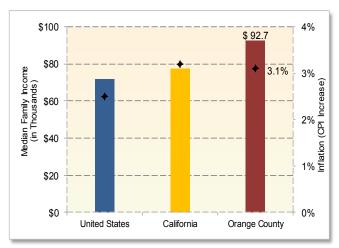
According to the Department of Housing and Urban Development, the County's median family income is expected to be \$92,700 (absolute dollars) in 2018, compared to \$88,000 (absolute dollars) in 2017. The median family income in the County continues to exceed all surrounding Southern California counties, the State of California, and the nation (see Table 3).

**Table 3: Median Family Income Comparison** 

Primary Government Entity	Median Family Income (absolute dollars)
United States	\$71,900
California	\$77,500
Orange County	\$92,700
San Diego County	\$81,800
Los Angeles County	\$69,300
Riverside County	\$65,800

Sources: U.S. Department of Housing and Urban Development, 2018

# Comparisons of Inflation and Median Family Income



Sources: California Department of Finance, April 2018
U.S. Department of Housing and Urban Development, 2018

According to the California Association of Realtors, the median home sales price for existing homes in Orange County was \$838,500 (absolute dollars) in August 2018, representing a 6.3% increase relative to August 2017. The median sales price in Orange County continues to exceed all surrounding counties (see Table 4).

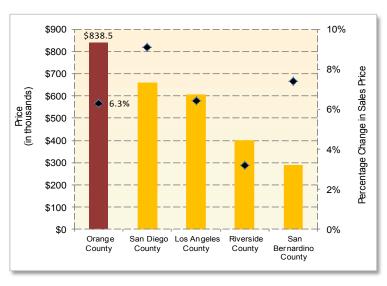
In terms of internal trends, current and projected indicators forecast that the Orange County economy will continue to be moderate, with job growth expected to increase by 2.4% in 2018.

Table 4: Median Home Sales Price Comparison-Southern California Counties – August 2018

Primary Government Entity	Median Home Sales Price Change increase	Median Home Sales Price (absolute dollars)
Orange County	6.3%	\$838,500
San Diego County	9.1%	\$660,000
Los Angeles County	6.4%	\$607,490
Riverside County	3.2%	\$400,750
San Bernardino Count	y 7.4%	\$290,000

Source: California Association of Realtors - Existing - Single-Family, 2018

Table 4: Comparison of Median Home Sales Price and Price Changes Among Counties



Sources: CoreLogic Information System, August 2018

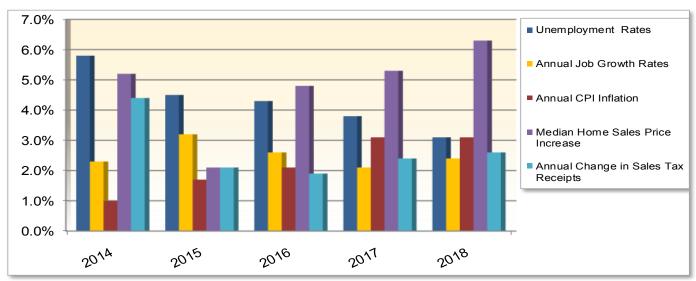
Table 5 shows various internal indicators reflecting steady growth of the County's economy. The unemployment rate decreased to 3.1% for the month of August 2018 relative to 3.8% for the month of August 2017. Job growth is expected to increase by 2.4% in 2018. Median home prices increased by 6.3% in August 2018, relative to 5.3% in August 2017. Sales tax receipts is forecasted to increase by 2.6% in 2018.

**Table 5: Orange County Historical Data** 

Historical Indicators	2014	2015	2016	2017	2018
Unemployment Rates	5.8%	4.5%	4.3%	3.8%	3.1%
Annual Job Growth Rates	2.3%	3.2%	2.6%	2.1%	2.4%
Annual CPI Inflation	1.0%	1.7%	2.1%	3.1%	3.1%
Median Home Sales Price Increase	5.2%	2.1%	4.8%	5.3%	6.3%
Annual Change in Sales Tax Receipts	4.4%	2.1%	1.9%	2.4%	2.6%

Data in Table 5 for prior years may be different from previous years CAFR due to the timing of obtaining data. Data for 2018 is based on forecasted data

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



Sources: State of California, Employment Development Department Economic & Business Review, Chapman University, June 2018 California Association of Realtors

In summary, the economy in Orange County continues to show signs of moderate 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, capital and information technology needs for current programs and services and anticipated caseload changes. New programs, services and capital projects are identified and prioritized on a Countywide basis with financial impacts identified over the plan period. The plan covers a five-year period and includes a ten-year analysis of operating costs in cases where new programs and facilities are assessed to ensure the ability to pay for long-term operational costs.

The 2018 Strategic Financial Plan (SFP) was presented to the Board on December 18, 2018. The 2018 SFP is the foundation in planning for continued financial stability and is augmented by the monitoring and establishment of budgetary control via the quarterly budget reporting process and adoption of the Annual Budget. The five-year SFP projections indicate that General Purpose Revenue will grow, on average, about 2.7% annually. The moderate growth rate for revenue, coupled with the increasing cost of doing business, will require the County to carefully

County of Orange Comprehensive Annual Financial Report For the Year Ended June 30, 2018 (Dollar Amounts in Thousands)

manage programs and service levels. The County continues to believe that sustained job growth and reduced unemployment are the key indicators for economic growth.

In order to address identified budget issues and prepare for the continued uncertainty of the general and local economy, the following represent some of the actions taken or identified as options for early planning. Early action is critical to ensure baseline services are met and that the County continues to experience financial stability.

- The SFP reflects a 0% increase in Net County Cost allocations to departments for Fiscal Year (FY) 2019-20, and 1% for each of the following fiscal years, 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
- 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 and implementing several other projects. Plans are in place to establish a Behavioral Health Services campus at a site purchased in the City of Orange in March 2018 and for the second phase of the Civic Center Facilities Master Plan. Development of the County property at the former Marine Corps Air Station El Toro in Irvine and other various County-owned properties such as the Greenspot and Prado Dam 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 2029.

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 www.ocflood.com/sarp.

OC Dana Point Harbor Revitalization Plan: The OC Dana Point Harbor Revitalization Plan (Plan) includes revitalization of Dana Point Harbor's commercial core, marinas, and hotel. The Plan is a multi-phased and long-term public-private partnership project, where total development costs have been estimated in excess of \$150,000 pending final project design approvals. The Plan is a phased and systematic long-term rehabilitation and/or replacement of the commercial core, hotel, and waterside elements. County Executive Office Real Estate staff managed the process for selection of a potential private partner for the project and are working with OC Parks staff to finalize the financial strategy for the complete Plan that will meet the long-term needs and expectations of the community and the County. On October 17, 2017, the County selected Dana Point Harbor Partners, LLC (DPHP) as the primary developer and Dana Point Partners, LLC as the alternate developer for the lease, development, and management of certain portions of Dana Point Harbor. On July 17, 2018, the Board approved option and ground lease agreements with DPHP and Dana Point Harbor Partners Drystack, LLC to administer and manage Dana Point Harbor and initiate entitlement approvals for certain portions of Dana Point Harbor for the long-term use and enjoyment by the public.

James A. Musick Facility Expansion: On March 8, 2012, the County received a conditional award from the State for \$100,000 in funds for expansion of the James A. Musick Facility Assembly Bill 900 (AB900 Phase II). On March 8, 2013, the State approved the funding to complete design and construction for the project, of which establishment allows the County to commit funding to design and construction that is reimbursed from the AB900 Phase II

\$100,000 award. This project is estimated for completion in FY 2021-22. The County must front costs initially until the notice to proceed for construction is approved by the State. At that time, all past eligible 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 2019-20.

On March 13, 2014, the State approved \$80,000 in funds for the County for additional rehabilitation, treatment, and housing for the James A. Musick Facility (Senate Bill 1022). This project will be completed in parallel with the AB900 Phase II project. Because of schedule compaction during design, the State approved executing both project phases into a single construction project. The financial requirements for this second phase are consistent with those described above.

La Pata Avenue Gap Closure and Camino Del Rio Extension Project: The County is nearing completion of 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, Rancho Mission Viejo, OC Waste & Recycling, and OC Public Works (OCPW), with the County acting as the lead agency. The Board awarded a construction contract for \$72,741 to Sukut Construction, Inc. (Sukut) on December 10, 2013. A construction management contract for \$7,706 was awarded to Hill International, Inc. on February 4, 2014, and later amended on October 6, 2015 to reduce the overall contract amount to \$6,706. The total Project cost is estimated at \$141,000 including a Contract Change Order of \$6,000 to Sukut approved by the Board in April 11, 2017. The Project is funded by State 1B, Measure M1 and M2, gas tax, La Pata Fee Program, OC Waste & Recycling, developer agreement, and community facility district revenues.

The groundbreaking ceremony was held on April 4, 2014. The ribbon cutting ceremony for the roadway gap closure was held on August 13, 2016 and the roadway was open to the public on August 14, 2016. Construction of the Camino Del Rio Extension Phase was completed in April 3, 2017. The final phase of the La Pata Widening is expected to be completed in FY 2018-19.

Bridges at Kraemer Place Year-Round Emergency Shelter (Bridges): On November 17, 2015, the Board approved the acquisition of 1000 N. Kraemer Place for \$4,250 as the site of a new 200-bed Year-Round Emergency Shelter and Multi Service Center to serve the homeless population with \$1,250 in funding support from the cities of Anaheim, Fullerton, Brea, and La Habra. The 24,450 square foot facility opened in phases, beginning with Phase I in May 2017 and reached maximum capacity in May 2018.

Central Utility Facility (CUF) Infrastructure Upgrade Project: The County has completed the primary portion of the of the CUF Project (Project) in the city of Santa Ana. The current phase is in place to replace one absorption chiller and provide steam line replacement to Building 26 (Santa Ana Library). A follow-on phase is being planned to remediate an issue identified with the new absorption chiller structural concrete pad and also to modify the steam system to accommodate the new absorption chiller. The primary phase of the Project replaced the cooling tower, chillers and pumps and has added a boiler and related equipment at the CUF. The Project replaces the original 1968 CUF components which were beyond useful life and required upgrades and replacement to be reliable and energy efficient. The Project also includes expansion of the present thermal utility distribution system to new thermal utility clients and improving the cogeneration system efficiency and performance by using the full capacity of the cogeneration components. The primary component of the thermal expansion is the replacement of chilled water lines which is now 100% complete with construction. The total Project is on budget at an estimated \$68,000 and is funded from CUF Lease Revenue Bonds, Series 2016 issued in June 2016. A Guaranteed Maximum Price Contract of \$59,165 to provide construction manager at risk (CMAR) construction phase services for the Project was awarded by the Board on January 26, 2016. An amendment to the CMAR contract was approved in December 2017 for \$1,980 to include steam connection to the County's Gates and Osborne buildings. The Project Architect-Engineer (A&E) Agreement was amended on April 26, 2016 for a new total not-to-exceed amount of \$7,063. The A&E contract includes engineering and design for the Project, construction observation, commissioning, and support services. As of June 30, 2018, \$65,046 of \$68,000 bond proceeds were spent. The completion of the Project is anticipated to be completed in FY 2018-19.

County of Orange Comprehensive Annual Financial Report For the Year Ended June 30, 2018 (Dollar Amounts in Thousands)

Westminster Watershed Feasibility Study/East Garden Grove Wintersburg Channel: OCPW continues to work with the Army Corps of Engineers (USACE) to complete the Westminster Watershed Feasibility Study to the final milestone of Chief's Report (January 2020). Having reached the Tentatively Selected Plan milestone, OCPW can soon begin to construct reaches covered by the study while receiving Work-In-Kind credit towards OC Flood Control District's (OCFCD) portion of the expected 65% Federal/35% Non-Federal cost share. Improvements to OCFCD facilities will benefit several cities including Huntington Beach, Fountain Valley, Westminster, Garden Grove, Santa Ana and Seal Beach. As part of the study, USACE will conduct a public hearing for the study within the next several months. The study indicates that total construction cost is currently estimated at \$1,000,000.

Two projects for the East Garden Grove Wintersburg Channel are planned for construction by OCPW ahead of the formal partnership agreement with USACE. The reaches include Warner to Goldenwest, estimated at \$50,000 starting in FY 2018-19, and Confluence with Oceanview Channel to Beach Blvd estimated at \$11,000 starting in FY 2021-22.

Orange County Civic Center Facilities Master Plan: On April 23, 2013, the Board adopted an ordinance approving a public-private partnership to develop the Civic Center Facilities Strategic Plan. On February 24, 2016, the Board approved a Program Management and Design Agreement for Phase 1A planning and design of the Orange County Civic Center Facilities.

Included in Phase I is a six-story building located at 601 N. Ross Street. On April 25, 2017, the Board approved the Phase 1B, construction of the new Building 16 within the Civic Center, the lease and leaseback of Building 16 property, and establishment of a nonprofit corporation as it related to the financing of Building 16 and the Civic Center Facilities Strategic Plan. Building 16 is to be occupied by several County departments and includes a one-stop shop public counter where the public will access services from multiple departments. There will be a 6,600-square-foot event/conference center, Building 18 located at 425 W. Santa Ana Boulevard, which is planned to be used by the County and the public. There will be 348 underground parking spaces.

The project's financing was facilitated through a Board adopted ordinance on May 9, 2017, identifying the legal authority for the issuance of bonds, approving a Ground Lease, a Facility Lease, and forming the Capital Facilities Development Corporation (Corporation). On June 22, 2017, the California Municipal Finance Authority (Authority) issued \$152,400 Lease Revenue Bonds, Series 2017A. The Authority loaned a total of \$175,340 to the Corporation, pursuant to a loan agreement, for the construction. Upon filing the certificate of substantial completion, the County will commence base rental payments, under the Facility Lease, to repay the loan to the Authority, which pays debt service to the bondholders. The expected completion date is August 2019.

On June 26, 2018, the Board approved a Program Management and Design Agreement for Phase 2A for the planning and design of the new Building 14 within the Civic Center, which will be a twin building of the above Building 16. Building 14 is to be occupied by several County departments and includes a Board of Supervisors Board Hearing room. The Board will review the Phase 2B, construction and financing of the new Building 14 in FY 2018-19.

## **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 promote financial soundness, efficiency in government, and solvency in public finance.

## **General Fund Reserves Policy**

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

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

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

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

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

All of the previously mentioned are reserves normally modified at the time of budget adoption (Government Code Section 29085) or at fiscal year-end. Changes to reserve amounts at other times require a 4/5 vote of the Board. A 4/5 vote is also required to make such reserves available for appropriation to expend the funds, if needed, during the fiscal year (Government Code Section 29130).

## **Reserve Targets and Descriptions**

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

# **Contingencies**

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

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

	Relevant Financial Policies
Multi-Year SFP	The County's SFP is based on a five-year financial forecast and includes a 10-year analysis of operating costs in cases where new programs and facilities are recommended to ensure the ability to pay for long-term operational costs. Performance measures and strategies are key elements of the SFP process.
Five-Year Capital Improvement Plan	The County's five-year Capital Improvement Plan (CIP) is a long-term list of significant projects funded by the General Fund in the Capital Projects budget. It also includes the five-year capital program for Non-General Fund agencies. The CIP aids the County in its assessment of the best use of funds available in order to establish and prioritize its capital asset goals, while maintaining long-term financial stability.
Information Technology Projects	The five-year Information Technology Plan (ITP) is a compilation of significant IT projects including upgrades or replacements of existing systems, greater or equal to \$150 and less than \$1,000 in any one fiscal year of the five years in the plan. Costs for ongoing system support and maintenance are included. The ITP is a tool used by the County to assess IT projects, leverage overlap, and prioritize the use of County General Funds available to IT projects.
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.
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 \$120,740. This compares to the GFOA guidelines for funding contingencies at 15% or higher. The November 30, 2018 balance is \$65,000, approximately \$55,740 below the 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 debt 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.

	Relevant Financial Policies (Continued)
Pay-as–you-go Capital Funding	The County's long-term practice has been to use pay-as-you-go funding for capital projects whenever possible. The use of systematic long range financial planning assists in making fiscal decisions such as debt vs. pay-as-you-go capital project financing. The SFP forecasts sources of the County's revenue and operating expenses and incorporates a list of previously identified and prioritized projects that will benefit the citizens of the County. The financial planning for capital projects considers the County's limited funding sources, the capital and operating costs, useful life of projects, and good business practices.
Credit and Debt Management Policy	The County's long-term practice has been to rapidly repay debt when practicable. The Policy is intended to maintain long-term financial stability by ensuring that its long-term financing commitments are affordable and do not create undue risk or burden, achieve and maintain high credit ratings, minimize debt service interest expense and issuance costs, provide accurate and timely financial disclosure and reporting, and comply with applicable State and Federal laws and financing covenants.
Public Financing Advisory Committee	The Public Financing Advisory Committee (PFAC) is responsible for the review, approval, and modification or denial of debt financing proposals. No County debt financing proposal is considered by the Board unless recommended in writing by the PFAC. The PFAC membership consists of the following: five public voting members, each representing a district, and three Ex-Officio County government members (the County Executive Officer (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 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 discusses the adequacy of the County's internal control structure. The AOC membership includes the Chair and Vice-Chair of the Board, the County Executive Officer, the Ex-Officio elected Treasurer-Tax Collector (non-voting), and five private sector members appointed by the Board. The private sector members shall be appointed by the Board for a term of four years and may be reappointed or removed by the Board.
Treasury Oversight Committee	The Treasury Oversight Committee (TOC) is responsible for reviewing and monitoring the annual Investment Policy Statement (IPS). In addition, the TOC causes an annual audit of the County's compliance with the IPS. The TOC shall also investigate any and all irregularities in the treasury operations, which become known to the TOC. The TOC has an approved policy to investigate and report such irregularities.  Annually, the TOC reviews the IPS, including all proposed amendments or modifications to the IPS. The elected Treasurer-Tax Collector 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 elected Treasurer-Tax Collector and confirmed by the Board.
24/7 Fraud Hotline	The Fraud Hotline is part of an ongoing fraud detection and prevention effort. The Fraud Hotline is intended for use by County employees, the general public, or vendors for reporting suspected waste, fraud, violations of County policy or misuse of County resources by vendors, contractors or County employees.

County of Orange Comprehensive Annual Financial Report For the Year Ended June 30, 2018 (Dollar Amounts in Thousands)

## **Major Initiatives**

<u>Funding Equity:</u> The County hovers at the bottom of funding for counties statewide, receiving the lowest percentage of property taxes in California to support services-about 5 cents on the dollar; the state average is 14 cents. The formula for returning local property taxes to the counties where they were collected was set in 1978 and has not been updated since. This systematically disadvantages the County's ability to provide services to its diverse population.

The County's predicament does not have easy fixes. Shifting funding formulas could affect other counties receiving more of their share of taxes, as well as other taxing entities such as cities, special districts, and schools, which have constitutional protections for state funding. Therefore, the answer to assuring funding equity for the County lies in increasing funding, programs, and partnerships that specifically benefit County programs and services. When the state shifts or adds responsibilities at the county level, the County will seek enough funding for those programs to ensure their success. The County's robust legislative agenda seeks creative and substantive ways to assure our residents are provided with their fair share of the taxes they pay to support the programs and services they deserve.

<u>Labor Agreements:</u> Most County employees are represented by one of 17 bargaining units, which are separated into eight labor organizations. The principal organization is the Orange County Employees Association (OCEA), which represents six bargaining units totaling about 9,777 permanent filled employee positions. The next largest unions are the Association of County Deputy Sheriffs, which represents four bargaining units totaling about 2,893 members and the American Federation of State and Municipal Employees at about 1,428 members. All but two 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 for its CAFR for the year ended June 30, 2017; this represents the County's 23<sup>rd</sup> consecutive award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized 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 15<sup>th</sup> consecutive Popular Annual Financial Report (PAFR) titled the "OC Citizens' Report" for the year ended June 30, 2017. 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 www.ac.ocgov.com.

<u>Distinguished Budget Presentation Award:</u> The GFOA awarded a Distinguished Budget Presentation Award to the County for its FY 2017-18 Annual Budget; this is the County's second award. The award is the highest form of recognition in governmental budgeting. In order to receive the award, the entity had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to acknowledge how well an entity's budget serves as a policy document, a financial plan, an operations guide, and a communications device.

<u>Counties Financial Transactions Reporting Award:</u> The County received the Financial Transactions Reporting Award from the State Controller's Office for its Year-End Financial Transaction Report for the fiscal year ended June 30, 2017. The award is in recognition of the professionalism demonstrated by Counties in preparing accurate and timely financial reports and for those counties that meet the review criteria of the award program.

<u>Acknowledgments:</u> We would like to express our sincere appreciation to County staff and the staff of the certified public accounting firm of VTD. We hope this report will be of interest and use to those in county government, other governmental agencies, and the public interested in the financial activities of the County of Orange.

Respectfully submitted,

Eric H. Wooley, CPA Auditor-Controller

Michelle Aguirre Chief Financial Officer



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

# County of Orange California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

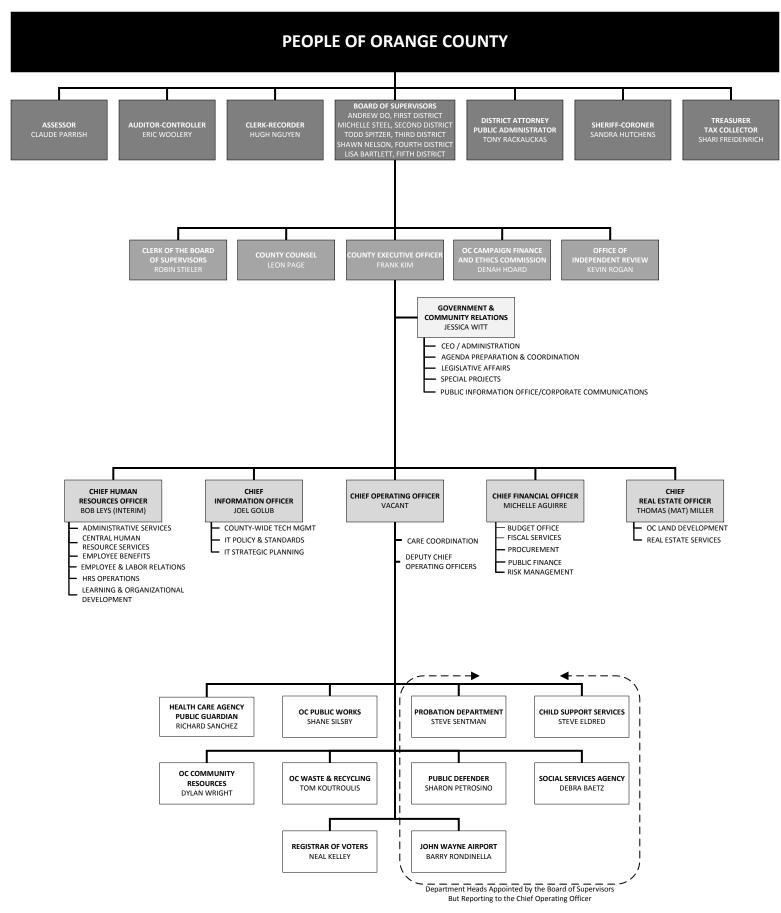
June 30, 2017

Christopher P. Morrill

Executive Director/CEO



# County of Orange Organizational Chart











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#### INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors County of Orange, California

# **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, California (County), as of and for the year ended June 30, 2018, 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.

## Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima), which collectively represent 97%, 95%, and 99%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CalOptima, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the report of the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General fund, Flood Control District fund, Other Public Protection fund, and Mental Health Services Act fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Notes 1, 2, and 19 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statements No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and No. 85, Omnibus 2017, effective July 1, 2017. 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 on pages 20 through 40 and the schedules for the Orange County Employees Retirement System (OCERS) plan, Orange County Extra-Help Defined Benefit plan, and 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, the combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Vavinch Trin, Dry; Co, Cl Laguna Hills, California December 17, 2018





# 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, 2018. We hope that the information presented here, in conjunction with the Letter of Transmittal, provides a clear picture of the County's overall financial status. Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.

## **FINANCIAL HIGHLIGHTS**

- Total change in net position, which is the difference between total revenues (including transfers in) and expenses (including transfers out), was \$372,744 for the fiscal year, and it increased net position by 18% from prior year.
- Long-term debt obligations decreased by \$67,621 or 19% during the current fiscal year.
- The County's governmental funds reported combined ending fund balances of \$2,499,505, a decrease of \$78,964 or 3% in comparison with the prior year.
- General Fund revenues and other financing sources ended the year 2% below budget.
- General Fund expenditures and other financing uses ended the year 5% 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 Financi	al Statements									
Government-wide	overnment-wide Fund Financial Statements										
Financial Statements	Governmental 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 Statements	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 Statement	s
	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 Changes in Fiduciary Net Position
		Budgetary Comparison Statements	Statement of Cash Flows	
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	Current assets, liabilities, and deferred inflows of resources that come due during the year or soon thereafter	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short- term and long-term	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources held in a trustee or agency capacity for others
Type of Inflows and Outflows 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 for 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 John Wayne Airport (Airport), Orange County Waste Management and Recycling (Waste Management), and Compressed Natural Gas (CNG).

The government-wide financial statements also provide information regarding the County's component units, entities for which the County (the primary government) is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations; therefore, data from these component units are combined with data of the primary government. Financial information for the CFCOC and CalOptima, discretely presented component units, are reported separately from the financial information presented for the primary government itself. Separate stand-alone annual financial reports can be obtained by accessing the County's website at the following address: <a href="www.ac.ocgov.com">www.ac.ocgov.com</a>. A separate stand-alone CalOptima annual financial report can be obtained by accessing the website at <a href="http://wpso.dmhc.ca.gov/fe/search/">http://wpso.dmhc.ca.gov/fe/search/</a>.

#### **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 modified accrual basis of accounting and current financial resources measurement focus.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are prepared for the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to facilitate comparisons between governmental funds and governmental activities. The primary differences between the government-wide and fund financial statements relate to noncurrent assets, such

as land and structures and improvements, and noncurrent liabilities, such as bonded debt and amounts owed for compensated absences, capital lease obligations, net pension liability and other postemployment benefits (OPEB), which are reported in the government-wide statements but not in the fund financial statements.

The County maintains several individual governmental funds organized according to their type (General Fund, Special Revenue, Debt Service, Capital Projects and Permanent funds). Information is presented separately in the governmental funds' Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is always a major fund, and all other major funds which may change each year depending on if they meet the major funds criteria. Information for nonmajor funds is presented in the aggregate as "Other Governmental Funds" in these statements. Individual fund data for each of the nonmajor governmental funds is presented in the Supplemental Information Section of this CAFR. The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with the budget and are presented in the Basic Financial Statements and Supplemental Information Section of this CAFR, respectively.

<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 CNG activities. **Internal Service funds** are used to accumulate and allocate costs internally among the County's various functions such as insurance, transportation, publishing services, and information technology. Because these services predominantly benefit governmental rather than business-type functions, Internal Service funds have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport and 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 fund financial statements with the individual fund data provided in the combining statements, which can be found in the Supplemental Information Section of this CAFR.

<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 in the Supplemental Information Section of this CAFR.

#### **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, 2018, the County's combined net position (governmental and business-type activities) totaled \$2,464,735, a decrease of 2% from unrestated FY 2016-17.

The largest component of the County's net position, which totals \$3,831,242, 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 of \$1,491,317 represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions. External restrictions include those imposed by grantors, contributors, laws/regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation, including those passed by the County itself.

The **unrestricted** net position is the final component of net position. Unrestricted net position is resources that the County may use to meet its ongoing obligations to citizens and creditors. As of June 30, 2018, the County's unrestricted net position totals a deficit of \$2,857,824. Among governmental activities the deficit was \$3,312,306 in unrestricted net position, compared to its deficit of \$3,074,958 at June 30, 2017. The main contributor of the deficit continues to be the reporting of the County's proportionate share of net pension liability on the financial statements.

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

NET POSITION – Primary Government June 30, 2018 and 2017												
	Govern	nm	ental	Busine	ss-1	Гуре						
	Activ	viti	ies	Activ	vitie	s	Te	Total				
	2018		<u>2017*</u>	<u>2018</u>		2017*	2018		<u>2017*</u>			
ASSETS												
Current and Other Assets	\$ 3,562,470	\$	3,635,467	\$ 867,075	\$	895,588	\$ 4,429,545	\$	4,531,055			
Capital Assets	3,147,060		2,933,640	949,353		897,739	4,096,413		3,831,379			
Total Assets	6,709,530		6,569,107	1,816,428		1,793,327	8,525,958		8,362,434			
DEFERRED OUTFLOWS OF RESOURCES	1,051,004		822,809	20,411		17,251	1,071,415		840,060			
Total Deferred Outflows of Resources	1,051,004		822,809	20,411		17,251	1,071,415		840,060			
LIABILITIES									_			
Long-term Liabilities	5,062,307		4,893,118	435,786		454,141	5,498,093		5,347,259			
Other Liabilities	726,617		696,941	73,521		94,819	800,138		791,760			
Total Liabilities	5,788,924		5,590,059	509,307		548,960	6,298,231		6,139,019			
DEFERRED INFLOWS OF RESOURCES	818,737		546,666	15,670		11,658	834,407		558,324			
Total Deferred Inflows of Resources	818,737		546,666	15,670		11,658	834,407		558,324			
NET POSITION									_			
Net Investment in Capital Assets	3,031,574		2,813,296	799,668		708,286	3,831,242		3,521,582			
Restricted	1,433,605		1,516,853	57,712		78,179	1,491,317		1,595,032			
Unrestricted	(3,312,306)	1	(3,074,958)	454,482		463,495	(2,857,824)		(2,611,463)			
Total Net Position	\$ 1,152,873	\$	1,255,191	\$ 1,311,862	\$	1,249,960	\$ 2,464,735	\$	2,505,151			

<sup>\*</sup> The balances shown in FY 2017 have not been restated to include adjustments in Note 2, Change in Accounting Principle

As of June 30, 2018, the County's total assets and deferred outflows of resources increased by 4% or \$394,879 during the current fiscal year. Capital assets increased by \$265,034 primarily due to construction projects related to the Civic Center Facilities Master Plan, Airport Terminal Improvements, Central Utility Facility (CUF) Upgrade, and various other projects completed for road infrastructure. Offsetting the increase in capital assets, was a decrease in current and other assets primarily caused by a decrease in restricted cash and cash equivalents due to the loan provided in FY 2016-17 for the Civic Center Facilities Master Plan construction and partial redemption of the Series 2009 Airport Revenue Bonds. In addition, there was an increase for deferred outflows of resources of \$231,355 primarily due to an increase in deferred outflows related to pension and OPEB, which reflects the changes in net pension and OPEB liability measurements as required by GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27," (GASB Statement No. 68) and GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pension" (GASB Statement No. 75).

Total liabilities and deferred inflows of resources for FY 2017-18 increased by 6% or \$435,295. Long-term liabilities increased by 3% or \$150,834 mainly as a result of the County's proportionate share of the net pension and net OPEB liability. Deferred inflows of resources increased \$276,083 due to the changes in the net OPEB liability

measurements used in the actuarial study as required by GASB Statement No. 75, offset by a decrease in changes for pension.

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

For the Years Ended June 30, 2018 and 2017						
	Govern Activ	mental vities		ss-Type ⁄ities	To	tal
	2018	<u>2017*</u>	<u>2018</u>	<u>2017*</u>	<u>2018</u>	2017*
REVENUES						
Program Revenues:						
Charges for Services	\$ 657,083	,	\$ 315,090	\$ 304,350	\$ 972,173	\$ 928,560
Operating Grants and Contributions	2,175,087	2,067,777	272	69	2,175,359	2,067,846
Capital Grants and Contributions	123,575	113,481	4,829	1,828	128,404	115,309
General Revenues:						
Property Taxes	542,466	510,072			542,466	510,072
Property Taxes in Lieu of						
Motor Vehicle License Fees	372,728	351,011			372,728	351,011
Other Taxes	99,889	98,216	82	78	99,971	98,294
Grants and Contributions not Restricted						
to Specific Programs	10,757	8,434			10,757	8,434
State Allocation of Motor						
Vehicle License Fees	1,615	1,234			1,615	1,234
Other General Revenues	90,553	99,989	9,525	4,883	100,078	104,872
Total Revenues	4,073,753	3,874,424	329,798	311,208	4,403,551	4,185,632
EXPENSES						
General Government	196,233	186,340			196,233	186,340
Public Protection	1,475,626	1,485,137			1,475,626	1,485,137
Public Ways and Facilities	151,779	97,928			151,779	97,928
Health and Sanitation	656,234	593,617			656,234	593,617
Public Assistance	1,102,747	1,097,327			1,102,747	1,097,327
Education	48,412	44,510			48,412	44,510
Recreation and Cultural Services	123,798	112,749			123,798	112,749
Interest on Long-Term Debt	25,741	17,544			25,741	17,544
Airport	20,741		124,466	125,522	124,466	125,522
Waste Management			125,472	105,149	125,472	105,149
Compressed Natural Gas			299	367	299	367
Total Expenses	3,780,570	3,635,152	250,237	231,038	4,030,807	3,866,190
Excess before Transfers	293,183	239,272	79,561	80,170	372,744	319,442
Transfers	10,767	25,922	(10,767)	(25,922)	512,144	310,442
Change in Net Position	303,950	265,194	68,794	54,248	372,744	319,442
	300,000	200,104	00,104	04,240	312,144	310,772
Net Position - Beginning of the Year, as Restated	848,923	989,997	1,243,068	1,195,712	2,091,991	2,185,709
Net Position - End of the Year	\$ 1,152,873	\$ 1,255,191	\$ 1,311,862	\$ 1,249,960	\$ 2,464,735	\$ 2,505,151

<sup>\*</sup> The balances shown in FY 2017 have not been restated to include adjustments in Note 2, Change in Accounting Principle

County of Orange Comprehensive Annual Financial Report For the Year Ended June 30, 2018 (Dollar Amounts in Thousands)

The County's net position, excluding the restatement of net position, increased by \$372,744 during the current fiscal year. Revenues for the year totaled \$4,403,551 an increase of \$217,919 from prior year's total revenues. Expenses totaled \$4,030,807 an increase of \$164,617 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 2017-18, total revenues for governmental activities, including transfers from the business-type activities were \$4,084,520 an increase of \$184,174 from the previous year. Expenses totaled \$3,780,570 an increase of \$145,418 from the prior year. During the current fiscal year, net position for governmental activities increased by \$303,950 from the prior fiscal year after restatement of beginning net position as of July 1, 2017 for an ending balance of \$1,152,873. Key elements of the increase are as follows:

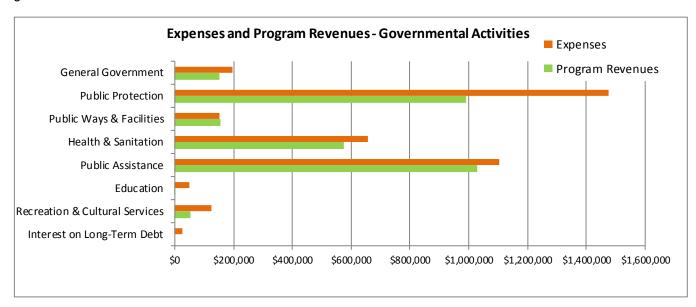
#### Revenues

- Operating grants and contributions increased by \$107,310, primarily due to increased allocations from the State for Mental Health Services and an increase in revenue received for social services related to CalWORKs assistance programs, In-Home Supportive Services (IHSS) programs, and Child Welfare services.
- Charges for services increased by \$32,873, primarily from an increase in revenue from law enforcement contracts with cities and from the Homeless Outreach Team. In addition, there was an increase in revenue recognized for the continued work on the 800 MHz Countywide Coordinated Communication System (CCCS).
- Property taxes increased by \$32,394, primarily due to an increase in secured assessed values.
- Property taxes in lieu of Motor Vehicle License Fees increased by \$21,717, primarily due to growth in secured property tax roll values.

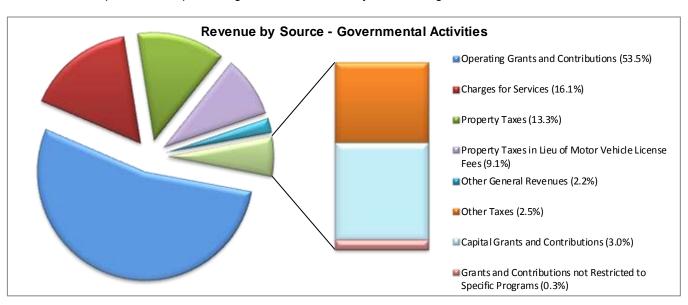
#### Expenses

- Expenses in health and sanitation increased by \$62,617 primarily due to an increase in Mental Health Services Act (MHSA) program expenses and the purchase of an office building for behavioral health care services.
- Expenses in public ways and facilities increased by \$53,851, primarily due to an increase in South County Roadway Improvement Program (SCRIP) fee credits paid to the developer for the I-5/Ortega Highway Interchange Project and La Pata Avenue Improvements, and an increase in depreciation expense for completed infrastructure projects.
- Expenses in public protection decreased by \$9,511, due to less CWCAP costs charged to the Sheriff-Coroner's Department offset by an increase in salaries and benefits (S&EB) primarily in the Sheriff-Coroner's Department, and an increase in Probation distribution of administration costs.
- Expenses in interest on long-term debt increased by \$8,197, primarily due to interest paid to bond holders for the loan provided by the California Municipal Finance Authority (CMFA) for the Lease Revenue Bonds, Series 2017A.

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

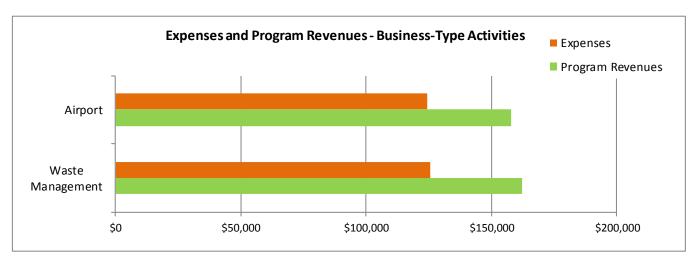


The chart below presents the percentage of total revenues by source for governmental activities:



# **Business-Type Activities**

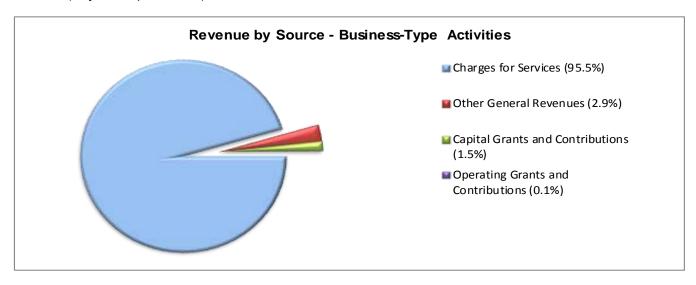
The County has three business-type activities: Airport, Waste Management, and CNG. In keeping with the intent of recovering all or a significant portion of their cost through user fees and charges, business-type activities reported charges for services as their largest source of revenues.



At the end of FY 2017-18, the business-type activities' total revenues exceeded expenses and transfers resulting in an increase of \$68,794 in net position compared to the prior year's increase in net position of \$54,248. Revenues totaled \$329,798 an increase of \$18,590 from the previous fiscal year, which is primarily attributable to increases in revenue from Waste Management's importation disposal tonnage and fees, as well as the Airport's increase in overall operating revenues, interest income, and capital grant contributions.

Expenses, including transfers to governmental activities, totaled \$261,004 representing an increase of \$4,044 from the previous year. This increase is primarily due to Waste Management's increases in pollution remediation expenses, services and supplies (S&S), as well as increases for the Airport's professional and specialized services and S&EB. These increases were partially offset by a decrease in interest expense for the Airport. 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 aid financial management by segregating transactions related to certain government functions or activities.

#### **Governmental Funds**

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

At June 30, 2018, the County's governmental funds reported total fund balances of \$2,499,505 which is a decrease of \$78,964 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 years:

GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND
BALANCES
For the Years Ended June 30, 2018 and 2017

	Revenues Financing			Expenditures Financin			Net Change in Fund Balances			
	<u>2018</u>		<u>2017</u>	<u>2018</u>	<u>2017</u>			<u>2018</u>		2017
General Fund	\$ 3,345,890	\$	3,167,897	\$ 3,288,004	\$	3,144,843	\$	57,886	\$	23,054
Flood Control District	149,683		151,353	179,023		144,469		(29,340)		6,884
Other Public Protection	94,382		79,074	81,515		81,587		12,867		(2,513)
Mental Health Services Act	169,546		153,076	178,523		138,075		(8,977)		15,001
Other Governmental Funds	849,433		1,193,132	960,833		1,014,615		(111,400)		178,517
Total	\$ 4,608,934	4,608,934 \$ 4,744,532		\$ 4,687,898	\$ 4,523,589		\$	(78,964)	\$	220,943

In addition to the effects of expenditure-driven grants, the following information provides explanations for the significant changes in fund balances:

#### General Fund

The General Fund is the chief operating fund of the County. At the end of FY 2017-18, revenues and other financing sources exceeded expenditures and other financing uses resulting in an increase in fund balance of \$57,886 compared to last year's increase in fund balances of \$23,054. Revenues and other financing sources increased by \$177,993, and expenditures and other financing uses increased by \$143,161. 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 2017-18:

## Revenues

- Transfers to the General Fund increased by \$69,086, primarily due to an increase in Prop 63 drawdowns from the MHSA program and increases for Social Services Agency (SSA) Wraparound program claims.
- Intergovernmental revenues increased by \$66,699 mainly due to increases in payment from the State for Senate Bill 90 (SB90) claims, higher payments received for the CalWORKS assistance and IHSS programs.
- Taxes increased by \$41,839, 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.

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## Expenditures

- Expenditures for health and sanitation increased by \$70,910 mainly in programs such as MHSA, as well as for the purchase of an office building for behavioral health care services.
- Expenditures for public protection increased by \$55,735. Factors contributing to this increase were the ongoing
  operational cost increases in the Sheriff-Coroner's Department for S&EB due to additional costs for jail
  operations and city contracts.

#### Flood Control District

This group of funds is used to account for the planning, construction, and operation of flood control and water conservation works, such as dams, basins, and trunk channels, and for the retardation, conservation, and controlled discharge of storm waters. At the end of FY 2017-18, there was a decrease in fund balance of \$29,340 compared to last year's increase of \$6,884. Revenues and other financing sources decreased by \$1,670 mainly due to lower intergovernmental revenues related to the Santa Ana River (SAR) Subvention claims and release of retentions. Expenditures and other financing uses increased by \$34,554 primarily due to an increase in construction costs for the San Juan Creek Channel and Fullerton Creek Channel, as well as the purchase of a property required for 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 2017-18, there was an increase in fund balance of \$12,867 compared to last year's decrease in fund balance of \$2,513. Revenues and other financing sources increased by \$15,308, which was primarily attributable to the increase in charges for services for the 800 MHz CCCS. Offsetting this increase was a decrease of transfers in to the General Fund for the 800 MHz CCCS. Expenditures and other financing uses decreased by \$72, primarily due to transfers out to reimburse the Sheriff-Coroner's Department for various S&EB expenses. Offsetting the decrease in expenditures and other financing uses was an increase in capital outlay primarily due to continued replacement of obsolete radio equipment for the 800 MHz CCCS.

## Mental Health Services Act (MHSA)

This fund accounts for purpose restricted MHSA revenues. At the end of FY 2017-18, fund balance decreased by \$8,977 compared to last year's increase in fund balance of \$15,001. Revenues and other financing sources increased by \$16,470 primarily due to higher allocation from the State. Expenditures increased by \$40,448 primarily due to an increase in transfers out to the General Fund for eligible reimbursement of MHSA related services.

# Other Governmental Funds

Other governmental funds encompass nonmajor funds, which include special revenue funds, debt service funds, capital projects funds, and a permanent fund. At the end of FY 2017-18, fund balance decreased by \$111,400 in comparison to prior year's increase in fund balance of \$178,517. Revenues and other financing sources decreased by \$343,699, primarily due to lower transfers in for Non-General Fund multi-year countywide capital projects and the one time FY 2016-17 loan proceeds from the CMFA to construct part of the Civic Center Facilities Master Plan. Expenditures and other financing uses decreased by \$53,782, primarily due to a decrease in transfers out for projects such as the Civic Center Facilities Master Plan construction and the CUF Infrastructure Upgrade. Offsetting these decreases was an increase in public ways and facilities expenditures for lower SCRIP fee credits paid to developers.

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

COMPARATIVE FUND BALANCE Governmental Funds June 30, 2018 and 2017			
	2018	2017	Increase/(Decrease) %
General Fund	\$ 808,778	\$ 750,892	8 %
Flood Control District	409,212	438,552	(7)%
Other Public Protection	156,164	143,297	9 %
Mental Health Services Act	247,982	256,959	(3)%
Other Governmental Funds	877,369	988,769	(11)%
Total	\$ 2,499,505	\$ 2,578,469	(3)%

## **Proprietary Funds**

The proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Airport and 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' revenues, expenses, contributions, transfers, and changes in fund net position for the current and previous fiscal years:

ENTERPRISE FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, CONTRIBUTIONS, TRANSFERS, AND CHANGES IN FUND NET POSITION
For the Years Ended June 30, 2018 and 2017

	Revenues, Contributions			Expenses				Change in				
	and Transfers				and Transfers				Fund Net Position			
		<u>2018</u>		<u>2017</u>	<u>2018</u>		<u>2017</u>		<u>2018</u>		<u>2017</u>	
Airport	\$	161,700	\$	152,880	\$ 124,751	\$	126,052	\$	36,949	\$	26,828	
Waste Management		168,105		158,045	136,792		131,430		31,313		26,615	
Compressed Natural Gas		348		326	380		517		(32)		(191)	
Total	\$	330,153	\$	311,251	\$ 261,923	\$	257,999	\$	68,230	\$	53,252	

#### Airport

This fund accounts for major construction and self-supporting aviation related activities rendered at the Airport. At the end of FY 2017-18, there was an increase of \$36,949 in fund net position compared to the prior year increase of \$26,828. Revenues, contributions and transfers increased by \$8,820, primarily due to an increase in overall operating revenues, interest income, and capital grant contributions from the Federal Aviation Administration for reimbursement of expenses. Expenses decreased by \$1,301 primarily due to a decrease in interest expense, partially offset by an increase in professional and specialized services and S&EB.

## 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 2017-18, there was an increase of \$31,313 in fund net position compared to the prior year increase of \$26,615. Revenues, contributions and transfers increased by \$10,060, which was primarily due to an increase in sanitation and landfill disposal tonnage and fees collected for waste, recycling and importation. Expenses and transfers increased by \$5,362, primarily due to an increase in pollution remediation expenses and S&S.

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# Compressed Natural Gas (CNG)

This fund is used to account for the operation and maintenance of the CNG facility. Revenues consist primarily of compressed natural gas sales to both the County and the public. At the end of FY 2017-18, there was a decrease of \$32 in fund net position compared to the prior year decrease of \$191. Revenues increased by \$22 due to an increase in CNG fuel sales and CNG/Propane tax refunds and credits received. Expenditures decreased by \$137 due to a decrease in monthly maintenance, repairs and services, and a decrease in transfers out to OC Flood Control District Fund for the last reimbursement payment for maintenance and repair of the compressed natural gas station.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

This section provides a summary of the primary factors involved in the variances between: 1) the Original Budget and the Final Budget; and 2) the Final Budget and the budgetary based Actual amounts for the General Fund. In addition to the effects of expenditure-driven grants, the following information provides explanations for significant variances. Refer to the General Fund Budgetary Comparison Statement for a full budgetary comparison.

# Original Revenue Budget vs. Final Revenue Budget

The following provides a summary of the primary factors attributable to the increase in the General Fund final budget revenues and other financing sources compared to the original budget revenues and other financing sources:

## Charges for Services

- An increase of \$2,856 in Sheriff-Coroner law enforcement services due to adjustments to city contracts for police services and the expansion of law enforcement services in the County's flood control channels.
- An increase of \$1,500 due to higher than projected real estate services for Non-General Fund departments.
- An increase of \$1,423 in mental health services mainly to offset for a decrease in transfers related to the Tobacco Settlement claim revenue.

## Intergovernmental

- An increase of \$13,703 in SSA to due to the anticipation of more State and Federal allocations and grants for various programs including Medi-Cal, CalFresh, and CalWORKs.
- An increase of \$8,477 for Proposition 172 revenue in the Sheriff-Coroner and District Attorney departments to support their operations.
- An increase of \$2,857 in the Probation Department due to unanticipated State realignment revenue and funds for the Juvenile Hall security camera project.

#### Transfers In

- An increase of \$14,155 primarily from the Countywide Capital Projects Non-General Fund mainly for the funding of County Shelter programs and flood channel engagement services.
- An increase of \$5,673 in the Sheriff-Coroner Department mainly to support the department's revenue shortfall.
- An increase of \$3,251 in the Health Care Agency (HCA) to support ongoing program costs for the Mental Health Service Act, Tobacco Settlement, and Bioterrorism Center for Disease Control (CDC) funds.
- An increase of \$2,194 in the District Attorney Department primarily to cover costs related to the Rapid DNA Program, the purchase of Criminal Justice Information Services compliant network equipment, and to support the cost of prosecution services.

## Final Revenue Budget vs. Actual Revenue Amounts

The following information provides a summary of the primary factors that caused significant variances in the General Fund actual revenues and other financing sources compared to the final revenue and other financing sources budget:

#### Transfers In

- A \$68,730 less than budgeted amount was primarily comprised of the following:
  - \$21,818 less received in HCA due to lower than expected drawdowns in MHSA and a delay in transfers from the OC Tobacco Settlement Revenue Fund.
  - \$21,110 less received from the Teeter Tax Loss Reserve Fund which was determined to be unnecessary.
  - \$5,655 less received in SSA mainly attributable to lower than anticipated Wraparound expenditures and less utility cost reimbursements for the Tustin Family Campus program.
  - \$5,555 less received in the Sheriff-Coroner due to lower revenues received for the State Criminal Alien Assistance Program (SCAAP) and less reimbursements received for the Integrated Jail Management System Project.
  - \$4,080 less received in the District Attorney Department due to lower than expected drawdowns from the Proposition 64 Consumer Protection Fund and the Excess Public Safety Sales Tax Fund.

## Intergovernmental

- A \$38,676 less than budgeted amount was primarily comprised of the following:
  - \$31,516 less received in SSA primarily due to lower eligible expenditures for program claims as a result of higher than anticipated staffing vacancies, lower contract services, and the delayed IT equipment purchases.
  - \$6,511 more recorded in the County Local Revenue Fund 2011 Law Enforcement Services Account due to the accrual of unspent funds.
  - \$5,882 less received in Sheriff-Coroner Court Operations due to an unanticipated shortfall in State Realignment revenue for Trial Court Security.
  - \$5,704 less received in HCA due primarily to lower eligible expenditures for Mental Health Services and Alcohol and Drug Abuse Services due to higher than anticipated staffing vacancies and lower contract services.
  - \$3,229 less received in OC Community Resources due to less than expected revenue for Office on Aging and Community Investment programs.
  - \$2,442 more in federal revenues received in HCA due to an increase in Substance Abuse Prevention and Treatment (SAPT) Block Grant revenues.
  - \$2,388 more received in the Sheriff-Coroner due to higher than anticipated revenues for 2011 Public Safety Realignment (AB109).

#### Taxes

- A \$21,589 more than budgeted amount was primarily comprised of the following:
  - \$7,676 more in VLF Swap property taxes resulting from an increase in secured assessed values.
  - \$7,666 more in other taxes due to an increase in revenues received for former California Redevelopment Agencies (RDA) residual and pass-through distributions.
  - \$5,787 more in current secured property taxes resulting from an increase in secured assessed values.

## Original Expenditure Budget vs. Final Expenditure Budget

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

## Sheriff-Coroner

 An increase of \$24,365 due to unanticipated higher costs for S&EB associated with providing expanded law enforcement services and added positions offset by a decrease in utilities expenditures.

## **Utilities**

An increase of \$15,993 primarily due to changing the utility costs to a centralized method.

## Capital Projects

 An increase of \$14,054 due to the anticipation of an increase in transfers out to the Countywide Capital Projects Non-General Fund for the re-budget of multi-year projects and various other projects, purchase of an industrial garbage grinder for the Theo Lacy Jail, and purchase of an emergency generator at Sheriff-Coroner headquarters.

## Social Services Agency

 An increase of \$13,471 due to the anticipation of an increase in transfers out to Wraparound for a one-time adjustment related to an increase in the Wraparound rate per Assembly Bill (AB) 404 and to cover salary increases.

## 2005 Lease Revenue Refunding Bonds

• A decrease of \$7,964 in budgeted appropriations due to a decrease in transfers in from the Waste Management Bankruptcy Recovery Plan.

## Final Expenditure Budget vs. Actual Expenditure Amounts

The following provides a summary of the primary factors that caused significant variances in the General Fund actual expenditures as compared to the final budget:

## Social Services Agency

 A \$43,746 lower than budgeted amount primarily due to lower expenditures for salaries, health insurance, professional and specialized contracted services related to CalWORKs programs, as well as lower expenditures for IT professional services contracts, rents and leases, and building improvements.

## **Health Care Agency**

A \$30,858 lower than budgeted amount primarily caused by lower contracted services associated with MHSA programs and lower than anticipated contract pharmacy expenditures. This was offset by an increase in expenditures related to temporary-shelter.

# OC Community Resources

 A total of \$9,778 lower than budgeted amount mostly as a result of keeping positions vacant throughout the year in support services and lower professional service contracts.

## OC Public Works

• A total of \$9,936 lower than budgeted amount primarily due to lower expenditures in areas such as janitorial S&S, maintenance and improvements, CEO IT services support, and garage expenditures for parking.

## Capital Projects

 A total of \$9,508 lower than budgeted amount was primarily the result of lower expenditures related to various projects such as the Year-Round Emergency Shelter and Multi Service Center and other structure and improvement projects.

#### District Attorney

• A total of \$7,191 lower than budgeted amount mainly as a result of lower expenditures for S&EB, professional and specialized contracted services, rents and leases, as well as a reduction in office expenses.

#### Sheriff-Coroner

 A \$6,264 lower than budgeted amount primarily due to lower than expected costs for professional and specialized contracted services, lower facility maintenance expenditures, and the deferring of equipment purchases.

# Property Tax System Centralized Operations & Maintenance Support

 A total of \$4,473 lower than budgeted amount primarily due to lower expenditures for the Property Tax System Re-platforming Project.

## Child Support Services

 A \$4,139 lower than budgeted amount primarily due to lower expenditures for S&EB, and professional and specialized services.

## **Capital Assets**

At June 30, 2018, the County's capital assets for both the governmental and business-type activities amounted to \$4,096,413, net of accumulated depreciation. The investment in capital assets includes land, structures and improvements, land improvements, equipment, software, infrastructure, intangible in progress, land use rights, and construction in progress. The total increase in the County's investment in capital assets for the current year was 7%.

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

CAPITAL ASSETS (Net of Accumulated Depreciation) June 30, 2018 and 2017													
bane co, zo to ana zo tr	Governmental				Business-Type								Increase
		Activities				Activities				To	(Decrease)		
		<u>2018</u>		<u>2017</u>		<u>2018</u>		<u>2017</u>		<u>2018</u>		<u>2017</u>	% Change
Land	\$	850,659	\$	839,273	\$	38,339	\$	37,842	\$	888,998	\$	877,115	1 %
Structures and													
Improvements		654,228		552,210		459,357		481,227		1,113,585		1,033,437	8 %
Land Improvements		3,529		3,811						3,529		3,811	(7)%
Equipment		173,717		139,846		34,541		25,589		208,258		165,435	26 %
Software		37,932		44,208		2,615		2,891		40,547		47,099	(14)%
Infrastructure		1,201,381		1,165,681		230,555		246,003		1,431,936		1,411,684	1 %
Intangible in													
Progress		14,786		5,562		749		255		15,535		5,817	167 %
Land Use Rights		3,999		7,602						3,999		7,602	(47)%
Construction in													, ,
Progress		206,829		175,447		183,197		103,932		390,026		279,379	40 %
Total	\$	3,147,060	\$	2,933,640	\$	949,353	\$	897,739	\$	4,096,413	\$	3,831,379	7 %

The following lists the significant capital asset expenditures in FY 2017-18:

## **General Fund**

- \$7,877 for the purchase of an office building for HCA to provide behavioral health care services
- \$7,322 for the construction costs associated with the Year-Round Emergency Shelter and Multi Service Center
- \$5,977 for the Integrated Jail Management System

- \$4,867 for the purchase of an Airbus helicopter for Sheriff-Coroner
- \$2,297 for the Property Tax System Re-platforming Project
- \$2,006 for the purchase of mail sorting equipment for Registrar of Voters
- \$1,412 for the Computerized Maintenance Management System (CMMS)
- \$1,257 for the purchase of IT hardware, software and services for District Attorney/Public Administrator

## Flood Control District

- \$23,679 for the San Juan Creek Channel Project
- \$10,892 for the Fullerton Creek Channel Project
- \$4,904 for the purchase of property required for the Prado Dam Project
- \$1,883 for the San Joaquin Rehabilitation Project
- \$1,440 for the purchase of various vehicles such as a bulldozer, water truck, and street sweeper
- \$1,270 for heating, ventilation, and air conditioning at the Glassell Building

## Other Public Protection

• \$23,735 for the replacement of obsolete radio equipment

## Other Governmental Funds

- \$44,396 for the Civic Center Facilities Master Plan, Building 16 construction project
- \$14,351 for the La Pata Avenue Gap Closure/Camino Del Rio Extension construction
- \$11,221 for the new OC Animal Care Center construction
- \$8,269 for the Edinger Avenue bridge replacement over Bolsa Chica Channel Project
- \$3,962 for the Mile Square Multi-purpose Facility construction
- \$2,822 for the Crawford Canyon Road Drainage Improvements Project
- \$2,387 for the James A. Musick Facility security fence project

# <u>Airport</u>

- \$38.116 for the Terminal Improvements Project
- \$3,473 for the Paularino Gate Improvements Project
- \$3,301 for the Taxiway "B" Rehabilitation Project
- \$1,189 for the purchase of Aircraft Rescue and Fire Fighting vehicles and Police Interceptor vehicles
- \$1,174 for the replacement of Terminal A & B Air Handlers

#### Waste Management

- \$16,877 for the Frank R. Bowerman Landfill Soil Buttress and Composite Liner Construction Project
- \$7,155 for the Olinda Alpha Landfill Front Slope Improvement Project
- \$7,013 for the purchase of heavy equipment at the North Regional Landfill
- \$4,630 for the purchase of heavy equipment at the Central Regional Landfill
- \$3,156 for the Zone 1 Phase D Mass Excavation & Liner Construction Project at Prima Deschecha Landfill

## Internal Service Funds

• \$12,298 for the purchase of vehicles countywide for OC Fleet Services

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 2017-18, significant commitments for capital expenditures included the following:

- \$110,869 for the Civic Center Facilities Master Plan Project
- \$21,647 for the Fullerton Creek Channel D/S Western Ave to U/S Beach Blvd Improvement Project
- \$8,090 for the Olinda Front Face Partial Closure Phase II
- \$9,399 for the San Juan Creek Channel Phase IV-3700' to 6100' U/S Stonehill Dr Project

- \$7,952 for the Edinger Avenue Bridge Replacement over Bolsa Chica Channel Project
- \$7,750 for the Frank R. Bowerman Landfill Soil Buttress and Liner Construction Project
- \$6,792 for the Lane Channel U/S Jamboree Rd to D/S Main St Phase 1 Project
- \$5,894 for the purchase of various vehicles
- \$4,844 for the for the Zone 1 Phase D Mass Excavation & Liner Construction Project at Prima Deschecha Landfill
- \$4,379 for the San Diego Creek Sediment Removal I-405 Project
- \$3,692 for the Property Tax System Re-platforming Project

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

#### Long-Term Debt

At June 30, 2018, the County had total debt obligations outstanding of \$294,589 excluding long-term liabilities such as compensated absences payable, pension, OPEB, Civic Center Facilities Master Plan financing, and capital lease obligations payable. During the year, the County's outstanding bond obligations decreased by 19% which is attributable to the retirement of \$130,231 in bond obligations and a decrease in Interest Accretion on CABs.

The County is limited by law in issuing general obligation bonded debt to 1.25% of the last equalized assessment property tax roll values. However, this does not affect the financing of any of the County's planned facilities or services. As of the end of the fiscal year, the County had no net general obligation bonded debt. The County's debt obligations are in the form of revenue bonds, 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 long-term debt obligations at June 30, 2018 and 2017:

LONG-TERM DEBT OBLIGATION June 30, 2018 and 2017	IONS	5										
		Govern	me	ntal		Busine	ss-	Туре				
		Activ	/itie	s		Activ	/itie	es	To	tal		(Decrease)
		<u>2018</u>		<u>2017</u>		<u>2018</u>		<u>2017</u>	<u>2018</u>		<u>2017</u>	% Change
Revenue Bonds	\$	57,545	\$	74,300	\$	154,449	\$	189,539	\$ 211,994	\$	263,839	(20)%
Certificates of Participation		392		811					392		811	(52)%
Pension Obligation Bonds		8,217		11,220					8,217		11,220	(27)%
Teeter Plan Notes		27,247		27,868					27,247		27,868	(2)%
Add: Premium/(Discount)												
on Bonds Payable		12,403		14,052		(2,250)		(2,221)	10,153		11,831	(14)%
Add: Interest Accretion												
on CABs	<b>36,586</b> 46,641 <b>36,586</b> 46,641								46,641	(22)%		
Total	\$	142,390	\$	174,892	\$	152,199	\$	187,318	\$ 294,589	\$	362,210	(19)%

The following summarizes the County's long-term debt issuance during FY 2017-18:

<u>Teeter Plan Notes</u> On July 12, 2017, the County converted its tax exempt Teeter Plan Obligations Notes, Series B to taxable notes to retire the June 30, 2017 outstanding Teeter balance of \$27,868 and finance the purchase of \$30,621 for the delinquent property tax receivables associated with the Teeter Plan. Proceeds of this issuance of \$27,868 associated with the purchase of delinquent property tax receivables paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll. The new Notes have a maturity date of July 31, 2018. The amount of the new taxable Teeter Plan Notes was \$58,489.

On December 27, 2017 and June 28, 2018, the County used all of the accumulated base taxes to redeem \$21,142 and \$10,100, respectively, of the Teeter Plan Notes. As of June 30, 2018, the outstanding principal amount of the Teeter Plan Notes was \$27,247.

Additional information on the County's long-term debt activity can be found in Note 11, Long-Term Obligations, and Note 21, Subsequent Events.

### **Bond Ratings**

The County maintained its Issuer Credit Rating (ICR) of Aa1 from Moody's Investors Service (Moody's), AA+ from Standard & Poor's Global Ratings (S&P), and AA+ Issuer Default Rating (IDR) from Fitch Ratings.

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

LONG-TERM DEBT RATINGS June 30, 2018			
	Standard & Poor's	Moody's	Fitch
2012 Lease Revenue Bonds	AA	Aa2	NR
2016 Lease Revenue Bonds	AA	NR	NR
1991 Parking COPs	NR	Aa2	NR
Teeter Plan Notes	NR	NR	NR
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**

#### In-Home Supportive Services (IHSS)

On June 28, 2017, the State budget was enacted and included State General Fund to mitigate increases to counties for the IHSS program associated with the end of the Coordinated Care Initiative. The increased cost may constrain the ability to fully fund current and future operations; however, actual impacts to programs and services are still being evaluated. The County's CEO is participating in a state-wide working group developing options for reform to enhance program sustainability and address long-term impacts to counties.

#### Orange County Vehicle License Fees (VLF)

On June 30, 2011, the Governor signed SB 89, which redirected the 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 Auditor-Controller to calculate the 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. As of June 30, 2018, the remaining obligation to the state is \$55,000. Additional information regarding the County's VLF obligation can be found in Note 11, Long-Term Obligations.

#### **Long-Term Financial Planning**

#### Funding Progress of the County's Retirement System (System)

The funded ratio of the System is a measure of the ability of the System to make obligated payments to current retirees and future retirees. The funded ratio (valuation 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% in 2012. As of December 31, 2017, the funding ratio for the System is 72.30%, which is a decline from 73.06% in 2016. The System's Unfunded Actuarial Accrued Liability (UAAL) increased from \$4.83 billion to \$5.44 billion. The decrease in the funding level and increase in the UAAL are primarily attributable to the changes in actuarial assumptions adopted by the OCERS Board on October 16, 2017, which included a reduction in the assumed rate of return from 7.25% to 7.00%, a reduction in price inflation from 3.00% to 2.75%, and application of generational tables, which indicate reduced rates of mortality. The combined impact of the assumption changes resulted in an increase of \$853 million to the UAAL. The increase in the UAAL was offset partially by (1) favorable investment return (after smoothing), (2) lower than expected salary increases, and (3) lower than expected COLA increases.

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 reducing to 7.25% effective July 2015. On October 16, 2017, the OCERS Board adopted a reduction in the assumed investment rate of return to 7.00% effective July 1, 2019. The assumed rate of return reduction had the impact of increasing contribution rates of members and plan sponsors.

### OCERS Actuarial Funding Policy (Amortization)

On November 18, 2013, the OCERS Board adopted the actuarial funding policy to reduce the amortization period for future UAAL from 30 years to 20 years, which included combining and re-amortizing the entire outstanding UAAL balance as of December 31, 2012, over a single 20-year period. This will allow for future UAAL to be paid off in a shorter period of time and will ultimately reduce retirement rates and costs over time.

#### OCERS Actuarial Assumptions

The 2014 through 2016 valuations were impacted by economic assumption changes, which flowed from the 2014 Triennial Study of Actuarial Assumptions. These changes, adopted by the OCERS Board on September 23, 2014, included a decrease in the inflation assumption from 3.25% to 3.00% per annum. As a result of the 2017 Triennial Study of Actuarial Assumptions, the OCERS Board, on October 16, 2017, adopted a further decrease in the inflation assumption to 2.75%, which was effective with the 2017 valuation.

County of Orange Comprehensive Annual Financial Report For the Year Ended June 30, 2018 (Dollar Amounts in Thousands)

### **Requests for Information**

We hope that the preceding information provides a general overview of the County's overall financial status. For questions or comments concerning information contained in this report, please contact the Auditor-Controller's Office, County of Orange, 12 Civic Center Plaza, Santa Ana, CA 92702 or you can access our website at <a href="https://www.ac.ocgov.com">www.ac.ocgov.com</a>.





		Primary Government	Component Units				
	Governmental Activities	Business-Type Activities	Total	Governmental CFCOC	Proprietary CalOptima		
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 2,395,923	\$ 634,431	\$ 3,030,354	\$ 37,037	\$ 397,616		
Restricted Cash and Cash Equivalents	306,164	138,067	444,231		300		
Investments		34,452	34,452		1,091,863		
Deposits In-Lieu of Cash	25	22,730	22,755				
Internal Balances	(4,289)	4,289					
Due from Component Unit	494		494				
Due from Primary Government				3			
Prepaid Costs	334,246	4,502	338,748		31,077		
Inventory of Materials and Supplies	2,573		2,573				
Receivables, Net of Allowances							
Accounts	10,176	19,236	29,412	5	296,371		
Taxes	27,875	<del></del>	27,875	4,275			
Interest/Dividends	7,910	2,347	10,257	145			
Deposits	4,723		4,723	4,472			
Advances	30		30				
Due from Other Governmental Agencies, Net	448,846	7,021	455,867	2,808			
Notes Receivable, Net	27,774		27,774				
Capital Assets							
Not Depreciable/Amortizable	1,076,273	222,285	1,298,558		8,259		
Depreciable/Amortizable, Net	2,070,787	727,068	2,797,855		42,500		
Total Capital Assets	3,147,060	949,353	4,096,413		50,759		
Total Assets	6,709,530	1,816,428	8,525,958	48,745	1,867,986		
DEFERRED OUTFLOWS OF RESOURCES							
DEFENSED OUTFLOWS OF RESOURCES							
Deferred Charge on Refunding	226		226				
Deferred Outflows of Resources Related to Pension	1,027,060	19,959	1,047,019	196	10,573		
Deferred Outflows of Resources Related to OPEB	23,718	452	24,170	18	560		
Total Deferred Outflows of Resources	1,051,004	20,411	1,071,415	214	11,133		
	·	·		· · · · · · · · · · · · · · · · · · ·	·		

	Primary Government						Component Units			
		ernmental tivities		Business-Type Activities		Total		nmental		Proprietary CalOptima
LIABILITIES										
Accounts Payable Salaries and Employee Benefits Payable	\$	114,133 48,096	\$	24,864 1,025	\$	138,997 49,121	\$	3,330 33	\$	8,031 10,870
Retainage Payable		5,927		2,433		8,360		1,596		·
Interest Payable		4,536		3,935		8,471				
Deposits from Others		70,978		26,083		97,061				
Due to Primary Government								494		
Due to Component Unit		3				3		2.475		
Due to Other Governmental Agencies Unearned Revenue		23,585 84,014		11,355 3,826		34,940 87,840		3,475		567,116 112,557
Short-Term Bonds Payable		375,345		3,020		375,345				112,557
Long-Term Liabilities		373,343				373,343				
Due Within One Year										
Estimated Liability-Litigation and Claims		55,000				55,000				
Interest Accretion on Capital Appreciation Bonds Payable		14,437				14,437				
Insurance Claims Payable		55,348				55,348				
Medical Claims Payable		·				·				266,522
Capitation and Withholds										96,449
Compensated Employee Absences Payable		101,739		2,364		104,103		47		
Capital Lease Obligations Payable		6,462				6,462				
Notes Payable		27,247				27,247				
Bonds Payable		11,087		8,271		19,358				
Pollution Remediation Obligation Intangible Assets Obligations Payable		689		766 57		766 746				100
Landfill Site Closure/Postclosure Liability				3,363		3,363				100
Due in More than One Year				3,303		3,303				
Civic Center Facilities Master Plan Loan		175,340				175.340				
Interest Accretion on Capital Appreciation Bonds Payable		22,149				22,149				
Insurance Claims Payable		148,411				148,411				
Compensated Employee Absences Payable		81,154		2,095		83,249		6		
Capital Lease Obligations Payable		36,707				36,707				
Bonds Payable		67,470		143,928		211,398				
Pollution Remediation Obligation				19,785		19,785				
Intangible Assets Obligations Payable		1,163		4		1,167				
Landfill Site Closure/Postclosure Liability				162,623		162,623				
Net Pension Liability		2 000 707		05.074		2.004.404		000		25,101
Orange County Employees Retirement System Extra-Help Defined Benefit Plan		3,898,727		85,674 43		3,984,401 1,962		962		
Net OPEB Liability		1,919 357,258		6,813		364,071		276		24,565
Total Liabilities		5,788,924		509,307		6,298,231		10,219	_	1,111,311
DEFERRED INFLOWS OF RESOURCES										
		000 000		45 400		000 000		4 000		4.000
Deferred Inflows of Resources Related to Pension		806,600		15,439 231		822,039		1,283 10		1,028
Deferred Inflows of Resources Related to OPEB Total Deferred Inflows of Resources		12,137 818,737	-	15,670		12,368 834,407		1,293		2,301 3,329
Total Defetted filliows of Resources	-	610,737	_	15,070	_	034,407	-	1,293		3,329
NET POSITION										
Net Investment in Capital Assets		3,031,574		799,668		3,831,242				50,637
Restricted for:										
Expendable		405 405				405 405				
Pension Benefits		135,485				135,485				
Capital Projects		123,245		0.670		123,245				
Debt Service Legally Segregated for Grants and Other Purposes		25,792 1,148,735		8,672		34,464 1,148,735				
Regional Park Endowment		1,146,733				1, 146, 733				
CalOptima		140				140				89,037
Passenger Facility Charges Approved Capital Projects				12,044		12,044				
Capital Projects-Replacements and Renewals				1,000		1,000				
Landfill Closure/Postclosure				26,655		26,655				
Landfill Corrective Action				8,358		8,358				
Wetland				879		879				
Prima Deshecha/La Pata Closure				104		104				
Nonexpendable										
Regional Park Endowment		200		454 400		200		27 447		604.005
Unrestricted (Deficit) Total Net Position	Φ.	(3,312,306)	Φ.	454,482	r.	(2,857,824)	•	37,447	•	624,805
TOTAL INCL FUSITION	\$	1,152,873	\$	1,311,862	\$	2,464,735	\$	37,447	\$	764,479

	enses				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	\$	228,894	\$	(32,661)	\$	43,104	\$	30,752	\$	77,026
Public Protection		1,459,180		16,446		355,850		616,030		18,363
Public Ways and Facilities		154,753		(2,974)		55,544		73,028		27,871
Health and Sanitation		650,336		5,898		112,715		462,751		
Public Assistance		1,094,238		8,509		38,741		989,846		
Education		47,431		981		1,237		546		
Recreation and Cultural Services		121,356		2,442		49,892		2,134		315
Interest on Long-Term Debt		25,741		·		·				
Total Governmental Activities		3,781,929		(1,359)		657,083		2,175,087		123,575
Business-Type Activities										
Airport		123,910		556		152,551		253		4,829
Waste Management		124,681		791		162,273		19		
Compressed Natural Gas		287		12		266				
Total Business-Type Activities		248,878		1,359		315,090		272		4,829
Total Primary Government	\$	4,030,807	\$		\$	972,173	\$	2,175,359	\$	128,404
Component Units										
Children and Families										
Commission of Orange County	\$	33,226	\$		\$		\$	24,292	\$	
CalOptima		3,423,559	•		•	3,447,685	•	21,714	•	
Total Component Units	\$	3,456,785	\$		\$	3,447,685	\$	46,006	\$	

#### 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

	ı	Primary Government				Compon	en	t Units	
Go	overnmental	Business-Type			Gove	rnmental		Proprietary	<del>-</del>
	Activities	Activities		Total	CF	COC	_	CalOptima	Functions/Programs
									Primary Government
									Governmental Activities
\$	(45,351)	\$	\$	(45,351)	\$		\$		General Government
	(485,383)			(485,383)					Public Protection
	4,664			4,664					Public Ways and Facilities
	(80,768)			(80,768)					Health and Sanitation
	(74,160)			(74,160)					Public Assistance
	(46,629)			(46,629)					Education
	(71,457)			(71,457)					Recreation and Cultural Services
	(25,741)			(25,741)			_		Interest on Long-Term Debt
	(824,825)			(824,825)			_		Total Governmental Activities
									Business-Type Activities
		33,167		33,167					Airport
		36,820		36,820					Waste Management
		(33)		(33)					Compressed Natural Gas
		69,954		69,954					Total Business-Type Activities
	(824,825)	69,954		(754,871)					Total Primary Government
									Component Units
									Children and Families
						(8,934)			Commission or Orange County
						<u></u>		45,840	
						(8,934)	_	45,840	Total Component Units
									General Revenues
									Taxes
	305,296			305,296					Property Taxes, Levied for General Fund
	104,798			104,798					Property Taxes, Levied for Flood Control District
	81,206			81,206					Property Taxes, Levied for OC Parks
	51,166			51,166					Property Taxes, Levied for OC Public Libraries
	372,728			372,728					Property Taxes in-Lieu of Motor Vehicle License Fees
	99,889	82		99,971					Other Taxes
	10,757			10,757					Grants and Contributions Not Restricted to Specific Programs
	1,615			1,615					State Allocation of Motor Vehicle License Fees
	19,389	7,695		27,084		432			Unrestricted Investment Earnings
	71,164	1,830		72,994		2,173			Miscellaneous
	10,767 1,128,775	(10,767) (1,160)		1,127,615		2,605	_		_ Transfers Total General Revenues and Transfers
		68,794		372,744			_	45,840	
	303,950 848,923	68,794 1,243,068		2,091,991		(6,329) 43,776		45,840 718,639	•
\$	1,152,873	\$ 1,311,862	\$	2,464,735	\$	37,447	ď		
φ	1,102,073	φ 1,311,802	φ	∠,404, <i>1</i> 33	φ	31,441	\$	104,479	INCLEUSINOITEIN ULTERI

	General Fund	Flood Control District	Other Public Protection
<u>ASSETS</u>			
Pooled Cash/Investments	\$ 590,115	\$ 420,318	\$ 160,796
Cash/Cash Equivalents			15,000
Imprest Cash Funds	1,835		
Restricted Cash and Investments with Trustee	2		
Deposits In-Lieu of Cash			
Receivables			
Accounts	9,139	774	2,731
Taxes	6,251	1,430	
Interest/Dividends	2,727	1,347	542
Deposits	537	2,046	
Advances	30		
Allowance for Uncollectible Receivables	(4,421)	(692)	
Due from Other Funds	136,308	2,591	2,118
Due from Component Unit	494		
Due from Other Governmental Agencies, Net	349,949	41,216	3,858
Inventory of Materials and Supplies	1,417	407	364
Prepaid Costs	373,201	5,148	1,111
Advances to Other Funds	3,800		
Notes Receivable, Net			
Total Assets	\$ 1,471,384	\$ 474,585	\$ 186,520
<u>LIABILITIES</u>			
Accounts Payable	\$ 55,263	\$ 8,389	\$ 334
Retainage Payable	1,892	1,903	φ 554
Salaries and Employee Benefits Payable	44,875	659	150
Interest Payable	3,801		130
Deposits from Others	1,397	7,123	17,364
Due to Other Funds	25,465	7,645	5,741
Due to Component Unit			
Due to Other Governmental Agencies	11,376	1	5,001
Unearned Revenue	61,182	953	
Bonds Payable	375,345		
Advances from Other Funds	556		
Total Liabilities	581,152	26,673	28,590
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue-Intergovernmental Revenues	62,884	37,770	1,766
Unavailable Revenue-Senate Bill 90 Mandated Claims, Net	6,711		
Unavailable Revenue-Property Taxes	7,574	930	
Unavailable Revenue-Other	4,285		
Total Deferred Inflows of Resources	81,454	38,700	1,766
FUND BALANCES			
Nonspendable	378,418	5,555	1,475
Restricted	31,815	403,657	154,689
Assigned	179,119		
Unassigned	219,426		
Total Fund Balances	808,778	409,212	156,164
Total Liabilities, Deferred Inflows of Resources,			
and Fund Balances	\$ 1,471,384	\$ 474,585	\$ 186,520

Menta Healt Services	h	Go	Other vernmental Funds	Total Governmental Funds	ASSETS
\$ 272	2,145    	\$	678,469  45 306,162 25 2,649 20,194	\$ 2,121,843 15,000 1,880 306,164 25 15,293 27,875	Pooled Cash/Investments Cash/Cash Equivalents Imprest Cash Funds Restricted Cash and Investments with Trustee Deposits In-Lieu of Cash Receivables Accounts Taxes
	852    		1,752 2,140  (110) 25,105	7,220 4,723 30 (5,223) 166,122 494	Interest/Dividends Deposits Advances Allowance for Uncollectible Receivables Due from Other Funds Due from Component Unit
	3,128     1,125	\$	35,015  14,275  27,774 1,113,495	448,166 2,188 393,735 3,800 27,774 \$ 3,537,109	Due from Other Governmental Agencies, Net Inventory of Materials and Supplies Prepaid Costs Advances to Other Funds Notes Receivable, Net Total Assets
					LIABILITIES
	   2,439  248 456   3,143	\$	37,299 2,106 1,897 67 45,094 74,758 3 6,957 21,423 33,240 222,844	\$ 101,285 5,901 47,581 3,868 70,978 156,048 3 23,583 84,014 375,345 33,796 902,402	Accounts Payable Retainage Payable Salaries and Employee Benefits Payable Interest Payable Deposits from Others Due to Other Funds Due to Component Unit Due to Other Governmental Agencies Unearned Revenue Bonds Payable Advances from Other Funds Total Liabilities
	   	_	12,200  1,036 46 13,282	114,620 6,711 9,540 4,331 135,202	DEFERRED INFLOWS OF RESOURCES  Unavailable Revenue-Intergovernmental Revenues Unavailable Revenue-Senate Bill 90 Mandated Claims, Net Unavailable Revenue-Property Taxes Unavailable Revenue-Other Total Deferred Inflows of Resources  FUND BALANCES
247	 7,982   7,982	\$	14,475 685,941 176,953  877,369 1,113,495	399,923 1,524,084 356,072 219,426 2,499,505 \$ 3,537,109	Nonspendable Restricted Assigned Unassigned Total Fund Balances 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 (\$1,346,632) 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.

\$ 2,499,505

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

Land	850,659	
Structures and Improvements	1,360,555	
Equipment	358,978	
Software	125,606	
Infrastructure	1,833,788	
Land Use Rights	3,999	
Land Improvements	4,256	
Construction in Progress	204,381	
Intangible in Progress	14,786	
Accumulated Depreciation/Amortization	(1,672,054)	3,084,954

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

Prepaid Pension Investment with OCERS

135,485

The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.

79.299

Deferred outflows of resources are similar to assets, but they do not meet the definition of an asset at June 30, 2018. When all the recognition criteria are met, the deferred outflows of resources will become an expense. The counterpart to deferred outflows of resources are deferred inflows of resources, which are not technically liabilities at June 30, 2018. When all recognition criteria 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	226
Employer retirement contribution subsequent to measurement date	
and deferred recognition of changes to the net pension liability	819,051
Employer retirement contribution subsequent to measurement date	
for the net OPEB liability	23,419

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

Prepaid Pension Contribution	(196,853)
Deferred Outflows of Resources	196,853

### Deferred Inflows of Resources:

Deferred Inflows of Resources that have been earned but not	
available to finance expenditures in the current period	135,202
Deferred Inflows of Resources Related to Pension	(797,726)
Deferred Inflows of Resources Related to OPEB	(11,984)

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Bonds and COPs Payable, Net	(78,557)	
Civic Center Facilities Master Plan Loan	(175,340)	
Teeter Plan Notes Payable	(27,247)	
Compensated Employee Absences Payable	(180,517)	
Capital Lease Obligations Payable	(43,169)	
Intangible Assets Obligations Payable	(1,852)	
Interest Payable on Bonds	(668)	
Interest Accretion on Capital Appreciation Bonds	(36,586)	
Estimated Liability-Litigation and Claims	(55,000)	
County's Net Pension Liability	(3,862,878)	
County's Net OPEB Liability	(352,744)	(4,814,558)

Net Position of Governmental Activities

\$ 1,152,873

December		General Fund		Flood Control District	P	Other Public Protection		
Revenues	•	700.075	•	445 504	Φ.			
Taxes	\$	723,675	\$	115,521	\$	444		
Licenses, Permits, and Franchises		25,775		85		411		
Fines, Forfeitures, and Penalties		40,169		15		9,264		
Use of Money and Property		10,412		6,242		5,021		
Intergovernmental		1,680,669		4,857		24,700		
Charges for Services		465,328		16,242		42,587		
Other		18,808		6,375		9,240		
Total Revenues		2,964,836		149,337		91,223		
Expenditures								
Current								
General Government		218,955						
Public Protection		1,315,803		94,830		30,134		
Public Ways and Facilities		33,522						
Health and Sanitation		647,960						
Public Assistance		903,294						
Education								
Recreation and Cultural Services								
Capital Outlay		45,752		56,473		24,745		
Debt Service								
Principal Retirement		5,736		23,958				
Interest		10,741		6				
Total Expenditures		3,181,763		175,267		54,879		
Excess (Deficit) of Revenues								
Over Expenditures		(216,927)		(25,930)		36,344		
Other Financing Sources (Uses)								
Transfers In		381,054		346		3,159		
Transfers Out		(106,241)		(3,756)		(26,636)		
Debt Issued								
Capital Leases								
Total Other Financing Sources (Uses)		274,813		(3,410)		(23,477)		
Net Change in Fund Balances		57,886		(29,340)		12,867		
Fund Balances-Beginning of Year		750,892		438,552		143,297		
Fund Balances-End of Year	\$	808,778	\$	409,212	\$	156,164		

	Mental Health rvices Act	Go	Other vernmental Funds	Go	Total overnmental Funds	Revenues
\$		\$	143,546	\$	982,742	Taxes
Ψ		Ψ	1,871	Ψ	28,142	Licenses, Permits, and Franchises
			20,410		69,858	Fines, Forfeitures, and Penalties
	2,662		61,357		85,694	Use of Money and Property
	166,874		355,599		2,232,699	Intergovernmental
			43,307		567,464	Charges for Services
	10		44,274		78,707	Other
	169,546		670,364		4,045,306	Total Revenues
	.00,0.0		0.0,00.		.,0 .0,000	. 3 (4) 1 (3) (4)
						Expenditures
						Current
			76,202		295,157	General Government
			668		1,441,435	Public Protection
			101,534		135,056	Public Ways and Facilities
	175		929		649,064	Health and Sanitation
			191,381		1,094,675	Public Assistance
			46,842		46,842	Education
			117,965		117,965	Recreation and Cultural Services
			132,827		259,797	Capital Outlay
						Debt Service
			79,303		108,997	Principal Retirement
			25,526		36,273	Interest
	175		773,177		4,185,261	Total Expenditures
						Excess (Deficit) of Revenues
	169,371		(102,813)		(139,955)	Over Expenditures
						Other Financing Sources (Uses)
			120,533		505,092	Transfers In
	(178,348)		(187,656)		(502,637)	Transfers Out
			58,489		58,489	Debt Issued
			47		47	Capital Leases
	(178,348)		(8,587)		60,991	Total Other Financing Sources (Uses)
	(8,977)		(111,400)		(78,964)	Net Change in Fund Balances
	256,959		988,769		2,578,469	Fund Balances-Beginning of Year
\$	247,982	\$	877,369	\$	2,499,505	Fund Balances-End of Year

The Net Change in Fund Balances for governmental funds of \$(78,964) in the Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Position for governmental activities of \$303,950 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

\$ (78,964)

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	8,187	
Construction in Progress	193,031	
Equipment	48,405	
Software	12,344	
Net of Gains/(Losses) on Capital Assets Dispositions	20,215	
Depreciation/Amortization Expense	(97,214)	
Capital Contributions	24,909	209,877

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	(58,489)	
Capital Lease Addition	(47)	
Principal and Other Long-Term Liability Payments:		
Bonds Payable	20,177	
Teeter Plan Notes Payable	59,110	
SARI Line Loans Payable	23,900	
Capital Lease Obligations Payable	5,809	50,460

Revenues related to prior years that are available in the current fiscal year are reported as revenue in the governmental funds. In contrast, revenues that are earned, but unavailable in the current year are deferred in the governmental funds. For government-wide reporting, revenue is recognized when earned, regardless of availability. The following amounts reflect the net effect of the timing differences for revenue recognition:		
Government Mandated and Voluntary Nonexchange Property Tax Revenues	(4,336) (1,522)	(5,858)
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	190	
Amortization of Deferred Charges	14,464	
Change in Compensated Employee Absences	3,827	
Change in Arbitrage Rebate	365	
OCERS Investment Gain	9,610	
Estimated Litigation and Claims Expense	50,000	74.005
Interest Accretion on Capital Appreciation Bonds	(4,121)	74,335
Internal service funds (ISF) are used by management to charge the costs of certain activities, such as insurance, transportation, and telephone services to individual governmental funds. The operating income of internal service funds is eliminated in the Statement of Activities as an adjustment to the various functions to arrive at a breakeven basis. Also, general or non-program revenues and expenses of the internal service funds are recorded in governmental activities.		
Allocation of ISF's Operating Gain to Governmental		
Activities, net of Business-Type Activities	16,917	

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 Gain to Governmental Activities, net of Business-Type Activities Consolidation of Nonoperating Revenues, Expenses and Transfers to Governmental Activities	16,917 19,504	36,421
GASB Statement No. 75 requires an employer to record OPEB expense and employer contribution that affects the County's proportionate share of the net OPEB liability.		15,556
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.	_	2,123
Change in Net Position of Governmental Activities	\$	303,950

# BUDGETARY COMPARISON STATEMENT MAJOR GOVERNMENTAL FUNDS-GENERAL FUND

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues and Other Financing Sources Taxes	\$ 701.812	\$ 701.812	\$ 723.401	\$ 21.589
Licenses, Permits, and Franchises	\$ 701,812 26,542	\$ 701,812 26,542	\$ 723,401 25,780	\$ 21,589 (762)
Fines, Forfeitures, and Penalties	32,280	32,651	40,014	7,363
Use of Money and Property	8,784	8,784	14,180	5,396
Intergovernmental	1,651,816	1,680,118	1,641,442	(38,676)
Charges for Services	483,102	489,840	488,561	(1,279)
Other Transfers In	28,456 417,880	28,430 444,415	24,375 375,685	(4,055) (68,730)
Bond Issuance Proceeds		105		(105)
Total Revenues and Other Financing Sources	3,350,672	3,412,697	3,333,438	(79,259)
Expenditures and Other Financing Uses				
General Government:				
Assessor	40,365	39,764	37,024	2,740
Auditor-Controller	21,990	21,211	18,160	3,051
Board of Supervisors-1st District	1,248	1,248	1,141	107
Board of Supervisors-2nd District	1,331	1,331	1,138	193
Board of Supervisors-3rd District Board of Supervisors-4th District	1,198	1,198	1,013	185 44
Board of Supervisors-5th District	1,196 1,253	1,196 1,253	1,152 1,092	161
Capital Acquisition Financing	5,855	5,855	5,839	16
Capital Projects	52,462	66,516	57,008	9,508
CAPS Program	13,051	13,051	11,521	1,530
Clerk of the Board	5,447	5,121	4,836	285
County Counsel	10,104	10,025	9,373	652
County Executive Office	23,595	24,574	21,709	2,865
Data Systems Development Project	12,239	12,895	9,885	3,010
Employee Benefits Human Resources	2,191 7,395	2,111 7,208	1,464 5,359	647 1,849
IBM Mainframe	2,396	2,396	2,396	1,049
IT Support Services	1,710	2,520	2,471	49
Miscellaneous	67,077	70,100	67,260	2,840
OC Campaign Finance and Ethics Commission	553	455	402	53
Prepaid Pension Obligation		105	2	103
Property Tax System Centralized O & M Support	10,249	10,249	5,776	4,473
Registrar of Voters	15,242	17,642	15,672	1,970
The Office of the Performance Audit Treasurer-Tax Collector	807	307	106	201
Utilities	14,931 14,695	14,539 30,688	12,362 30,062	2,177 626
2005 Lease Revenue Refunding Bonds	10,520	2,556	2,530	26
Public Protection:		,	,	
Alternate Defense	6,483	6,483	5,380	1,103
Building & Safety	15,664	15,664	12,734	2,930
Child Support Services Clerk-Recorder	60,344	60,344	56,205	4,139 1,786
Detention Release	15,078 1,894	15,078 1,894	13,292 1,673	221
District Attorney	147,847	151,747	144,556	7,191
District Attorney-Public Administrator	2,935	3,025	2,875	150
Emergency Management Division	3,600	3,659	3,447	212
Grand Jury	605	601	586	15
HCA Public Guardian	5,742	5,742	5,065	677
Juvenile Justice Commission	216	216	117	99
Office of Independent Review Probation	455	155	125	30
Public Defender	186,562 77,542	186,239 75,721	183,352 74,553	2,887 1,168
Sheriff-Coroner	695,380	719,745	74,333	6,264
Sheriff-Coroner Communications	179	179	101	78
Sheriff Court Operations	65,192	65,192	64,811	381
Trial Courts	67,600	67,600	66,397	1,203
Public Ways and Facilities:				
OC Public Works	56,945	59,114	49,178	9,936
Health and Sanitation:	000 000	074.454	040.000	20.050
Health Care Agency OC Watersheds	669,960 15,752	671,151 15,752	640,293 11,985	30,858 3,767
Public Assistance:	10,702	10,702	11,505	5,707
OC Community Resources	67,150	67,407	57,629	9,778
Social Services Agency	899,343	912,814	869,068	43,746
Total Expenditures and Other Financing Uses	3,401,568	3,471,636	3,303,656	167,980
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(50,896)	(58,939)	29,782	\$88,721
Fund Balances-Beginning of Year Fund Balances-End of Year	722,398 \$ 671,502	\$ 722,398 \$ 663,459	\$ \frac{722,398}{752,180}	
	2,			

# BUDGETARY COMPARISON STATEMENT MAJOR GOVERNMENTAL FUNDS-FLOOD CONTROL DISTRICT

	Original Budget		Final Budget	Actual on Budgetary Basis		Variance Positive (Negative)	
Revenues and Other Financing Sources							
Taxes	\$	111,576	\$ 111,576	\$	115,414	\$	3,838
Licenses, Permits, and Franchises		155	155		85		(70)
Fines, Forfeitures, and Penalties		15	15		15		
Use of Money and Property		4,147	4,147		7,503		3,356
Intergovernmental		32,717	32,717		6,428		(26,289)
Charges for Services		14,074	14,074		16,332		2,258
Other		4,041	4,041		6,733		2,692
Transfers In		296	346		346		
Total Revenues and Other Financing Sources		167,021	167,071		152,856		(14,215)
Expenditures and Other Financing Uses							
Public Protection:							
OC Flood		224,792	239,690		140,226		99,464
OC Santa Ana River		80	80				80
OC Flood-Capital		83,256	83,256		45,765		37,491
Total Expenditures and Other Financing Uses		308,128	 323,026		185,991	-	137,035
Excess (Deficit) of Revenues and Other Financing						-	
Sources Over Expenditures and Other Financing Uses		(141,107)	(155,955)		(33,135)	\$	122,820
Fund Balances-Beginning of Year		447,550	447,550		447,550		
Fund Balances-End of Year	\$	306,443	\$ 291,595	\$	414,415		

# BUDGETARY COMPARISON STATEMENT MAJOR GOVERNMENTAL FUNDS-OTHER PUBLIC PROTECTION

	Origina	al Budget	Fi	nal Budget	tual on tary Basis	Р	ariance ositive egative)
Revenues and Other Financing Sources							
Licenses, Permits, and Franchises	\$	424	\$	424	\$ 411	\$	(13)
Fines, Forfeitures, and Penalties		1,966		1,966	3,038		1,072
Use of Money and Property		2,754		2,759	5,253		2,494
Intergovernmental		14,225		16,076	25,428		9,352
Charges for Services		31,978		40,590	40,173		(417)
Other		10,617		10,763	9,229		(1,534)
Transfers In		5,119		7,449	6,631		(818)
Total Revenues and Other Financing Sources		67,083		80,027	90,163		10,136
Expenditures and Other Financing Uses							
Public Protection:							
County Automated Fingerprint Identification		1,618		1,548	1,433		115
Building and Safety-Operating Reserve		1,009		1,009	675		334
Narcotic Forfeiture and Seizure		426		446	322		124
Sheriff-Regional Narcotics Suppression Program		7,648		10,489	4,929		5,560
Motor Vehicle Theft Task Force		3,319		3,387	3,149		238
Regional Narcotic Suppression Program-Dept of Treasury		289		308	16		292
Regional Narcotic Suppression Program-Other		2.295		2.599	1.064		1.535
Clerk Recorder Special Revenue		8.038		8.038	4.766		3.272
Clerk Recorder Operating Reserve		1,105		1,105	2		1,103
Real Estate Prosecution		1,652		1,648	1,342		306
Proposition 64-Consumer Protection		3,686		3,806	1,669		2,137
Proposition 69-DNA Identification		682		1,665	416		1,249
Traffic Violator		1.130		1,141	213		928
Sheriff Narcotics Program-Dept of Justice		2,724		3,258	1,910		1,348
Sheriff Narcotics Program-Other		1.169		2,125	1,310		1,965
Orange County Jail		1,109		1,443	1,251		1,903
Sheriff Narcotics Program-CALMMET-Treasury		1,430		1,866	520		1,346
Sheriff's State Criminal Alien Assistance Program		1,779		1,786	301		1,485
California Automated Fingerprint Identification Operational Costs		1,779		1,780	1,402		1,465
California Automated Fingerprint Identification Operational Costs  California Automated Fingerprint Identification Systems Costs		32.046		31,946	549		31,397
Sheriff's Supplemental Law Enforcement Services		32,040		31,940	3.977		31,39 <i>1</i> 1
• • • • • • • • • • • • • • • • • • • •		- ,		-,	3,977 995		62
District Attorney's Supplemental Law Enforcement Services		1,057		1,057	995		1.561
Excess Public Safety Sales Tax		1,602		1,563			,
Sheriff-Coroner Replacement and Maintenance		12,417		14,166	257		13,909
Ward Welfare		183		183	118		65 881
Sheriff's Substations Fee Program		4,361		4,384	3,503		
Jail Commissary		10,585		11,489	8,309		3,180
Inmate Welfare		11,758		11,757	3,734		8,023
Child Support Program Development		4,799		4,636	2,753		1,883
800 MHz Countywide Coordinated Communications System		29,936		36,439	34,983		1,456
Delta Special Revenue		30		30	 6		24
Total Expenditures and Other Financing Uses		155,118		170,828	 84,726		86,102
Excess (Deficit) of Revenues and Other Financing						_	
Sources Over Expenditures and Other Financing Uses		(88,035)		(90,801)	5,437	\$	96,238
Fund Balances-Beginning of Year	<u></u>	132,595		132,595	 132,595		
Fund Balances-End of Year	\$	44,560	\$	41,794	\$ 138,032		

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

	Orig	ninal Budget	Final Budget	tual on etary Basis	Variance Positive (Negative)
Revenues and Other Financing Sources			 	 	 <u> </u>
Use of Money and Property	\$	2,000	\$ 2,000	\$ 3,574	\$ 1,574
Intergovernmental		150,777	150,777	167,121	16,344
Other				10	10
Total Revenues and Other Financing Sources		152,777	152,777	170,705	17,928
Expenditures and Other Financing Uses					
General Government:					
Mental Health Services Act		186,994	188,566	178,523	10,043
Total Expenditures and Other Financing Uses		186,994	188,566	178,523	10,043
Excess (Deficit) of Revenues and Other Financing					
Sources Over Expenditures and Other Financing Uses		(34,217)	(35,789)	(7,818)	\$ 27,971
Fund Balances-Beginning of Year		257,396	257,396	257,396	
Fund Balances-End of Year	\$	223,179	\$ 221,607	\$ 249,578	

#### Business-Type Activities -Enterprise Funds

		Enterp	rise Funds		
ASSETS	Airport	Waste Management	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
Comment Assets					
Current Assets Pooled Cash/Investments	\$ 190.170	\$ 424.914	\$ 71	\$ 615.155	\$ 256.817
Cash Equivalents/Specific Investments	16,629	φ 424,914 	Ψ / I	16,629	φ 250,617
Cash/Cash Equivalents	2,598			2,598	375
Imprest Cash Funds	14	35		49	8
Restricted Cash and Investments with Trustee	12,607			12,607	
Restricted Pooled Cash and Investments	12,438	690		13,128	
Deposits In-Lieu of Cash	5,340	17,390		22,730	
Receivables	0,0.0	,000		22,100	
Accounts	4.761	11,193		15,954	163
Passenger Facility Charges	3,027	,		3,027	
Interest/Dividends	802	1,545		2,347	690
Pollution Remediation Obligation Recoveries	256	·		256	
Allowance for Uncollectible Receivables		(1)		(1)	(57)
Due from Other Funds		49	7	56	2,996
Due from Other Governmental Agencies	4,161	2,789	71	7,021	680
Inventory of Materials and Supplies					385
Prepaid Costs	2,150	2,352		4,502	1,879
Total Current Assets	254,953	460,956	149	716,058	263,936
Noncurrent Assets					
Restricted Cash and Investments with Trustee	10,749			10,749	
Restricted Pooled Cash and Investments	10,749	9,548		9,548	
Restricted Pooled Cash and Investments-Closure		3,340		3,340	
and Postclosure Care Costs		92,035		92,035	
Specific Investments	34,452	02,000		34,452	
Advances to Other Funds		29,996		29,996	
Capital Assets:		20,000		20,000	
Land	15,678	22,661		38,339	
Construction in Progress	128,153	55,044		183,197	2,448
Intangible Assets in Progress		749		749	,
Intangible Assets-Amortizable	3.028	998		4,026	118
Accumulated Amortization	(1,108)	(303)		(1,411)	(16)
Structures and Improvements	766,346	26,431		792,777	12,599
Accumulated Depreciation	(320,161)	(13,259)		(333,420)	(6,650)
Equipment	14,840	79,629		94,469	135,615
Accumulated Depreciation	(10,655)	(49,273)		(59,928)	(82,008)
Infrastructure	229,348	392,400		621,748	
Accumulated Depreciation	(187,482)	(203,711)		(391,193)	
Total Capital Assets	637,987	311,366		949,353	62,106
Total Noncurrent Assets	683,188	442,945		1,126,133	62,106
Total Assets	938,141	903,901	149	1,842,191	326,042
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pension	8,861	11,098		19,959	11,156
Deferred Outflows of Resources Related to OPEB	199	253		452	299
Total Deferred Outflows of Resources	9,060	11,351		20,411	11,455
	0,000	,001			, .00

Business-Type Activities -	
Enterprise Funds	

	Enterprise Funds						
LIABILITIES	Airport		Waste Management	Compresse Natural Ga (Nonmajor	S	Total	Governmental Activities - Internal Service Funds
Current Liabilities				_			
Accounts Payable	\$ 10,340		, -	\$		\$ 24,864	\$ 12,848
Retainage Payable	249		2,184			2,433	26
Salaries and Employee Benefits Payable	458		567			1,025	515
Unearned Revenue	3,717		109			3,826	
Due to Other Funds	2,547		9,769		97	12,413	713
Due to Other Governmental Agencies	199	9	11,156			11,355	2
Insurance Claims Payable	-						55,348
Compensated Employee Absences Payable	1,064	4	1,300			2,364	1,157
Pollution Remediation Obligation	-		766			766	
Intangible Assets Obligations Payable	43	3	14			57	
Landfill Site Closure/Postclosure Liability	-		3,363			3,363	
Bonds Payable	8,27	1				8,271	
Interest Payable	3,93	5				3,935	
Deposits from Others	7,76	1	18,322			26,083	
Total Current Liabilities	38,584		62,074		97	100,755	70,609
Noncurrent Liabilities							
Insurance Claims Payable							148,411
Compensated Employee Absences Payable	898	8	1,197			2,095	1,219
Pollution Remediation Obligation	994	4	18,791			19,785	
Intangible Assets Obligations Payable	4	4				4	
Landfill Site Closure/Postclosure Liability	-		162,623			162,623	
Bonds Payable	143,928	.8				143,928	
Net Pension Liability	38,074		47,643			85,717	37,768
Net OPEB Liability	3,00		3,812			6,813	4,514
Total Noncurrent Liabilities	186,899		234,066			420,965	191,912
Total Liabilities	225,483	3	296,140		97	521,720	262,521
DEFERRED INFLOWS OF RESOURCES							-
·							
Deferred Inflows of Resources Related to Pension	6,78		8,654			15,439	8,874
Deferred Inflows of Resources Related to OPEB	102		129			231	153
Total Deferred Inflows of Resources	6,887	<u> 7</u>	8,783			15,670	9,027
NET POSITION							
Net Investment in Capital Assets	490,440	.0	309,228			799,668	62,106
Restricted for:						,	,
Debt Service	8,672	2				8,672	
Passenger Facility Charges Approved Capital Projects	12,044					12,044	
Capital Projects-Replacements and Renewals	1,000					1,000	
Landfill Closure/Postclosure	1,000		26,655			26,655	
Landfill Corrective Action			8,358			8,358	
Wetland	_	_	879			879	<del></del>
	-		104			104	
Prima Deshecha/La Pata Closure Unrestricted	202,67	5	265,105		52	467,832	3,843
Onestroica	202,07	<u> </u>	200,100	-	<u> </u>	407,002	0,040
Total Net Position	\$ 714,83	1 \$	610,329	\$	52	1,325,212	\$ 65,949
Adjustment to Reflect the Consolidation of Internal Service							
Funds' Activities Related to Enterprise Funds Cumulative Effect of Prior Years' Internal Service Funds Allocation	า					564 (13,914)	
Net Position of Business-Type Activities						\$ 1,311,862	
••							

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

Business-Type Activities -

	Airport	Waste Management	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
Operating Revenues					
Use of Money and Property	\$ 112,027	\$ 4.608	\$	\$ 116.635	\$ 1,581
Licenses, Permits, and Franchises		104	·	104	
Charges for Services	19,603	157,541	266	177,410	99,612
Insurance Premiums				,	330,315
Total Operating Revenues	131,630	162,253	266	294,149	431,508
Operating Expenses					
Salaries and Employee Benefits	20,320	26,296		46.616	22.834
Services and Supplies	28,021	27,715	247	55,983	27,090
Professional Services	42,409	16,592	247 51	59,052	58,648
			1	,	,
Operating Leases Insurance Claims and Premiums	240	481	ı	722	2,124
	 				293,087
Pollution Remediation Expense	<del></del>	5,181		5,181	
Other Charges					368
Taxes and Other Fees	151	21,697		21,848	8
Landfill Site Closure/Postclosure Costs		10,868		10,868	
Depreciation/Amortization	30,392	17,206		47,598	9,868
Total Operating Expenses	121,533	126,036	299	247,868	414,027
Operating Income (Loss)	10,097	36,217	(33)	46,281	17,481
Nonoperating Revenues (Expenses)					
Fines, Forfeitures, and Penalties	195	20		215	
Intergovernmental Revenues	253	19		272	1,039
Intergovernmental Revenues Interest and Investment Income	2,896	4.799		7,695	2,085
Interest Expense		4,799		,	2,000
the second secon	(3,126)	286		(3,126) 194	345
Gain (Loss) on Disposition of Capital Assets Passenger Facility Charges Revenue	(92)	280		20.726	343
	20,726			-, -	
Other Taxes			82	82	7.000
Other Revenue	1,171	658		1,829	7,299
Total Nonoperating Revenues	22,023	5,782	82	27,887	10,768
Income Before Contributions and Transfers	32,120	41,999	49	74,168	28,249
Capital Grant Contributions	4,829			4.829	
Capital Contributions					424
Transfers In		70		70	8,649
Transfers Out		(10,756)	(81)	(10,837)	(337)
Change in Net Position	36,949	31,313	(32)	68,230	36,985
Net Position-Beginning of Year	680,918	582,872	84		33,530
Adjustment Due to Change in Accounting Principle	(3.036)	(3.856)	04		(4,566)
Net Position-Beginning of Year, as Restated	677,882	579,016	84		28,964
Net Position-End of Year	\$ 714,831	\$ 610,329	\$ 52		\$ 65,949
140t i Osition Ella di 16ai	ψ 11 <del>4</del> ,051	Ψ 010,329	Ψ 32		Ψ 00,949
Adjustment to Reflect the Consolidation of Internal	Service				
Funds' Activities Related to Enterprise Funds	0011100			564	
. unad / lourings / louring to 2.1.3/p/100 / unad				301	

Increase in Net Position of Business-Type Activities

68,794



#### Business-Type Activities -Enterprise Funds

	Ziner price i dride									
		Airport	Waste Management		Compressed Natural Gas (Nonmajor)		latural Gas		A	vernmental activities - Internal rvice Funds
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from Customers	\$	132,583	\$	161,760	\$	195	\$	294,538	\$	32,359
Cash Received for Premiums within the County's Entity										330,315
Payments to Suppliers for Goods and Services		(72,661)		(36,874)		(301)		(109,836)		(385,671)
Payments to Employees for Services		(20,491)		(26,472)				(46,963)		(23,086)
Payments for Interfund Services		(6)				(2)		(8)		(1,203)
Receipts for Interfund Services Used				5,872		78		5,950		70,355
Landfill Site Closure/Postclosure Care Costs				(3,363)				(3,363)		
Payment for Taxes and Other Fees		(151)		(21,697)				(21,848)		(8)
Other Operating Receipts		1,436						1,436		7,299
Other Operating Payments				(1,454)				(1,454)		(2,546)
Net Cash Provided (Used) by Operating Activities		40,710		77,772		(30)		118,452		27,814
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers In				70				70		8,649
Transfers Out				(10,756)		(81)		(10,837)		(337)
Intergovernmental Revenues		153		19				172		1,039
Other Taxes						82		82		
Advances to Other Funds				(372)				(372)		
Net Cash Provided (Used) by Noncapital Financing Activities		153		(11,039)		11		(10,885)		9,351
CASH FLOWS FROM CAPITAL AND RELATED FINANCING										
ACTIVITIES										
Acquisition of Capital Assets		(59,867)		(37,961)				(97,828)		(12,956)
Principal Paid on Bonds		(35,090)						(35,090)		
Interest Paid on Long - Term Debt		(8,845)						(8,845)		
Capital Grant Contributions		1,390						1,390		
Passenger Facility Charges Received		20,474						20,474		
Principal Paid on Capital Lease Obligations										(6,900)
Proceeds from Sale of Capital Assets		8		286				294		345
Net Cash Used by Capital and Related Financing Activities		(81,930)		(37,675)				(119,605)		(19,511)
CASH FLOWS FROM INVESTING ACTIVITIES										
Interest on Investments		2,670		4,343				7,013		1,883
Sale of Investments		6,923						6,923		
Net Cash Provided by Investing Activities		9,593	_	4,343				13,936		1,883
Net Increase (Decrease) in Cash and Cash Equivalents		(31,474)		33,401		(29)		1,898		19,537
Cash and Cash Equivalents - Beginning of Year	_	265,930		493,821		100		759,851		237,663
Cash and Cash Equivalents - End of Year	\$	234,456	\$	527,222	\$	71	\$	761,749	\$	257,200

Business-Type	Activities -
Enterprise	Funds

				Enter	orise Funds	3		Enterprise Funds					
	Waste Airport Management		Compressed Natural Gas (Nonmajor)		Natural Gas		A	overnmental Activities - Internal rvice Funds					
Reconciliation of Operating Income (Loss) to Net Cash													
Provided (Used) by Operating Activities													
Operating Income (Loss)	\$	10,097	\$	36,217	\$	(33)	\$	46,281	\$	17,481			
Adjustments to Reconcile Operating Income (Loss) to													
Net Cash Provided (Used) by Operating Activities:													
Depreciation/Amortization		30,392		17,206				47,598		9,868			
Fines, Forfeitures and Penalties		195		20				215					
Other Revenue		1,171		658				1,829		7,299			
(Increases) Decreases In:													
Deposits In-Lieu of Cash		24,629		(456)				24,173					
Accounts Receivable, Net of Allowances		(591)		(456)				(1,047)		(21)			
Due from Other Funds		52		37		(2)		87		1,721			
Due from Other Governmental Agencies		28		(80)		(71)		(123)		372			
Inventory of Materials and Supplies										24			
Prepaid Costs		(1)		(146)				(147)		(53)			
Deferred Outflows of Resources Related to Pension		(148)		(1,519)				(1,667)		(2,735)			
Deferred Outflows of Resources Related to OPEB Increases (Decreases) In:		28		36				64		43			
,		(1.051)		(200)		(2)		(2.222)		(0.204)			
Accounts Payable Salaries and Employee Benefits Payable		(1,951) 25		(380) (20)		(2)		(2,333) 5		(8,394) 47			
Unearned Revenue		(267)		(20)				(294)		47			
Due to Other Funds		, ,		` '		78		5.855		(4.000)			
		(58)		5,835		78		-,		(1,808)			
Due to Other Governmental Agencies Insurance Claims Payable		45		7,713				7,758		(11) 1,588			
•								(202)		1,500			
Compensated Employee Absences Payable		(46)		(156)				(202) 3,867		114			
Pollution Remediation Obligation Deposits from Others		(22.821)		3,867 599				(22,222)					
•		( ,- ,		(630)				(1,126)		(747)			
Net Pension Liability Net OPEB Liability		(496) (262)		(333)		-		(595)		(394)			
Landfill Site Closure/ Postclosure Liability		(202)		, ,				` ,		(394)			
Deferred Inflows of Resources Related to Pension		587		7,505 2,153				7,505 2,740		3,267			
Deferred Inflows of Resources Related to Pension  Deferred Inflows of Resources Related to OPEB		102		129				2,740		153			
Total Adjustments		30,613		41,555		3		72.171		10,333			
Net Cash Provided (Used) by Operating Activities	\$	40.710	\$	77,772	\$	(30)	\$	118,452	\$	27,814			
Net Casil Florided (Osed) by Operating Activities	Ψ	40,710	Ψ	11,112	Ψ	(30)	Ψ	110,432	Ψ	27,014			
Reconciliation of Cash and Cash Equivalents to													
Statement of Net Position Accounts													
Pooled Cash/Investments	\$	190,170	\$	424,914	\$	71	\$	615.155	\$	256,817			
Cash Equivalents/Specific Investments	Ψ	16,629	Ψ		Ψ		Ψ	16,629	Ψ	200,017			
Cash/Cash Equivalents		2,598						2.598		375			
Imprest Cash Funds		14		35				49		8			
Restricted Cash and Investments with Trustee		12,607 (	1)					12,607					
Restricted Pooled Cash/Investments		12,438	.,	10,238				22,676					
Restricted Pooled Cash/Investments-Closure and		.2, .00		.0,200				,0.0					
Postclosure Care Costs				92,035				92,035					
Total Cash and Cash Equivalents	\$	234,456	\$	527,222	\$	71	\$	761,749	\$	257,200			
	<u> </u>	_0.,.00	<u>*</u>	JE., , EEE			<u>*</u>	. 5 . , . 70	<u> </u>				

- Schedule of Noncash Investing, Capital, and Financing Activities:
   The Internal Service Funds gained \$345 on disposition of capital assets.
   The Internal Service Funds received \$424 of capital contributions

- The Internal Service Funds received \$424 of capital assets with accounts payable is \$9,135

  Airport had a \$92 loss on disposition of capital assets.

  Airport's acquisition of capital assets with retainage payable is \$242.

  Airport's acquisition of capital assets with accounts payable is \$5,808.

  Airport's change in fair value of investments not considered cash or cash equivalents is \$40.
- Airport's capital grant contribution receivable is \$3,707.
- Waste Management gained \$286 on disposition of capital assets.
- Waste Management's acquisition of capital assets with retainage payable is \$2,184.
   Waste Management's acquisition of capital assets with accounts payable is \$5,813.
- (1) Does not include \$10,749 from Airport's nonliquid Restricted Cash and Investments with Trustee.

# STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

ASSETS		Private- pose Trust Funds		Investment Frust Funds		nsion and Other Post- Employment Benefit Trust Funds		Agency Funds
Pooled Cash/Investments	\$	61,485	\$	5 500 706	\$	2,742	\$	329,579
Cash/Cash Equivalents	Φ	01,400	Ф	5,588,786	Φ	2,742	Ф	329,579 244
Restricted Cash and Investments								244
Restricted Investments with Trustee								
Money Market Mutual Funds		4,675				129,739		41,482
Mutual Bond Funds						6,102		
Stable Value Fund						15,735		
Pooled with OCERS						289,352	_	
Total Restricted Cash and Investments		4,675				440,928		41,482
Investments								1,082
Deposits In-Lieu of Cash								56,160
Receivables								
Accounts						3,926		560
Taxes								307,035
Interest/Dividends		259		24,462		24		20,921
Allowance for Uncollectible Receivables								(186,777)
Due from Other Governmental Agencies		1				1,768		6,983
Land and Improvements Held for Resale		133						
Notes Receivable								28,994
Total Assets		66,553		5,613,248		449,388		606,263
DEFERRED OUTFLOWS OF RESOURCES  Deferred Charge on Refunding  Total Deferred Outflows of Resources		273 273	_	 		 		 
LIABILITIES								
Salaries and Employee Benefits Payable						3.059		
Bonds Payable		22.247				3,009		
Interest Payable		290				-		16,184
Deposits from Others								23,865
Monies Held for Others								198,352
Due to Other Governmental Agencies		412		367				76,094
Unapportioned Taxes								291,768
Total Liabilities	_	22,949		367		3,059		606,263
					-			
DEFERRED INFLOWS OF RESOURCES								
Deferred Charge on Refunding		97						
Total Deferred Inflows of Resources		97						
NET POSITION								
Restricted for Pension/OPEB Benefits & Other Purposes		43,780		5,612,881		446,329		
Total Net Position	\$	43,780	\$	5,612,881	\$	446.329	\$	
TOTAL FIOL FORMOTI	<u> </u>	10,700	Ψ	3,012,001	Ψ	1.10,020	Ψ	

# STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	Private- Purpose Trust Funds		estment st Funds	Pension and Other Post Employment Benefit Trust Funds		
Additions:						
Contributions to Pension and Other Postemployment						
Benefit Trust Funds:						
Employer	\$		\$ 	\$	75,388	
Employee					3,034	
Contributions to Pooled Investments			8,813,937			
Contributions to Private-Purpose Trust		69,958				
Intergovernmental Revenues		5,059				
Other Revenues		910	150		3	
Interest and Investment Income		458	56,210		45,381	
Less: Investment Expense		(36)	(3,233)	(74		
Total Additions		76,349	8,867,064		123,066	
Deductions:						
Benefits Paid to Participants					40,282	
Distributions from Pooled Investments			8,511,091			
Distributions from Private-Purpose Trust		68,094				
Professional Services		95			18	
Tax Pass-Throughs		5,142				
Interest Expense		743				
Total Deductions		74,074	8,511,091		40,300	
Change in Net Position:						
Private-Purpose Trust		2,275				
External Investment Pool			355,973			
Employees' Pension and Other Post-						
Employment Benefits					82,766	
Net Position, Beginning of Year		41,505	5,256,908		401,559	
Adjustment Due to Change in Accounting Principle					(37,996)	
Net Position, Beginning of Year, as Restated		41,505	5,256,908	363,563		
Net Position, End of Year	\$	43,780	\$ 5,612,881	\$	446,329	







#### 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 financial information for both the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations and the Board is typically their governing body. Therefore, data from these component units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. Management applied the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," Statement No. 39, "Determining Whether Certain Organizations are Component Units-An Amendment of GASB Statement No. 14," Statement No. 61, "The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34," and Statement No. 80, "Blending Requirements for Certain Component Units-An Amendment of GASB Statement No. 14," to determine whether the component units should be reported as blended or discretely presented component units. The criteria included whether the County appoints the voting majority, there is a financial benefit/burden relationship, the County is able to impose its will, the component unit is fiscally dependent on the County, the component unit's governing body is substantially the same as the County, and management of the County have operational responsibility for the activities of the component unit. These criteria were used to determine the following:

### **Blended Component Units**

<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.

<u>Capital Facilities Development Corporation</u> The Corporation has its own three-member governing body appointed by the County's governing body. The purpose of the Corporation is to facilitate financings,

### A. Reporting Entity (Continued)

Blended Component Units (Continued)

#### Capital Facilities Development Corporation (Continued)

acquisitions of property, and other financial and property related transactions, by or for the benefit of the County, including but not limited to purchasing property from or for the benefit of, borrowing or loaning money and selling or leasing property to, and otherwise participating in financial and leasing transactions with the County. The Corporation is reported in governmental fund types.

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

<u>Campaign Finance and Ethics Commission (CFEC)</u> The Commission consists of five members appointed by the County's governing body. Among its duties, it provides oversight to the County's Campaign Reform Ordinance, Lobbyist Registration and Reporting Ordinance, the Gift Ban Ordinance and Sections 6 and 9 of the County Code of Ethics and Commitment to Public Service. The Commission 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 Authority was established by the Board to act as the employer of record for the individual providers for the IHSS program. The duties of the Authority include collective bargaining for the individual providers, establishing a registry of providers, investigating the background of providers and providing training to both IHSS providers and consumers. The Authority is reported in governmental fund types.

#### Discretely Presented Component Units

<u>Children and Families Commission of Orange County (CFCOC)</u> The CFCOC is administered by a governing board of nine members, who are appointed by the Board. Its purpose is to develop, adopt, promote and implement early childhood development programs in the County. It is funded by additional State taxes on tobacco products and approved by California voters via Proposition 10 in November 1998. The CFCOC is presented as a discretely presented component unit of the County because, although the County Board has no control over the revenues, budgets, staff, or funding decisions made by the CFCOC, the appointed CFCOC members serve at the will of the Board members who appoint them. A separate stand-alone annual financial report can be obtained by writing to the Children and Families Commission of Orange County, 1505 E. 17th Street, Suite 230, Santa Ana, CA 92705, or by accessing Orange County's website: <a href="https://www.ac.ocgov.com">www.ac.ocgov.com</a>.

Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) The Board established CalOptima in 1993. The governing board of CalOptima is comprised of nine voting members and includes two County Board members and one County Board member alternate; all other members are appointed by the Board. This is a County organized health system whose purpose is to administer health insurance programs for low-income families, children, seniors, and persons with disabilities throughout the County. These programs include Medi-Cal, OneCare (HMO SNP), OneCare Connect Cal MediConnect Plan, and Program of All-Inclusive Care for the Elderly (PACE). CalOptima is presented as a discretely presented component unit

#### A. Reporting Entity (Continued)

**Discretely Presented Component Units (Continued)** 

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

of the County because, although the County Board has no control over the revenues, budgets, staff, or funding decisions made by CalOptima, the appointed CalOptima members serve at the will of the Board members who appoint them. CalOptima will continue until such time as the Board takes action to terminate CalOptima. A separate stand-alone annual financial report can be obtained by writing to CalOptima, 505 City Parkway West, Orange, CA 92868 or can be accessed via the website <a href="http://wpso.dmhc.ca.gov/fe/search/">http://wpso.dmhc.ca.gov/fe/search/</a>.

#### 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 component units, CFCOC and CalOptima, for which the primary government is financially accountable. The government-wide Statement of Net Position displays the financial position of the primary government, in this case, the County and its discretely presented component units. The Statement of Net Position reports the

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

Government-Wide Financial Statements (Continued)

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, 2018, the County's governmental activities reported restricted net position of \$1,433,605 and is restricted for pension benefits related to the Orange County Retirement System (OCERS) Investment Account, capital projects, debt service, legally segregated funds restricted for grants and other purposes, and regional park endowment. Restricted Net Position for business-type activities amounted to \$57,712 and is restricted for the use of Airport and Waste Management activities, including debt service, passenger facility charges (PFC), capital projects replacements and renewals, landfill closure/postclosure, and landfill corrective action. At June 30, 2018, the County reported \$12,044 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 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" (GASB Statement No. 65), sets forth minimum criteria (specified minimum percentages of the assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of a fund category and of the governmental and enterprise funds combined) for the determination of major funds. In addition to funds that meet the minimum criteria, any other governmental or enterprise fund that the government believes is of particular importance to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

General Fund This fund accounts for resources traditionally associated with government and all other resources, which are not required legally, or by sound financial management, to be accounted for in another fund. Revenues are primarily derived from taxes; licenses, permits and franchises; fines, forfeitures and penalties; use of money and property; intergovernmental revenues; charges for services; and other revenues. Expenditures are primarily expended for functions of general government, public protection, public ways and facilities, health and sanitation, public assistance, capital outlay, and debt service.

<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, charges for services revenue, along with property taxes restricted for flood control activities, provide most of this fund's revenues.

Other Public Protection This fund accounts for revenues restricted for safety and law enforcement activities such as the child support program, automated fingerprint identification systems, and investigation team. Revenues consist primarily of federal grants, state grants, fines, use of money and property, and charges for services.

Mental Health Services Act This fund accounts for the County's mental health programs for children, transition age youth, adults, older adults and families pursuant to the State of California Mental Health Services Act. Revenues consist primarily from a 1% income tax on personal income in excess of one million dollars.

The County reports the following proprietary enterprise funds:

<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.

<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.

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

#### Fund Financial Statements (Continued)

Additionally, the County reports the following fund types:

<u>Internal Service Funds</u> The County reports nine Internal Service Fund types. These proprietary funds are used to report activities that provide goods or services to other funds of the County. These funds account for fleet services, publishing services, and other services (including claims for workers' compensation, property damage, information & technology, insurance and various health programs) provided to other County departments or agencies, or other governmental entities. The Internal Service Funds receive revenues on a cost-reimbursement basis.

<u>Fiduciary Fund Types</u> The County has a total of 373 individual trust and agency funds for FY 2017-18. 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, pension trust or other postemployment benefits (OPEB) 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. Also included are the County accounts for the former redevelopment agency.

#### **Investment Trust**

## Orange County Investment Pool

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

#### Orange County Educational Investment Pool

These funds are used to account for assets, consisting primarily of cash and investments, of school and community college districts that participate in the County Treasurer's External Educational Investment Pool.

<u>Pension and Other Employee Benefits Trust</u> The County reports six Pension and OPEB 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 post-employment benefit plans.

Agency Funds These funds are custodial in nature and do not report operating results. These funds are used to account for assets held by the County as an agent for various local governments and individuals, such as unapportioned taxes for other local government agencies, monies collected for the Redevelopment Property Tax Trust funds, civil filing fees, and special assessment districts debt service funds. Accordingly, assets reported in the statements 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

#### C. Measurement Focus and Basis of Accounting (Continued)

#### Government-Wide Financial Statements (Continued)

and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources and all liabilities, and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. Receivables are reported net of allowances for uncollectible receivables in the Statement of Net Position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For purposes of not overstating the true costs and program revenues reported for the various functions, interfund activities (e.g. interfund transfers and interfund reimbursements) have been eliminated from the government-wide Statement of Activities. Exceptions to the general rule are interfund services provided and used between functions, such as charges for auditing and accounting fees between the general government function and various other functions of the primary government. Elimination of these interfund activities would distort the direct costs and program revenues reported for the various functions concerned. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed. Additionally, only the interfund transfers between governmental and business-type activities are reported in the Statement of Activities.

#### Governmental Fund Financial Statements

Governmental funds are used to report all governmental activities that are not primarily self-funded by fees or charges to external users or other funds and are not fiduciary activities. These activities include the County's basic services to its citizenry and to other agencies, including general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. There are five types of governmental funds:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Debt Service Funds
- Permanent Fund

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of accounting, revenues and other governmental fund type financial resources (e.g., bond issuance proceeds) are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after the end of the current fiscal period.

Revenues that are accrued include real and personal property taxes, sales taxes, property taxes in-lieu of motor vehicle license fees, fines, forfeitures and penalties, interest, federal and state grants and subventions, charges for current services, and the portion of long-term sales contracts and leases receivable that are measurable and available and where collectability is assured. Revenues that are not considered susceptible to accrual include penalties on delinquent property taxes and minor licenses and permits. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, provided that the revenues are also available. If intergovernmental revenues are expected to be received later than 60 days following the end of the fiscal year, then a receivable is recorded along with deferred inflows of resources. Once the 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 received. As of June 30, 2018,

### C. Measurement Focus and Basis of Accounting (Continued)

#### Governmental Fund Financial Statements (Continued)

the County reported \$135,202 of deferred inflows of resources and \$84,014 of unearned revenue received in the governmental funds' Balance Sheet.

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

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

### **Proprietary Fund Financial Statements**

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.

#### 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

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

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, Capital Facilities Development Corporation, 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:

- Flood Control District
- Other Public Protection
- Mental Health Services Act

The intent of preparing the Budgetary Comparison Statement reconciliation is to provide the reader with a more complete understanding and appreciation for the difference between budgetary revenues and other financing sources and expenditures and other financing uses presented in the Budgetary Comparison Statements and the revenues, expenditures, and other financing sources (uses) reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, which is prepared in accordance with GAAP. The major areas of difference are as follows:

- Under the budgetary basis, investment income is recognized on an amortized cost basis. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB Statement No. 31), all investment income, including changes in fair value (gains/losses) of investments, are recognized as investment income.
- 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 normally recorded when earned. For GAAP basis, in accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" (GASB Statement No. 33), and GASB Statement No. 65, all nonexchange transactions,

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

such as government-mandated nonexchange transactions and voluntary nonexchange transactions, can be accrued only if they are measurable and "available." "Available" has been defined by GASB Statement No. 33 as "collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period." The County has established the availability period as 60 days after the end of the fiscal year. In order to ensure all transactions for the current fiscal year meet this criterion, the County analyzes revenue receipts through August 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 do not meet the definition of a fiduciary fund.
- Under the budgetary basis, intrafund transfers are recognized as other financing sources (uses). For the GAAP financial statements, intrafund transfers are eliminated to minimize the "grossing-up" of intrafund transfers.
- For budgetary purposes, the loan from 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.
- The OC Animal Care Center uses cash basis to record money it receives from invoicing due to the low collection rate. Per GAAP, the receivables and the amount of the allowance for the doubtful accounts should be recorded.

## D. Budget Adoption and Revision (Continued)

The following schedule shows the Budgetary Comparison Statement reconciliation between the budgetary basis and GAAP basis for the General Fund and major special revenue funds:

	 General Fund	Flood Control District	 Other Public Protection	Mental Health Services Act
Actual Revenues and Other Financing Sources from the Budgetary				
Comparison Statements	\$ 3,333,438 \$	152,856	\$ 90,163	170,705
Differences-budget to GAAP:				
Change in unrealized loss on investment	(2,489)	(1,246)	(429)	(911)
Adjustment to report redirected investment income as transfers			18	
Adjustment of revenue accruals for 60 day recognition period	31,977	(1,854)	1,686	(248)
Adjustment to record Public-Purpose Trust Fund monies				
as revenue in benefitting fund	(1,288)	16		
Adjustment to eliminate intrafund transfers			(3,473)	
Reclassification of direct billing reimbursements paid by fund for the				
benefit of other funds	(15,186)	(89)		
Revenues and Other Financing sources for non-budgeted funds are				
excluded in the Budgetary Comparison Statements			6,417	
Recognition of outstanding invoices for OC Animal Care Center	(6)			
Reclassification of new loan from Waste Management to the General Fund	 (556)			
Total Revenues and Other Financing Sources as reported on the Statement	 			
of Revenues, Expenditures, and Changes in Fund Balances	\$ 3,345,890 \$	149,683	\$ 94,382	169,546
Actual Expenditures and Other Financing Uses from the Budgetary				
Comparison Statements	\$ 3,303,656 \$	185,991	\$ 84,726	178,523
Differences-budget to GAAP:				
Adjustment to report redirected investment income as transfers			18	
Adjustment of expenditure accruals for timing differences	318	(6,879)	236	
Adjustment to eliminate intrafund transfers			(3,473)	
Reclassification of direct billing reimbursements paid by fund for the				
benefit of other funds	(15,186)	(89)		
Expenditures and Other Financing Uses for non-budgeted				
funds are excluded in the Budgetary Comparison Statements			8	
Reclassification of loan repayment from General Fund				
to Waste Management	(784)			<u></u>
Total Expenditures and Other Financing Uses as reported on the Statement				
of Revenues, Expenditures and Changes in Fund Balances	\$ 3,288,004 \$	179,023	\$ 81,515	178,523

#### 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 or approved by the Board for appropriation in FY 2017-18, 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)

Nonspendable: Inventory			Protection	Services Act	Funds	Funds
Inventory				•	•	
•	\$ 1,417		\$ 364	\$	\$	\$ 2,188
Prepaid costs Endow ment	373,201	5,148	1,111		14,275 200	393,735 200
Long-Term Advances to Other Funds	3,800				200	3,800
Total Nonspendable Fund Balance	378,418	5,555	1,475		14,475	399,923
Restricted for:						
Court Operations	2,548					2,548
Tobacco and CHIP Programs	2,110					2,110
Public Safety Realignment Flood Control District	27,157 	162,822				27,157 162,822
Flood Control District-Construction & Maintenance		59,758				59,758
Flood Control District-Project Management		34,012				34,012
Flood Control District Capital Projects		131,474				131,474
Flood Control District Capital Projects Acquisition		15,591				15,591
Building & Safety Operating Reserve			19,453			19,453
Child Support Program Development			12,915			12,915
Clerk Recorder Special Revenue			15,615			15,615
Clerk Recorder Operating Reserve			3,045			3,045
Sheriff-Coroner Replacement & Maintenance			14,966			14,966
Sheriff-Coroner Substations Fee Program			2,417			2,417
CAL-ID System Costs			32,635			32,635
Jail Commissary			4,740			4,740
Inmate Welfare			9,750			9,750
Prop 64-Consumer Protection			6,872			6,872
Regional Narcotics Suppression Program			13,148			13,148
Other Public Safety Programs			19,133			19,133
Mental Health Services Adults/Children				35,789		35,789
Mental Health Services Prevention and Early Intervention	n			11,343		11,343
Mental Health Services General				200,850		200,850
OC Dana Point Harbor Projects					70,776	70,776
Community and Welfare Services					18,539	18,539
Low and Moderate Income Housing Program					31,160	31,160
Health Care Programs					22,618	22,618
Civic Center Parking/Maintenance					5,260	5,260
Roads					50,183	50,183
Public Libraries					47,448	47,448
OC Parks					67,968	67,968
OC Parks-Capital Projects					20,639	20,639
County Tidelands-New port Bay					4,671	4,671
Service Areas, Lighting, Maintenance					400.000	400.000
and Assessment Districts					102,326	102,326
Other Environmental Management					978	978
Tobacco Settlement Programs					16,570	16,570
Housing Programs					12,546	12,546
Technological and Capital Acquisitions/Improvements					1,627	1,627
Endow ment					1,027	1,027
OC Public Facilities Corporation Bonds,					140	140
Master Lease					2,768	2,768
Pension Obligation Bonds					46,599	46,599
South OC Public Financing Authority					7,046	7,046
Orange County Public Financing Authority					6	7,040
Teeter Plan Notes					18,385	18,385
Capital Projects:					10,000	10,000
Criminal Justice Facilities Improvement					13,947	13,947
Capital Facilities Development Corporation Constructio	n				108,963	108,963
Capital Facilities Development Corporation					14,770	14,770
Total Restricted Fund Balance	\$ 31,815	\$ 403,657	\$ 154,689	\$ 247,982	\$ 685,941	

#### E. Fund Balance (Continued)

	General Fund	Flood Control District	Other Public Protection	Mental Health Services Act	Other Governmental Funds	Total Governmental Funds
Assigned to:						
General Services:						
General Services-Operations	\$ 82,761	\$	\$	\$	\$	\$ 82,761
Maintenance and Construction	11,600					11,600
Imprest Cash	1,835				45	1,880
Public Safety	12,617					12,617
Public Works	4,225					4,225
Watershed Programs	1,585					1,585
Social Services Programs	6,739					6,739
Health Care Programs	798				13,588	14,386
Teeter Plan Notes					62,666	62,666
Capital Projects:						
Property Tax Softw are Development	5,076					5,076
Criminal Justice Facilities	6,645					6,645
Central Utilities Facility Replacement	1,238					1,238
Election System Upgrade	20,000					20,000
Sheriff-Coroner Closed Circuit TV	3,000					3,000
Animal Care Center	21,000					21,000
Countywide Projects					42,602	42,602
Parking Facilities					1,156	1,156
OC Parks					12,183	12,183
Air Quality Improvement					5,556	5,556
Community and Welfare Services					39,157	39,157
Total Assigned Fund Balance	179,119				176,953	356,072
Unassigned	219,426					219,426
Total Unassigned Fund Balance	219,426					219,426
Total Fund Balances	\$ 808,778	\$ 409,212	\$ 156,164	\$ 247,982	\$ 877,369	\$ 2,499,505

Annually, the Board adopts a five-year Strategic Financial Plan (SFP). The County of Orange 2018 SFP includes a policy for Fund Balance Unassigned (FBU) that eliminates FBU as a funding source for the next year's budget as a significant step toward reducing structural reliance on one-time funds. Positive variances in estimated FBU are to be added to Strategic Reserves, consistent with the Board policy.

The County prepays its pension contribution and reports the prepaid amount as Nonspendable Fund Balance rather than Unassigned Fund Balance as required by GASB Statement No. 54. For FY 2017-18, the proceeds of \$375,345 was for short-term Taxable Pension Obligation Bonds to prepay its FY 2018-19 pension contribution at a discount. Of this amount \$373,173 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 benefitting from economies of scale through pooled investment activities. In addition, the County maintains the John Wayne Airport Investment Fund (JWA Fund) and other non-pooled specific investments.

The County has stated required investments at fair value in the accompanying financial statements, using the fair value measurement within the fair value hierarchy established by GASB 72.

### F. <u>Deposits and Investments (Continued)</u>

Other than proceeds held by the County in the OCIP, proceeds from County-issued bonds are held by trustees and are invested in instruments authorized by the respective trust agreements including money market mutual funds, investment agreements, repurchase agreements, and U.S. Government securities. Short-term investments are reported at amortized cost, while long-term investments, such as U.S. Government securities, are 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) actual administrative cost of such investing, depositing or handling of funds. This method differs from the fair value method used to value investments in this statement because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the Pools' investments. Refer to Note 4, Deposits and Investments for additional information.

The investments in the Retiree Medical Defined Benefit Trust are managed by OCERS and are reported at fair value. Refer to Note 19, Postemployment Health Care Benefits, to obtain OCERS stand-alone annual financial statements.

#### G. Inventory of Materials and Supplies

Inventories consist of expendable materials and supplies held for consumption. Inventories are valued at cost, which is determined on a moving weighted-average basis. Applicable fund balances are 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 expenditures/expenses when consumed. Prepaid costs in the governmental funds Balance Sheet include \$393,735, which primarily consist of \$393,707 for the County's FY 2018-19 pension contribution at a discount.

Prepaid costs in the government-wide financial statements include the prepaid costs reported in the fund financial statements, reduced for 50% of the prepaid asset related to the pension contribution after the measurement date in accordance with GASB Statement No. 68 and GASB Statement No. 71. Refer to Note 18, Retirement Plans for additional information.

#### I. <u>Land and Improvements Held for Resale</u>

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

#### J. Capital Assets (Continued)

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the 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:	
Software (Commercially Acquired)	\$5
All Other	\$150
Infrastructure	\$150

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

Land Improvements Structures and Improvements Equipment	10 to 20 years 5 to 60 years 2 to 20 years
Intangibles: Computer Software	2 to 15 years
Infrastructure:	2 to 15 years
Flood Channels	20 to 100 years
Roads	10 to 20 years
Bridges	50 to 75 years
Trails	20 years
Traffic Signals	15 to 20 years
Harbors	20 to 50 years
Airport-Runways, Taxiways, and Aprons	15 to 60 years
Waste Management-Cell Development, Drainage	
Channels, Facility Improvements, Habitat, Landfill	
Gas/Environmental, Closure/Other Earthwork	3 to 71 years

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

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

The County reports deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the government that is applicable to a future period.

Under the modified accrual basis of accounting, deferred inflows of resources consist of revenues not collected within the availability period after fiscal year-end. The County has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from 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 amounts become available. The SB90 deferred inflows of resources amount of \$6,711 is net of an allowance for the estimated uncollectible of \$2,810.

The deferred outflows/inflows of resources, included on the government-wide Statement of Net Position relate to the deferred charge on refunding, deferred outflows/inflows of resources related to pension and deferred outflows/inflows of resources related to OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferral of resources related to pension and OPEB result from the net difference between projected and actual investment earnings on the plan investments, changes of assumptions and changes in proportion and differences between employer contributions and the proportionate share of contributions calculated by the actuarial study. The deferred outflows of resources related to pension and OPEB also includes employer contributions made after the measurement date and a portion of the County's prepaid retirement contribution.

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

	Governmental			Waste			
	Activities	Airport		Airport Manage		Total	
Deferred Outflows of Resources Related to Pension per Actuarial Studies							
Net Difference Between Projected and Actual Investment Earnings							
on Pension Plan Investments	\$ 2	\$		\$		\$ 2	
Difference Between Expected and Actual Experience	12,325		104		131	12,560	
Changes of Assumptions	567,857		4,892		6,191	578,940	
Changes in Proportion and Differences Between Employer							
Contributions and Proportionate Share of Contributions	19,347		170		216	19,733	
Deferred Outflows of Resources Related to Pension-Employer							
Contributions after Measurement Date	228,773		1,980		2,372	233,125	
Deferred Outflows of Resources Related to Prepaid Contribution	 198,756		1,715		2,188	 202,659	
Total Deferred Outflows of Resources Related to Pension	\$ 1,027,060	\$	8,861	\$	11,098	\$ 1,047,019	
Deferred Inflows of Resources Related to Pension per Actuarial Studies							
Net Difference Between Projected and Actual Investment Earnings							
on Pension Plan Investments	\$ 377,059	\$	2,612	\$	3,404	\$ 383,075	
Difference Between Expected and Actual Experience	351,045		3,309		4,192	358,546	
Changes of Assumptions	78,350		863		1,057	80,270	
Changes in Proportion and Differences Between Employer							
Contributions and Proportionate Share of Contributions	 146		1		1	 148	
Total Deferred Inflows of Resources Related to Pension	\$ 806,600	\$	6,785	\$	8,654	\$ 822,039	

#### K. Deferred Outflows/Inflows of Resources (Continued)

The following table details out all deferred outflows/inflows of resources related to OPEB. Please refer to Note 19, Postemployment Health Care Benefits, for further information.

	Governmental				Waste	
	Activities		Airport	Ma	anagement	Total
Deferred Outflows of Resources Related to OPEB per Actuarial Studies	 _					
Employer Contributions after Measurement Date	\$ 23,718	\$	199	\$	253	\$ 24,170
Total Deferred Outflows of Resources Related to OPEB	\$ 23,718	\$	199	\$	253	\$ 24,170
Deferred Inflows of Resources Related to OPEB per Actuarial Studies  Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	\$ 12,137	\$	102	\$	129	\$ 12,368
Total Deferred Inflows of Resources Related to OPEB	\$ 12,137	\$	102	\$	129	\$ 12,368

#### L. Self-Insurance

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

#### M. Property Taxes

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

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

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

#### M. Property Taxes (Continued)

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, 2018 is allocated to and recorded in the corresponding funds for reporting purposes.

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

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, 2018, tax refunds and assessed value tax roll corrections resulting from property tax appeals and other disputes represented approximately 0.60% 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 31.	2922
Assessor delivers roll to Auditor-Controller July 1.	616, 617
Tax roll is delivered to the Treasurer-Tax Collector on or before the levy date (the 4th Monday in September).	2601
Secured tax payment due dates are:  1st Installment - November 1, and  2nd Installment - February 1.	2605 2606
Secured tax delinquent dates (last day to pay without 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.

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

At June 30, 2018, the County's net pension liability from OCERS was measured as of December 31, 2017, and the total pension liability (TPL) used to calculate the net pension liability was determined by rolling forward the December 31, 2016 valuation to December 31, 2017. The County's net pension liability from the Extra-Help Defined Benefit Plan was measured as of June 30, 2018; and the plan's TPL used to calculate the net pension liability was determined by rolling forward the July 1, 2017 valuation to June 30, 2018.

#### P. Other Postemployment Benefits (OPEB)

The County recognizes a net OPEB liability to reflect the County's proportionate share of the excess of the total OPEB liability over the fiduciary net position of the County's Retiree Medical Plan. The Plan is reported in the County's financial statements and has a plan year-end of December 31, 2017. The actuarial valuation for the Retiree Medical Plan is based on the December 31, 2017 measurement date for the County reporting as of June 30, 2018.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Medical Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Retiree Medical Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2018, the County's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by rolling forward the June 30, 2017 valuation to December 31, 2017.

#### Q. Statement of Cash Flows

A Statement of Cash Flows is presented for proprietary fund types. The County's cash and cash equivalents for cash flow reporting purposes are considered to be cash on hand, demand deposits, unrestricted and restricted investments held in the County Treasury's investment pooled funds and outside trustees.

#### R. Indirect Costs

County indirect costs are allocated to benefitting departments in the "Indirect Expenses Allocation" column of the government-wide Statement of Activities. Allocated costs are from the County's FY 2017-18 County-Wide Cost Allocation Plan (CWCAP), which was prepared in accordance with the Code of Federal Regulation, Title 2, Part 200. For financial statement purposes, the County has elected to allocate indirect costs to budget controls within the General Fund in order to match the reimbursement of indirect costs recorded as program revenues to the same function where the related expense is recorded.

#### S. Effects of New Pronouncements

The following lists recent GASB pronouncements implemented or are effective in FY 2017-18:

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 reporting periods beginning after June 15, 2016. The County's OPEB plans are calendar year based; therefore, it requires the County to implement this statement in FY 2017-18. The requirements of this statement improved financial reporting primarily through enhanced note disclosures and schedules of required supplementary information presented by OPEB plans that are administered through trusts that meet the specified criteria. The statement was implemented with a material impact to the County. Refer to Note 2, Changes in Accounting Principle and Note 19, Postemployment Health Care Benefits, for additional information.

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 employers of such plans. 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 reporting periods beginning after June 15, 2017, which requires the County to implement this statement in FY 2017-18. The statement was implemented with a material impact to the County. Refer to Note 2, Changes in Accounting Principle and Note 19, Postemployment Health Care Benefits, for additional information.

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 reporting periods beginning after December 15, 2016, which requires the County to implement this statement in FY 2017-18. The statement was implemented without an impact to the County.

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

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 other postemployment benefits and more. The requirements of this statement are effective for reporting periods beginning after June 15, 2017, which requires the County to implement this statement in FY 2017-18. The statement was implemented.

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 to implement this statement in FY 2017-18. The statement was implemented without 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 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 to implement this statement in FY 2018-19.

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 to implement this statement in FY 2019-20.

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

In April 2018, GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This statement clarifies which liabilities governments should include when disclosing information related to debt. The statement requires that additional essential information related to debt be disclosed in notes to financial statements. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018, which requires the County to implement this statement in FY 2018-19.

In June 2018, GASB issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period." This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The statement requires that interest cost incurred before the end of a

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

construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, which requires the County to implement this statement in FY 2020-21.

In August 2018, GASB issued Statement No. 90, "Majority Equity Interests." This statement improves the consistency and comparability of a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The statement requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired 100% equity interest in the component unit. The requirements of this statement are effective for reporting periods beginning after December 15, 2018, which requires the County to implement this statement in FY 2019-20.

#### T. Use of Estimates

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

### U. <u>Consolidation of Governmental Funds' Balance Sheet and Proprietary Funds' Statement of Net Position</u> <u>Line Items in Statement of Net Position</u>

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 Funds 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; Land Use Rights; Construction in Progress; and Intangible Assets in Progress
Capital Assets – Depreciable/Amortizable (Net)	Structures and Improvements and Accumulated Depreciation; Equipment and Accumulated Depreciation; Infrastructure and Accumulated Depreciation; and Software and Accumulated Amortization; Land Improvements and Accumulated Depreciation

#### 2. CHANGE IN ACCOUNTING PRINCIPLE

The County implemented GASB Statement No. 74, GASB Statement No. 75, and GASB Statement No. 85 in the current financial statements. Prior period adjustments of \$406,268 and \$6,892 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:

	Govern	Governmental Activities		s-Type Activities
Net Position at June 30, 2017	\$	\$ 1,255,191		1,249,960
OPEB Asset-GASB 45		(44,838)		
Net OPEB Liability-GASB 75		(388,493)		(7,408)
Deferred Outflows of Resources Related to OPEB		27,063		516
Net Position at June 30, 2017, as Restated	\$	848,923	\$	1,243,068

Prior period adjustments of \$3,036, \$3,856, and \$4,566 were made to the beginning net position of Enterprise Funds and Internal Service Funds. The restatements of beginning net position of proprietary funds are restated as follows:

				Governn	nental Activities-
	 Airport		Management	Internal	Service Funds
Net Position at June 30, 2017	\$ 680,918	\$	582,872	\$	33,530
Net OPEB Liability-GASB 75	(3,263)		(4,145)		(4,908)
Deferred Outflows of Resources Related to OPEB	 227		289		342
Net Position at June 30, 2017 as Restated	\$ 677,882	\$	579,016	\$	28,964

Prior period adjustment of \$37,996 was made to the beginning net position of the Retiree Medical Trust Fund. The restatement of beginning net position of the fiduciary fund is restated as follows:

Retiree	Medical Plan
(Combir	ned 401(h) and
11	5 Trusts)
\$	269,803
<u> </u>	(37,996)
\$	231,807
	(Combir

Refer to Note 1, Summary of Significant Accounting Policies, for additional information on GASB Statement No. 74, GASB Statement No. 75, and GASB Statement No. 85.

### 3. **DEFICIT FUND EQUITY**

The Workers' Compensation Internal Service Fund (ISF) reported a deficit net position balance of \$68,082. The deficit results from the amount calculated in the annual actuarial study which includes case reserves, development of known claims, incurred but not reported claims, allocated and unallocated loss adjustment expenses, and a discount for anticipated investment income. The deficit decreased by \$10,269 from the previous fiscal year primarily due to a strategic decision to increase charges to program participants combined with a decrease in claim payments. Charges to County departments have not provided sufficient cash flows to entirely fund the deficit in the Workers' Compensation ISF. The County will continue to review charges to departments and manage the funding status of the Workers' Compensation Program.

Effective with OCDA's dissolution on February 1, 2012, their assets and liabilities (including bond debt) were transferred to and reported in a private-purpose trust fund of the County. This transfer and reporting structure reflect the custodial role accepted by the Successor Agency. The Successor Agency private-purpose trust fund reported a deficit net position of \$12,330. The deficit for the Successor Agency decreased by \$137 from the previous fiscal year primarily due to an increase in other revenues as a result of the final distributions of the available cash for the B-13 claimants.

#### 4. DEPOSITS AND INVESTMENTS

The elected Treasurer-Tax Collector (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 OCIP and an 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 JWA Fund and other non-pooled specific investments. The County's Investment Pools are not registered with the Securities and Exchange Commission (SEC) as an investment company, and therefore are exempt from SEC rules. The pooled funds do not have any legally binding guarantees of share values.

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 September 19, 2018, Standard & Poor's (S&P) reaffirmed its highest rating of AAAm Principal Stability Fund Rating (AAAm) on the OCMMF and the OCEMMF. The Treasurer will act on a "best efforts" basis to stabilize the Net Asset Value (NAV) of OCMMF and OCEMMF within a range of \$0.995 (in absolute dollar amounts) and \$1.005 (in absolute dollar amounts).

The maximum maturity of investments for the two short-term pools is 13 months with a maximum weighted average maturity (WAM) of 60 days. The maximum maturity of the long-term pool is five years per CGC Section 53601. The IPS provides that all pools, except short-term pools, shall have an effective duration not to exceed a leading 1-3 Year index +25% (2.32 at June 30, 2018).

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

The investment practices and policies of the Treasurer are based on compliance with state law and prudent 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 with the Treasurer totaled \$9,325,557 as of June 30, 2018, consisting of \$4,029,130 for the OCIP, \$5,190,368 for the OCEIP, and \$106,059 for Specific Investments.

Total County deposits and investments at fair value as of June 30, 2018, are reported as follows:

Deposits
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<u>Deposits:</u>		
Imprest Cash	\$	1,946
Deposits for OCIP with Treasurer		10,266
Deposits for OCEIP with Treasurer		31,141
Deposits with Trustees		5,025
All other Deposits and Timing Differences		111,626
Total Deposits and Timing Differences		160,004
Investments:		
Investments for OCIP with Treasurer		4,018,804
Investments for OCEIP with Treasurer		4,932,165
Specific Investments with Treasurer		97,508
Restricted Investments With Trustees		519,244
External-OCERS		289,352
Total Investments		9,857,073
Total Deposits and Investments	\$	10,017,077
Total County deposits and investments are reported in the following funds:		
Governmental Funds	\$	2,444,887
Proprietary Funds	Ψ	1,064,150
Fiduciary Funds		6,471,003
Component Unit-CFCOC		37,037
Total Deposits and Investments	\$	10,017,077
Total Deposits and investments	Ψ	10,017,077

### A. Deposits

CGC Section 53652 et. seq. and the IPS prescribe the amount of collateral that is required to secure the deposit of public funds. The pledge to secure deposits is administered by the California Commissioner of Business Oversight. Collateral is required for demand deposits at 110% of all deposits not covered by Federal Depository Insurance Corporation (FDIC) if obligations of the United States and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. All such collateral is considered to be held by an agent of a depository pursuant to CGC Section 53658. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written agreements are required to provide, among other things, that the collateral securities are held separately from the assets of the depository institution. FDIC is available for demand deposits and time saving deposits 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 an agent of a depository in accordance with CGC Sections 53652 and 53658.

#### B. Investments

The CGC Sections 53601 and 53635, Board ordinances and resolutions, the County's IPS, the bond indenture documents, trust agreements, and other contractual agreements govern the investments that may be purchased and may include certain restrictions on investment maturity, maximum portfolio percentages, term, value, and credit quality to minimize the risk of loss. The IPS adds further restrictions to permitted investments from the CGC. As of June 30, 2018, the Treasurer was in full compliance with the more restrictive IPS for the OCIP, OCEIP, and JWA Fund.

The following table provides a summary listing of the authorized investments as of June 30, 2018.

Type of Investment	CGC % of Funds Permitted	Orange County IPS (%)	CGC Maximum Final Maturity	Orange County IPS Maximum Final Maturity (All Pooled Funds Except Short-Term Funds)	Orange County IPS Maximum Final Maturity (Short-Term Funds)
U.S. Treasury Securities	100%	100%	5 Years	5 Years	397 Days
U.S. Government Agency Securities	100%	100% total, no more than 50% in one issuer excluding securities with final maturities of 30 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	3 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	3 Years	397 Days
State of California Local Agency Investment Fund	\$65 million per account	\$65 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

#### B. Investments (Continued)

The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by CGC Section 53601, structured notes, structured investment vehicles, and derivatives. All investments must be United States dollar denominated. No investment may be purchased from an issuer and all related entities, including parent and subsidiaries, that has been placed on "credit watch-negative" by any of the Nationally Recognized Statistical Rating Organizations (NRSROs), or whose credit rating by any of the NRSROs is less than the minimum rating required by the IPS for that class of security unless the issuer has a short-term rating of A-1+ or F1+ or a long-term rating of at least a AA or Aa2; and the Treasurer has approved the purchase in writing prior to purchase.

Investments by the Treasurer are stated at fair value in accordance with GASB Statement No. 72. 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 (in absolute dollar amounts) or greater than \$1.005 (in absolute dollar amounts), portfolio holdings may be sold as necessary to maintain the ratio between \$0.995 (in absolute dollar amounts) and \$1.005 (in absolute dollar amounts).

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 County Treasurer. The OCEIP consists entirely of public school and community college districts' funds and therefore includes 100% involuntary participants. At June 30, 2018, the OCIP includes approximately 11.1% of involuntary participant deposits including funds for the Superior Court, certain assessment districts, and certain bond related funds for public school districts.

### B. Investments (Continued)

### **Investment Disclosures**

The following table presents a summary of the County's investments, the credit quality distribution, and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2018.

					Interest Rate		Weighted Average Maturity		% of
With Treasurer:	F	air Value		Principal	Range (%)	Maturity Range	(Years)	Rating (1)	Portfolio
OCIP (2)									
U.S. Government Agencies			_		0.000/	0=11=110 00111110		5.4	4.040/
FNMA Discount Notes	\$	76,891	\$	77,000	0.00%	07/17/18 - 09/11/18	0.080	P-1	1.91%
FNMA Bonds		351,308		355,589	0.88 - 2.75%	10/19/18 - 06/22/21	1.228	AA	8.74%
FFCB Discount Notes		9,865		10,000	0.00%	02/15/19	0.630	P-1	0.25%
FFCB Bonds		312,785		315,591	0.75 - 2.70%	07/18/18 - 04/23/21	1.757	AA	7.78%
FHLB Discount Notes		281,118		281,600	0.00%	07/02/18 - 11/08/18	0.093	P-1	6.99%
FHLB Bonds		722,384		726,007	0.63 - 3.38%	07/13/18 - 03/12/21	1.040	AA	17.98%
FHLMC Discount Notes		45,920		46,000	0.00%	07/18/18 -0 9/24/18	0.096	P-1	1.14%
FHLMC Bonds		370,920		373,979	0.85 - 2.50%	07/27/18 - 11/17/20	0.752	AA	9.23%
Negotiable Certificates of Deposit									
Certificates of Deposit		62,989		63,128	1.69 - 1.72%	07/30/18 - 03/29/19	0.289	A1	1.57%
Certificates of Deposit		34,986		35,016	1.75%	09/10/18	0.197	AA	0.87%
Medium-Term Corporate Notes									
Corporate Notes		184,612		186,578	1.10 - 2.25%	11/03/18 - 02/23/21	1.380	AA	4.59%
Corporate Notes		80,480		80,568	1.75 - 4.13%	12/15/18 - 06/23/20	0.995	AA	2.00%
Corporate Notes		57,685		58,331	1.13 - 5.15%	07/15/18 - 03/01/21	1.120	AAA	1.44%
Corporate Notes		17,250		17,261	1.15 - 2.00%	08/15/18	0.126	Α	0.43%
Municipal Debt		185,692		185,116	1.88 - 2.25%	07/31/18 - 04/30/19	0.560	NR	4.62%
U.S. Treasuries		1,094,761		1,103,681	0.00 - 9.00%	07/05/18 - 05/31/22	1.154		27.24%
Money Market Mutual Funds		97,190		97,190	1.84 - 1.87%	07/02/18	0.005	AAA	2.42%
Local Agency Investment Fund		31,968		32,028	1.85%	07/02/18	0.005	NR	0.80%
-	\$	4,018,804	\$	4,044,663		•	0.957 (4)		100.00%
With Treasurer: OCEIP (2)	Fa	aia Malua			Literat Bate		Weighted Average		
		air Value		Principal	Interest Rate Range (%)	Maturity Range	Maturity (Years)	Rating (1)	% of Portfolio
		air value		Principal		Maturity Range		Rating (1)	
U.S. Government Agencies	¢		•	·	Range (%)		(Years)	-	Portfolio
U.S. Government Agencies FNMA Bonds	\$	367,526	\$	371,927	Range (%) 0.75 - 2.75%	07/13/18 - 06/22/21	(Years) 1.208	AA	Portfolio 7.45%
U.S. Government Agencies FNMA Bonds FFCB Discount	\$	367,526 52,509	\$	371,927 52,600	Range (%)  0.75 - 2.75%  0.00%	07/13/18 - 06/22/21 07/09/18 - 11/08/18	1.208 0.092	AA P-1	7.45% 1.06%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds	\$	367,526 52,509 317,754	\$	371,927 52,600 320,634	Range (%)  0.75 - 2.75%  0.00%  0.70 - 2.70%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21	1.208 0.092 1.776	AA P-1 AA	7.45% 1.06% 6.44%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes	\$	367,526 52,509 317,754 708,758	\$	371,927 52,600 320,634 709,734	Range (%)  0.75 - 2.75%  0.00%  0.70 - 2.70%  0.00%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19	1.208 0.092 1.776 0.075	AA P-1 AA P-1	7.45% 1.06% 6.44% 14.37%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds	\$	367,526 52,509 317,754 708,758 832,705	\$	371,927 52,600 320,634 709,734 836,648	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21	1.208 0.092 1.776 0.075 0.952	AA P-1 AA P-1 AA	7.45% 1.06% 6.44% 14.37% 16.88%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLB CDiscount Notes	\$	367,526 52,509 317,754 708,758 832,705 33,310	\$	371,927 52,600 320,634 709,734 836,648 33,379	Range (%)  0.75 - 2.75% 0.00%  0.70 - 2.70% 0.00%  0.63 - 3.38% 0.00%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18	1.208 0.092 1.776 0.075 0.952 0.112	AA P-1 AA P-1 AA P-1	7.45% 1.06% 6.44% 14.37% 16.88% 0.68%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Discount Notes	\$	367,526 52,509 317,754 708,758 832,705	\$	371,927 52,600 320,634 709,734 836,648	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21	1.208 0.092 1.776 0.075 0.952	AA P-1 AA P-1 AA	7.45% 1.06% 6.44% 14.37% 16.88%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20	1.208 0.092 1.776 0.075 0.952 0.112 0.731	AA P-1 AA P-1 AA P-1	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50%  1.69 - 1.72%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20	1.208 0.092 1.776 0.075 0.952 0.112 0.731	AA P-1 AA P-1 AA P-1 AA	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20	1.208 0.092 1.776 0.075 0.952 0.112 0.731	AA P-1 AA P-1 AA P-1	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit Medium-Term Corporate Notes	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729 35,952	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872 35,984	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50% 1.69 - 1.72% 1.75%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20 7/30/18 - 3/29/19 09/10/18	1.208 0.092 1.776 0.075 0.952 0.112 0.731 0.289 0.197	AA P-1 AA P-1 AA P-1 AA	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75% 1.31% 0.73%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit Medium-Term Corporate Notes Corporate Notes	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729 35,952 241,552	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872 35,984	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50% 1.69 - 1.72% 1.75%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20 7/30/18 - 3/29/19 09/10/18	1.208 0.092 1.776 0.075 0.952 0.112 0.731 0.289 0.197	AA P-1 AA P-1 AA P-1 AA	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75% 1.31% 0.73% 4.90%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit Certificates of Deposit Medium-Term Corporate Notes Corporate Notes Corporate Notes	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729 35,952 241,552 74,965	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872 35,984 243,584 75,036	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50% 1.69 - 1.72% 1.75%  1.10 - 4.20% 1.75 - 4.13%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20 7/30/18 - 3/29/19 09/10/18 11/03/18 - 02/23/21 12/15/18 - 06/23/20	1.208 0.092 1.776 0.075 0.952 0.112 0.731 0.289 0.197 1.280 1.006	AA P-1 AA P-1 AA P-1 AA A1 AA	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75% 1.31% 0.73% 4.90% 1.52%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit Certificates of Deposit Medium-Term Corporate Notes Corporate Notes Corporate Notes Corporate Notes	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729 35,952 241,552 74,965 64,554	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872 35,984 243,584 75,036 65,249	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50% 1.69 - 1.72% 1.75%  1.10 - 4.20% 1.75 - 4.13% 1.13 - 5.15%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20 7/30/18 - 3/29/19 09/10/18 11/03/18 - 02/23/21 12/15/18 - 06/23/20 07/15/18 - 03/01/21	1.208 0.092 1.776 0.075 0.952 0.112 0.731 0.289 0.197 1.280 1.006 1.061	AA P-1 AA P-1 AA P-1 AA A1 AA AA	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75% 1.31% 0.73% 4.90% 1.52% 1.31%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit Certificates of Deposit Medium-Term Corporate Notes	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729 35,952 241,552 74,965 64,554 39,994	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872 35,984 243,584 75,036 65,249 40,115	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50% 1.69 - 1.72% 1.75%  1.10 - 4.20% 1.75 - 4.13% 1.13 - 5.15% 1.70 - 2.00%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20 7/30/18 - 3/29/19 09/10/18 11/03/18 - 02/23/21 12/15/18 - 06/23/20 07/15/18 - 03/01/21 08/15/18 - 03/15/19	1.208 0.092 1.776 0.075 0.952 0.112 0.731 0.289 0.197 1.280 1.006 1.061 0.467	AA P-1 AA P-1 AA P-1 AA A1 AA AA AA AAA	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75% 1.31% 0.73% 4.90% 1.52% 1.31% 0.81%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit Certificates of Deposit Medium-Term Corporate Notes Municipal Debt	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729 35,952 241,552 74,965 64,554 39,994 190,822	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872 35,984 243,584 75,036 65,249 40,115 190,229	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50% 1.69 - 1.72% 1.75%  1.10 - 4.20% 1.75 - 4.13% 1.13 - 5.15% 1.70 - 2.00% 1.88 - 2.25%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20 7/30/18 - 3/29/19 09/10/18 11/03/18 - 02/23/21 12/15/18 - 06/23/20 07/15/18 - 03/01/21 08/15/18 - 03/15/19 07/31/18 - 04/30/19	1.208 0.092 1.776 0.075 0.952 0.112 0.731 0.289 0.197 1.280 1.006 1.061 0.467 0.560	AA P-1 AA P-1 AA P-1 AA A1 AA AA	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75% 1.31% 0.73% 4.90% 1.52% 1.31% 0.81% 3.87%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit Certificates of Deposit Medium-Term Corporate Notes	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729 35,952 241,552 74,965 64,554 39,994	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872 35,984 243,584 75,036 65,249 40,115	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50% 1.69 - 1.72% 1.75%  1.10 - 4.20% 1.75 - 4.13% 1.13 - 5.15% 1.70 - 2.00%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20 7/30/18 - 3/29/19 09/10/18 11/03/18 - 02/23/21 12/15/18 - 06/23/20 07/15/18 - 03/01/21 08/15/18 - 03/15/19 07/31/18 - 04/30/19 07/05/18 - 05/31/22	1.208 0.092 1.776 0.075 0.952 0.112 0.731 0.289 0.197 1.280 1.006 1.061 0.467	AA P-1 AA P-1 AA P-1 AA A1 AA AA AA AAA	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75% 1.31% 0.73% 4.90% 1.52% 1.31% 0.81%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit Certificates of Deposit Medium-Term Corporate Notes Municipal Debt	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729 35,952 241,552 74,965 64,554 39,994 190,822	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872 35,984 243,584 75,036 65,249 40,115 190,229	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50% 1.69 - 1.72% 1.75%  1.10 - 4.20% 1.75 - 4.13% 1.13 - 5.15% 1.70 - 2.00% 1.88 - 2.25% 0.00 - 9.00% 1.84 - 1.87%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20  7/30/18 - 3/29/19 09/10/18  11/03/18 - 02/23/21 12/15/18 - 06/23/20 07/15/18 - 03/01/21 08/15/18 - 03/15/19 07/31/18 - 04/30/19 07/05/18 - 05/31/22 07/02/18	1.208 0.092 1.776 0.075 0.952 0.112 0.731 0.289 0.197 1.280 1.006 1.061 0.467 0.560 0.942 0.005	AA P-1 AA P-1 AA P-1 AA A1 AA AA AA AAA AAA AAA AAA	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75% 1.31% 0.73% 4.90% 1.52% 1.31% 0.81% 3.87%
U.S. Government Agencies FNMA Bonds FFCB Discount FFCB Bonds FHLB Discount Notes FHLB Bonds FHLMC Discount Notes FHLMC Bonds Negotiable Certificates of Deposit Certificates of Deposit Certificates of Deposit Medium-Term Corporate Notes Municipal Debt U.S. Treasuries	\$	367,526 52,509 317,754 708,758 832,705 33,310 431,552 64,729 35,952 241,552 74,965 64,554 39,994 190,822 1,399,138	\$	371,927 52,600 320,634 709,734 836,648 33,379 434,900 64,872 35,984 243,584 75,036 65,249 40,115 190,229 1,408,464	Range (%)  0.75 - 2.75% 0.00% 0.70 - 2.70% 0.00% 0.63 - 3.38% 0.00% 0.80 - 2.50% 1.69 - 1.72% 1.75%  1.10 - 4.20% 1.75 - 4.13% 1.13 - 5.15% 1.70 - 2.00% 1.88 - 2.25% 0.00 - 9.00%	07/13/18 - 06/22/21 07/09/18 - 11/08/18 07/05/18 - 04/23/21 07/02/18 - 03/21/19 07/13/18 - 03/12/21 07/23/18 - 08/27/18 07/11/18 - 11/17/20 7/30/18 - 3/29/19 09/10/18 11/03/18 - 02/23/21 12/15/18 - 06/23/20 07/15/18 - 03/01/21 08/15/18 - 03/15/19 07/31/18 - 04/30/19 07/05/18 - 05/31/22	1.208 0.092 1.776 0.075 0.952 0.112 0.731 0.289 0.197 1.280 1.006 1.061 0.467 0.560 0.942	AA P-1 AA P-1 AA P-1 AA A1 AA AA AA ANR	7.45% 1.06% 6.44% 14.37% 16.88% 0.68% 8.75% 1.31% 0.73% 4.90% 1.52% 1.31% 0.81% 3.87% 28.37%

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

**Investment Disclosures (Continued)** 

							Weighted		
							Average		
					Interest Rate		Maturity		% of
With Treasurer:	Fa	ir Value	F	rincipal	Range (%)	Maturity Range	(Years)	Rating (1)	Portfolio
Specific Investments (2)									
U.S. Government Agencies									
FNMA Bonds	\$	16,604	\$	16,320	1.13 - 6.25%	07/20/18 - 5/15/29	3.035	AA	17.03%
FFCB Discount Notes		2,000		2,000	0.00%	07/03/18	0.008	P-1	2.05%
FFCB Bonds		11,567		11,665	1.10 - 4.44%	12/05/18 - 11/02/35	10.890	AA	11.86%
FHLB Discount Notes		9,537		9,565	0.00%	08/03/18 - 09/05/18	0.153	P-1	9.78%
FHLB Bonds		10,277		10,430	1.63 - 3.25%	06/14/19 - 06/09/23	2.687	AA	10.54%
FHLMC Bonds		8,020		6,800	0.85 - 6.75%	07/27/18 - 07/15/32	7.966	AA	8.23%
U.S. Treasuries		38,115		38,225	0.00 - 9.00%	07/15/18 - 02/15/36	2.437		39.09%
Repurchase Agreements		1,082		1,082	6.20%	08/15/19	1.126	AA	1.11%
Money Market Mutual Funds		306		306	1.75 - 1.87%	07/02/18	0.005	AAA	0.31%
•	\$	97,508	\$	96,393	•	-	3.727 (4)	•	100.00%
						=		l	
							Weighted		
							Average		
					Interest Rate		Maturity		% of
With Trustees:	Fa	ir Value	F	rincipal	Range (%)	Maturity Range	(Years)	Rating (1)	Portfolio
Restricted Investments with Trustees (2)									
U.S. Government Agencies									
FNMA Zero Coupon Bonds	\$	46,562	\$	21,491	0.00%	09/01/21	1.118	AA	8.97%
FHLMC Bond	\$	28,261	\$	28,401	0.88 - 1.20%	04/15/19 - 07/19/19	0.186	AA	5.44%
FHLMC Bond FNMA Bond	\$	28,261 16,544	\$	28,401 16,673	0.88 - 1.20% 1.13 - 1.88%	04/15/19 - 07/19/19 09/18/18 - 02/19/19	0.186 0.056	AA AA	5.44% 3.19%
FHLMC Bond FNMA Bond FHLB Bond	\$	28,261 16,544 22,810	\$	28,401 16,673 23,003	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63%	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19	0.186 0.056 0.141	AA AA AA	5.44% 3.19% 4.39%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes	\$	28,261 16,544 22,810 3,334	\$	28,401 16,673 23,003 3,326	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88%	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18	0.186 0.056 0.141 0.007	AA AA AA	5.44% 3.19% 4.39% 0.64%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond	\$	28,261 16,544 22,810 3,334 14,894	\$	28,401 16,673 23,003 3,326 14,938	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25%	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19	0.186 0.056 0.141 0.007 0.056	AA AA AA	5.44% 3.19% 4.39% 0.64% 2.87%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond U.S. Treasuries	\$	28,261 16,544 22,810 3,334 14,894 47,682	\$	28,401 16,673 23,003 3,326 14,938 48,085	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25% 0.75 - 9.00%	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19 07/15/18 - 11/30/20	0.186 0.056 0.141 0.007 0.056 0.596	AA AA AA	5.44% 3.19% 4.39% 0.64% 2.87% 9.18%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond U.S. Treasuries U.S. Treasury Strips	\$	28,261 16,544 22,810 3,334 14,894 47,682 3,800	\$	28,401 16,673 23,003 3,326 14,938 48,085 3,487	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25% 0.75 - 9.00% 0.00-2.41%	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19 07/15/18 - 11/30/20 11/15/18 - 11/15/19	0.186 0.056 0.141 0.007 0.056 0.596 1.283	AA AA AA AA	5.44% 3.19% 4.39% 0.64% 2.87% 9.18% 0.73%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond U.S. Treasuries U.S. Treasury Strips Money Market Mutual Funds	\$	28,261 16,544 22,810 3,334 14,894 47,682 3,800 192,343	\$	28,401 16,673 23,003 3,326 14,938 48,085 3,487 192,343	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25% 0.75 - 9.00% 0.00-2.41% Variable	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19 07/15/18 - 11/30/20 11/15/18 - 11/15/19 07/02/18	0.186 0.056 0.141 0.007 0.056 0.596 1.283 0.003	AA AA AA AA	5.44% 3.19% 4.39% 0.64% 2.87% 9.18% 0.73% 37.04%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond U.S. Treasuries U.S. Treasury Strips Money Market Mutual Funds Bond Mutual Funds	\$	28,261 16,544 22,810 3,334 14,894 47,682 3,800 192,343 6,102	\$	28,401 16,673 23,003 3,326 14,938 48,085 3,487 192,343 6,102	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25% 0.75 - 9.00% 0.00-2.41% Variable 3.09% - 8.56%	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19 07/15/18 - 11/30/20 11/15/18 - 11/15/19 07/02/18	0.186 0.056 0.141 0.007 0.056 0.596 1.283 0.003 0.005	AA AA AA AA AAA BBB	5.44% 3.19% 4.39% 0.64% 2.87% 9.18% 0.73% 37.04% 1.18%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond U.S. Treasuries U.S. Treasury Strips Money Market Mutual Funds Bond Mutual Funds Non-Bond Funds	\$	28,261 16,544 22,810 3,334 14,894 47,682 3,800 192,343 6,102 121,177	\$	28,401 16,673 23,003 3,326 14,938 48,085 3,487 192,343 6,102 121,177	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25% 0.75 - 9.00% 0.00-2.41% Variable 3.09% - 8.56% Variable	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19 07/15/18 - 11/30/20 11/15/18 - 11/15/19 07/02/18 07/02/18	0.186 0.056 0.141 0.007 0.056 0.596 1.283 0.003 0.005	AA AA AA AA AAA BBB NR	5.44% 3.19% 4.39% 0.64% 2.87% 9.18% 0.73% 37.04% 1.18% 23.34%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond U.S. Treasuries U.S. Treasury Strips Money Market Mutual Funds Bond Mutual Funds		28,261 16,544 22,810 3,334 14,894 47,682 3,800 192,343 6,102 121,177 15,735		28,401 16,673 23,003 3,326 14,938 48,085 3,487 192,343 6,102 121,177 15,735	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25% 0.75 - 9.00% 0.00-2.41% Variable 3.09% - 8.56%	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19 07/15/18 - 11/30/20 11/15/18 - 11/15/19 07/02/18	0.186 0.056 0.141 0.007 0.056 0.596 1.283 0.003 0.005 0.005	AA AA AA AA AAA BBB	5.44% 3.19% 4.39% 0.64% 2.87% 9.18% 0.73% 37.04% 1.18% 23.34% 3.03%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond U.S. Treasuries U.S. Treasury Strips Money Market Mutual Funds Bond Mutual Funds Non-Bond Funds	\$	28,261 16,544 22,810 3,334 14,894 47,682 3,800 192,343 6,102 121,177	\$	28,401 16,673 23,003 3,326 14,938 48,085 3,487 192,343 6,102 121,177	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25% 0.75 - 9.00% 0.00-2.41% Variable 3.09% - 8.56% Variable	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19 07/15/18 - 11/30/20 11/15/18 - 11/15/19 07/02/18 07/02/18	0.186 0.056 0.141 0.007 0.056 0.596 1.283 0.003 0.005	AA AA AA AA AAA BBB NR	5.44% 3.19% 4.39% 0.64% 2.87% 9.18% 0.73% 37.04% 1.18% 23.34%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond U.S. Treasuries U.S. Treasury Strips Money Market Mutual Funds Bond Mutual Funds Non-Bond Funds Stable Value Fund		28,261 16,544 22,810 3,334 14,894 47,682 3,800 192,343 6,102 121,177 15,735		28,401 16,673 23,003 3,326 14,938 48,085 3,487 192,343 6,102 121,177 15,735	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25% 0.75 - 9.00% 0.00-2.41% Variable 3.09% - 8.56% Variable	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19 07/15/18 - 11/30/20 11/15/18 - 11/15/19 07/02/18 07/02/18	0.186 0.056 0.141 0.007 0.056 0.596 1.283 0.003 0.005 0.005	AA AA AA AA AAA BBB NR	5.44% 3.19% 4.39% 0.64% 2.87% 9.18% 0.73% 37.04% 1.18% 23.34% 3.03%
FHLMC Bond FNMA Bond FHLB Bond FHLMC Discount Notes FFCB Bond U.S. Treasuries U.S. Treasury Strips Money Market Mutual Funds Bond Mutual Funds Non-Bond Funds Stable Value Fund		28,261 16,544 22,810 3,334 14,894 47,682 3,800 192,343 6,102 121,177 15,735		28,401 16,673 23,003 3,326 14,938 48,085 3,487 192,343 6,102 121,177 15,735	0.88 - 1.20% 1.13 - 1.88% 1.25 - 1.63% 0.88% 1.25% 0.75 - 9.00% 0.00-2.41% Variable 3.09% - 8.56% Variable	04/15/19 - 07/19/19 09/18/18 - 02/19/19 01/16/19 - 06/14/19 10/12/18 12/12/18 - 1/17/19 07/15/18 - 11/30/20 11/15/18 - 11/15/19 07/02/18 07/02/18	0.186 0.056 0.141 0.007 0.056 0.596 1.283 0.003 0.005 0.005	AA AA AA AA AAA BBB NR	5.44% 3.19% 4.39% 0.64% 2.87% 9.18% 0.73% 37.04% 1.18% 23.34% 3.03%

<sup>(1)</sup> The County obtains credit ratings from S&P, Moody's, and Fitch. Credit rating P-1 is from Moody's. The ratings indicative of the greatest degree of risk have been disclosed. NR means not rated. The County is not required to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, and the ratings for U.S. Treasuries are not disclosed.

(2) Legend:

FNMA-Federal National Mortgage Association

FFCB-Federal Farm Credit Bank

FHLB-Federal Home Loan Bank

FHLMC-Federal Home Loan Mortgage Corporation

(4) Portfolio weighted average maturity

<sup>(3)</sup> The Retiree Medical Trust Reports \$289,352 of restricted investments with OCERS as of plan year 12/31/17, refer to Note 19. For more information regarding investments with OCERS, refer to their most recently issued financial statements available at <a href="http://www.ocers.org/finance/finance.htm">http://www.ocers.org/finance/finance.htm</a>.

**Total** 

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

#### Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices based on quoted identical assets in an active market.
- Level 2: Investments reflect prices that are based on identical or similar assets in inactive markets or similar assets in active markets. Inputs other than quotes are observable.
- Level 3: Investments reflect prices based on significant unobservable inputs.

Fair value measurement is based on pricing received from the County's third party vendors. Investments in money market mutual funds are priced using amortized cost, which approximates fair value, with a net asset value of \$1.00 (in absolute dollar amounts) per share, and per GASB Statement No. 72 are not subject to the fair value hierarchy. Additionally, the Local Agency Investment Fund (LAIF) and Guaranteed Investment Contracts (GICs) are not subject to the fair value hierarchy.

The County uses the market approach method as a valuation technique in the application of GASB Statement No. 72. This method uses prices and other relevant information generated by market transactions involving identical or similar assets or groups of assets.

The following table presents a summary of the County's investments according to the assigned fair value hierarchy level as of June 30, 2018.

		Fair Value Measurement					
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	(	Significant Other Observable Inputs (Level 2)	Uno	gnificant bservable Inputs Level 3)	
OCIP					· · ·		
U.S. Government Agencies \$	2,171,191	\$	\$	2,171,191	\$		
Negotiable Certificates of Deposit	97,975			97,975			
Medium-Term Corporate Notes	340,027			340,027			
Municipal Debt	185,692			185,692			
U.S. Treasuries	1,094,761			1,094,761			
Sub-total	3,889,646			3,889,646			
Investments Not Subject to Fair Value	Hierarchy:						
Money Market Mutual Funds	97,190						
Local Agency Investment Fund	31,968						
Total \$	4,018,804	•					
<u>OCEIP</u>							
U.S. Government Agencies \$	2,744,114	\$	\$	2,744,114	\$		
Negotiable Certificates of Deposit	100,681			100,681			
Medium-Term Corporate Notes	421,065			421,065			
Municipal Debt	190,822			190,822			
U.S. Treasuries	1,399,138			1,399,138			
Sub-total	4,855,820			4,855,820			
Investments Not Subject to Fair Value	Hierarchy:						
Money Market Mutual Funds	43,494						
Local Agency Investment Fund	32,851						

4,932,165

#### B. Investments (Continued)

Fair Value Measurements (Continued)

				Fair	Val	ue Measureme	nt	
	Fair Value		N	uoted Prices in Active flarkets for ntical Assets (Level 1)	Significant Other Observable Inputs (Level 2)		Un	Significant observable Inputs (Level 3)
Specific Investments								
U.S. Government Agencies	\$	58,005	\$		\$	58,005	\$	
U.S. Treasuries		38,115				38,115		
Repurchase Agreements		1,082						1,082
Sub-total		97,202				96,120		1,082
Investments Not Subject to Fair Va	lue H	ierarchy:						
Money Market Mutual Funds		306						
Total	\$	97,508						
With Trustees								
U.S. Government Agencies	\$	132,405	\$		\$	132,405	\$	
U.S. Treasuries		51,482				51,482		
Bond Mutual Funds		6,102		6,102				
Sub-total		189,989		6,102	_	183,887		
Investments Not Subject to Fair Va	lue H	ierarchy:						
Money Market Mutual Funds		192,343						
Non-Bond Funds		121,177						
Stable Value Fund		15,735						
Total	\$	519,244						

#### Investment in County of Orange Taxable Pension Obligation Bonds 2018, Series A

On January 12, 2018, the pooled funds purchased the County issued Taxable Pension Obligation Bonds 2018, Series A (2018 POBs) in the principal amount of \$375,345. The 2018 POBs were issued with a fixed coupon rate and with maturities from July 2018 to April 2019 and are solely owned by the pooled funds. The obligation of the County to pay principal and interest on the 2018 POBs is an obligation imposed by law and is absolute and unconditional. As of June 30, 2018, the outstanding principal amount of the 2018 POBs is \$375,345. The bonds are not rated by any of the NRSROs. The County's investment in the 2018 POBs is disclosed herein as Municipal Debt. For additional information, refer to Note 10, Short-Term Obligations, and Note 18, Retirement Plans.

### Interest Rate Risk-Investments

This is the risk that changes in market 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 table in the Investment Disclosures section.

The OCIP of \$4,018,804 and the OCEIP of \$4,932,165 portfolios at June 30, 2018 have 38% and 46%, respectively, of the investments maturing in six months or less, 62% and 54%, respectively, maturing between six months and four years.

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

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

The variable-rate notes, if any, are tied to the Federal Funds rate, the 90-day Treasury Bill rate, the 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. As of June 30, 2018, the OCIP and the OCEIP have no variable-rate notes.

The annual average daily investment balances of the OCIP and the OCEIP were \$4,491,750 and \$4,671,230, respectively, with an annual net yield of 1.22% and 1.24% respectively for the pools, for the year ended June 30, 2018.

#### Interest Rate Risk-Weighted Average Maturity (Short-term Pool)

At June 30, 2018, the OCMMF and OCEMMF investments fair values amounted to \$763,523 and \$1,586,961, 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 two short-term pools. As of the last business day, the WAM of the OCMMF was 54 days and the WAM of the OCEMMF was 54 days, and the NAV of both short-term pools was \$1.00 (in absolute dollar amounts).

#### Interest Rate Risk-Duration (Long-term Pool)

At June 30, 2018, the long-term pool (which includes funds from both the OCIP and the OCEIP) balance was \$6,600,485. Of this amount, the OCIP owned 49% and the OCEIP owned 51%. 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 (2.32).

D. ... - 4! - ...

As of June 30, 2018, the long-term pool had the following duration by investment type:

				Duration
Investment Type	F	air Value	Portfolio %	(In Years)
Local Agency Investment Fund	\$	64,819	0.98%	0.00
Negotiable Certificate of Deposits		198,656	3.01%	0.26
Medium-Term Corporate Notes		614,375	9.31%	1.25
Municipal Debt		376,514	5.70%	0.55
U.S. Government Agencies		3,544,072	53.69%	1.14
U.S. Treasuries		1,802,049	27.30%	1.34
Total Fair Value	\$	6,600,485		
Portfolio Duration				1.13

#### 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 collateral securities that are in possession of an outside party. The IPS does not permit investments in uninsured and unregistered securities if they are not held by the County or by the County's custodial bank. 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).

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

#### Credit Risk-Investments

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. The IPS sets forth the minimum acceptable credit ratings for investments from at least two of the following NRSROs: S&P, Moody's, or Fitch. For purchases of short-term debt, the issuer rating must be no less than A-1 or SP-1 (S&P), P-1 or MIG 1/VMIG 1 (Moody's), or F1 (Fitch) for purchases with remaining maturities less than 397 days, while purchases of long-term debt shall have issuer ratings no less than AA for purchases with remaining maturities longer than 397 days. Municipal debt issued by the County is exempt from the above credit rating requirements. As of June 30, 2018, the County's investments in OCIF were in compliance with the state Law and IPS limits when purchased.

#### Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. To mitigate this risk, the IPS limits the amount of exposure to any one single issuer. As of June 30, 2018, all investments were in compliance with state law and the IPS single issuer limits for each pool. See the County's investments table for concentrations of holdings. The following holdings of all pooled funds with the Treasurer exceeded five percent of the portfolio at June 30, 2018.

#### With Treasurer:

		Percentage of Portfolio
Investment Type	Issuer	June 30, 2018
U.S. Government Agencies	Federal National Mortgage Association	8.98%
U.S. Government Agencies	Federal Farm Credit Bank	7.81%
U.S. Government Agencies	Federal Home Loan Bank	28.34%
U.S. Government Agencies	Federal Home Loan Mortgage Corporation	9.83%
U.S. Treasuries	United States Treasuries	27.98%

#### Foreign Currency Risk

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

#### **Condensed Financial Statements**

In lieu of separately issued financial statements for the entire pools and the external portion of the pools, condensed financial statements for both pools are presented below as of and for the year ended June 30, 2018:

#### **Entire Pool**

### **Statement of Net Position**

Net Position Held for Pool Participants         \$ 4,051,108         \$ 5,186,501         \$ 9,23	7,609
Equity of External Pool Participants 426,380 5,208,420 5,63	6,394 4,800 3,585)
Total Net Position \$ 4,051,108 \$ 5,186,501 \$ 9,23	7,609
Statement of Changes in Net Position	
Net Position at July 1, 2017 \$ 4,094,194 \$ 4,827,922 \$ 8,92  Net Changes in Investments by Pool	2,116
Participants (43,086) 358,579 31	5,493
Net Position at June 30, 2018         \$ 4,051,108         \$ 5,186,501         \$ 9,23	7,609

### B. Investments (Continued)

Condensed Financial Statements (Continued)

### **External Pool Portion**

### **Combining Statement of Fiduciary Net Position**

	OCIP		OCEIP		Total	
<u>Assets</u>						
Pooled Cash/Investments	\$	424,677	\$	5,164,109	\$	5,588,786
Receivables						
Interest/Dividends		1,817		22,645		24,462
Total Assets		426,494		5,186,754		5,613,248
<u>Liabilities</u>						
Due to Other Governmental Agencies		114		253		367
Total Liabilities	-	114	-	253		367
Net Position						
Restricted for Pool Participants		426,380		5,186,501		5,612,881
Total Net Position	\$	426,380	\$	5,186,501	\$	5,612,881

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

	OCIP	OCEIP	Total
Additions:	 		
Contributions to Pooled Investments	\$ 592,140	\$ 8,221,797	\$ 8,813,937
Other Revenues		150	150
Interest and Investment Income	3,519	52,691	56,210
Less: Investment Expense	(216)	(3,017)	(3,233)
Total Additions	 595,443	8,271,621	8,867,064
Deductions:			
Distributions from Pooled Investments	598,049	7,913,042	8,511,091
Total Deductions	598,049	7,913,042	8,511,091
Change in Net Position Held in			
Trust For External Investment Pool	(2,606)	358,579	355,973
Net Position, Beginning of Year	 428,986	 4,827,922	 5,256,908
Net Position, End of Year	\$ 426,380	\$ 5,186,501	\$ 5,612,881

### 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. Restricted Investments with OCERS

OCERS may invest, in accordance with state statutes, in any form or type of investment deemed prudent by the Board of Retirement. Pension and 401(h) health care plan assets are restricted for the exclusive purposes of providing benefits to plan participants and defraying reasonable expenses of administering the plans. The Board of Retirement may invest, or delegate the authority to invest, the assets of the funds through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction. For additional information, refer to Note 19, Postemployment Health Care Benefits. For more information regarding investments with OCERS, refer to their most recently issued financial statements available online at <a href="https://www.ocers.org">www.ocers.org</a>, in writing to the Orange County Employees Retirement System, 2223 Willington Avenue, Santa Ana, CA 92701, or by calling (714) 558-6200.

### E. CalOptima's Cash and Investments

CalOptima categorizes its fair value investments within the fair value hierarchy established by GAAP. The hierarchy for fair value measurements is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly
- Level 3: Significant unobservable inputs

The following is a description of the valuation methodologies used for instruments at fair value on a recurring basis and recognized in the accompanying statement of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

### Marketable Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These securities are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

	Investment Assets at Fair Value as of June 30, 2018								
	Level 1		Level 2		Level 3			Total	
U.S. Treasury Notes	\$	340,361	\$		\$		\$	340,361	
U.S. Agencies				97,566				97,566	
Asset-Backed Securities				98,082				98,082	
Commercial Deposits				4,991				4,991	
Commercial Paper				22,565				22,565	
Corporate Bonds				325,476				325,476	
Government				27,386				27,386	
Mortgage-Backed Securities				60,653				60,653	
Municipal Bonds				109,676				109,676	
	\$	340,361	\$	746,395	\$		\$	1,086,756	

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

#### Marketable securities (Continued)

Cash and investments are reported in the June 30 statement of net position as follows:

	2018
Current Assets:	
Cash and Cash Equivalents	\$ 370,933
Investments	580,299
Board-Designated Assets and Restricted Cash:	
Cash and Cash Equivalents	26,683
Investments	511,564
Restricted Deposit	300
Total	\$1,489,779

#### Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure CalOptima may not be able to recover its deposits or collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under the State law. At June 30, 2018, 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, 2018, CalOptima's investments, including cash equivalents, had the following modified duration:

			Investment Maturities (In Years)				
	Fair Value		Les	ss Than 1	1-5		
U.S. Agencies	\$	97,566	\$	53,950	\$	43,616	
Asset-Backed Securities		98,082		40,123		57,959	
Corporate Bonds		325,476		150,685		174,791	
Government		27,386		11,916		15,470	
Mortgage-Backed Securities		60,653		33,330		27,323	
Municipal Bonds		109,676		47,034		62,642	
U.S. Treasury Notes		340,361		209,774		130,587	
Certificates of Deposits		4,991		4,991			
Commercial Paper		22,565		22,565			
Cash Equivalents		335,014		335,014			
Cash		1,375		1,375			
Total		1,423,145	\$	910,757	\$	512,388	
Accrued Interest Receivable		5,191					
	\$	1,428,336					

# 4. DEPOSITS AND INVESTMENTS (Continued)

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

# Investment with fair values highly sensitive to interest rate fluctuations

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

	Fair Value	e, June 30, 2018
Asset-Back Securities	\$	98,082
Mortgage-Backed Securities		60,653
	\$	158,735

## Credit risk

CalOptima's investment policy conforms to the California Government Code as well as to customary standards of prudent investment management. Credit risk is mitigated by investing in only permitted investments. The investment policy sets minimum acceptable credit ratings for investments from the three nationally recognized rating services: Standard and Poor's Corporation (S&P), Moody's Investor 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, 2018, following are the credit ratings of investments and cash equivalents:

	Fair	Minimum Legal	ı	Exempt From			Rating as of \	ear-End		
Investment Type	Value	Rating		Disclosure	AAA	Aa & Aa+	Аа-	A+	Α	A-
U.S. Treasury Notes	\$ 424,084	N/A	\$	424,084	\$ - \$	\$	- \$	- \$	\$	_
U.S. Agency Notes	140,852	N/A		140,852						-
Corporate Bonds	267,656	A-			2,096	20,136	32,266	70,433	100,078	42,647
FRN Securities	119,715	A-			47,187	3,581	7,420	19,960	22,322	19,245
Asset-Backed Securities	147,203	AAA			100,674	20,252	20,000	1,001	2,856	2,420
Mortgage-Backed Securities	60,754	AAA			60,754					
Municipal Bonds	65,962	Α			4,808	38,071	12,516	9,075	1,007	485
Supranational	15,385	AAA			15,385					
Certificates of Deposit	5,053	A1/P1			5,053	-				-
Commercial Paper	64,431	A1/P1			64,431		-			-
Money Market Mutual Funds	117,241	AAA			117,241	-				
Total	\$ 1,428,336	-	\$	564,936	\$ 417,629 \$	82,040 \$	72,202 \$	100,469 \$	126,263 \$	64,797

# Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of CalOptima's investment in a single issuer. CalOptima's investment policy limits to no more than 5% of the total fair value of investments in the securities of any one issuer, except for obligations of the U.S. government, U.S. government agencies or government-sponsored enterprises; and no more than 10% may be invested in one money market mutual fund unless approved by the governing board. The investment policy also places a limit of 35% of the amount of investment holdings with any one government-sponsored issuer and 5% of all other issuers. At June 30, 2018, all holdings complied with the foregoing limitations. The following holdings exceeded 5% of the portfolio at June 30, 2018:

		Percentage of Portfolio
Investment Type	Issuer	2018
U.S. Treasury Notes	United States Treasury	30.42

# 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:

	J	Balance uly 1, 2017	lr	ncreases	Governme ecreases	ustments	Jui	Balance ne 30, 2018
Governmental Activities:								
Capital Assets Not Depreciable/Amortizable:								
Land	\$	839,273	\$	23,431	\$ (15,648)	\$ 3,603	\$	850,659
Land Use Rights (Permanent)		7,602			-	(3,603)		3,999
Construction in Progress		175,447		210,569	(179, 187)			206,829
Intangible in Progress		5,562		10,174	(950)			14,786
Total Capital Assets Not					,			
Depreciable/Amortizable		1,027,884		244,174	(195,785)			1,076,273
Capital Assets, Depreciable/Amortizable:								
Structures and Improvements		1,247,078		135,552	(9,476)			1,373,154
Land Improvements		4,246		10				4,256
Equipment		453,626		74,849	(33,882)			494,593
Software		122,549		3,175				125,724
Infrastructure:								
Flood Channels		1,253,746		14,668	(138)			1,268,276
Roads		293,101		34,188	(90)			327,199
Bridges		116,382		20,512	`			136,894
Trails		44,073		431	(3)			44,501
Traffic Signals		11,956		3,974	(250)			15,680
Harbors and Beaches		41,238		·	` _			41,238
Total Capital Assets,								
Depreciable/Amortizable		3,587,995		287,359	(43,839)			3,831,515
Less Accumulated Depreciation/Amortization For:								
Structures and Improvements		(694,868)		(33,534)	9,476			(718,926)
Land Improvements		(435)		(292)	·			(727)
Equipment		(313,780)		(25,732)	18,636			(320,876)
Software		(78,341)		(9,451)	· _			(87,792)
Infrastructure:		, ,		, ,				, ,
Flood Channels		(334,364)		(16,653)	138			(350,879)
Roads		(142,109)		(15,581)	90			(157,600)
Bridges		(41,348)		(3,086)	_			(44,434)
Trails		(34,909)		(1,078)	3			(35,984)
Traffic Signals		(10,947)		(801)	250			(11,498)
Harbors and Beaches		(31,138)		(874)				(32,012)
Total Accumulated		(- , )		(- /		 		(- , - ,
Depreciation/Amortization		(1,682,239)		(107,082)	28,593			(1,760,728)
Total Capital Assets,		, , ,/		, , //	 ,	 		., -, -,
Depreciable/Amortizable (Net)		1,905,756		180,277	 (15,246)	 		2,070,787
Governmental Activities Total Capital Assets, Net	\$	2,933,640	\$	424,451	\$ (211,031)	\$ 	\$	3,147,060

Capital asset activity for the year ended June 30, 2018 includes the following adjustment amounts:

• \$3,603 represents a parcel of land originally recorded as an easement (Land Use Rights) but was later determined to meet the requirements of Land with no use restrictions.

# 5. CHANGES IN CAPITAL ASSETS (Continued)

				Prin	nary	Governme	nt			
		Balance ly 1, 2017	In	creases	De	creases	Adjus	tments	Ju	Balance ne 30, 2018
Business-Type Activities:										
Capital Assets Not Depreciable/Amortizable:										
Land	\$	37,842	\$	497	\$	-	\$		\$	38,339
Construction in Progress		103,932		84,810		(5,545)				183,197
Intangible in Progress		255		560		(66)				749
Total Capital Assets Not										
Depreciable/Amortizable		142,029		85,867		(5,611)				222,285
Capital Assets, Depreciable/Amortizable:										
Structures and Improvements		789,263		3,727		(213)				792,777
Equipment		83,963		14,494		(3,988)				94,469
Software		3,641		385						4,026
Infrastructure		621,168		580						621,748
Total Capital Assets,										5_1,110
Depreciable/Amortizable		1,498,035		19,186		(4,201)				1,513,020
Less Accumulated Depreciation/Amortization For:										
Structures and Improvements		(308,036)		(25,497)		113				(333,420)
Equipment		(58,374)		(5,412)		3,858				(59,928)
Software		(750)		(661)						(1,411)
Infrastructure		(375, 165)		(16,028)						(391,193)
Total Accumulated		(= = , = = /		( - / - /						(==, ==)
Depreciation/Amortization		(742,325)		(47,598)		3,971				(785,952)
Total Capital Assets,	-	( , /		( , , )		-,-				(,,
Depreciable/Amortizable (Net)		755,710		(28,412)		(230)				727,068
Business-Type Activities Total Capital Assets, Net	\$	897,739	\$	57,455	\$	(5,841)	\$		\$	949,353
Depreciation/Amortization expense was allocated Government Activities: General Government Public Protection Public Ways and Facilities Health and Sanitation Public Assistance Education Recreation and Cultural Services Internal Service Funds' Depreciation Expens Total Governmental Activities Depreciation Business-Type Activities: Airport	se Allo	ocated to Va	riou	is Functio		\$	1	11,082 45,955 22,056 3,888 4,988 1,695 7,550 9,868 07,082	! ; ; ; ;	
Waste Management			_					17,206	_	
Total Business-Type Activities Depreciat	ion/Aı	mortization E	zp	ense		-		47,598	_	
Total Depreciation/Amortization Expense						\$	1	54,680	<u> </u>	

### 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 \$29,413 as of June 30, 2018. Of this amount, \$715 is not expected to be collected within the next fiscal year. This primarily consists of \$414 for animal care delinquent invoices and \$256 of expected recoveries from the Airport's multi-year fixed-base operator lessee for pollution remediation costs.

# Deposits Receivable

Deposits Receivable had a balance of \$4,723 as of June 30, 2018. Of this amount, \$1,579 is not expected to be collected within the next fiscal year. This primarily consists of \$901 in operating accounts for Dana Point Harbor operators, the Green River Golf Course, and other deposits held for contracted services. In addition, \$528 is not expected to be collected within the next fiscal year for deposits held in condemnation proceedings related to real property acquired through eminent domain.

#### Due from Other Governmental Agencies

Due from Other Governmental Agencies had a balance of \$455,867 as of June 30, 2018. Of this amount, \$10,743 is not expected to be received within the next fiscal year, which primarily consists of \$6,711 owed by the State of California to the County for various mandated cost reimbursements for programs and services the State requires the County to provide. \$3,368 is for expected reimbursement of the Santa Ana River Subvention claims that will be submitted to the State Department of Water Resources. In addition, \$574 is related to a pending credit memo for animal care billings.

### Notes Receivable

Notes Receivable had a balance of \$27,774 as of June 30, 2018. Of this amount, \$27,601 is not expected to be received within the next fiscal year. This primarily consists of \$25,004 for loans to build affordable, low to moderate income, and senior housing. In addition, \$2,030 is for housing loans for MHSA programs and \$518 is for loans provided to first time home buyers.

# 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, 2018 is as follows:

Due from/to other funds:

						Receival	blε	Funds					
		Flood		Other		Other			С	ompressed		Internal	
	General	Control		Public	G	overnmental		Waste		Natural		Service	
Payable Funds	Fund	 District	F	Protection		Funds	Λ	/lanagement		Gas	_	Funds	Total
General Fund	\$ 	\$ 929	\$	1,516	\$	20,393	\$		\$	7	5	\$ 2,620	\$ 25,465
Flood Control District	6,314			180		1,122		20				9	7,645
Other Public Protection	5,727					5						9	5,741
Mental Health Services Act	42,439												42,439
Other Governmental Funds	69,529	1,373		385		3,353		29				89	74,758
Airport	2,271	1		2		42						231	2,547
Waste Management	9,378	178				181						32	9,769
Compressed Natural Gas	16	81											97
Internal Service Funds	 634	29		35		9						6	713
Total	\$ 136,308	\$ 2,591	\$	2,118	\$	25,105	\$	49	\$	7	\$	2,996	\$ 169,174

Interfund transactions between the Primary Government and Component Unit:

Receivable Entity	Payable Entity	 Amount
Primary Government – General Fund	Component Unit – CFCOC	\$ 494
Component Unit – CFCOC	Primary Government - Other Governmental Funds	3

The majority of the interfund balances resulted from the time lag between the time that: (1) goods and services were provided, (2) transactions were recorded in the accounting system, and (3) payments between the funds were made.

Advances to/from other funds:

Receivable Entity	Payable Entity	 Amount
General Fund	Other Governmental Funds	\$ 3,800
Waste Management	General Fund	556
Waste Management	Other Governmental Funds	29,440

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 FY 2003-04 through FY 2011-12. The Waste Management Fund made advances to the General Fund for various information technology capital projects and to Other Governmental Funds for the Sheriff-Coroner's James A. Musick Facility Expansion project. The Waste Management Fund also made advances to Orange County Community Resources for the construction of a new OC Animal Care Center, replacing the existing shelter in the city of Orange.

### 8. COUNTY PROPERTY ON LEASE TO OTHERS

The County has noncancellable 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 noncancellable 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, 2018, approximates \$67,963, net of accumulated depreciation.

# 8. COUNTY PROPERTY ON LEASE TO OTHERS (Continued)

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 noncancellable operating leases as of June 30, 2018 are as follows:

Fiscal Year Ending June 30	Governmental Activities	Business-type Activities
2019	\$ 12,942	\$ 50,827
2020	11,653	39,446
2021	10,489	26,663
2022	10,346	7,951
2023	8,768	4,547
	54,198	129,434
2024-2028	37,869	23,261
2029-2033	33,442	13,627
2034-2038	35,878	
2039-2043	11,526	
2044-2048	4,878	<del></del>
2049-2053	4,429	<del></del>
2054-2058	4,832	<del></del>
2059-2063	5,162	
2064-2068	5,464	<del></del>
2069-2073	5,843	
2074-2078	6,359	<del></del>
2079-2081	3,321	
	159,003	36,888
Total future minimum rentals	\$ 213,201	\$ 166,322

Total contingent rentals, which arise primarily from a percentage of lessee's gross revenues, amounted to approximately \$33,351 (Enterprise Funds), \$6,627 (Other Governmental Funds), \$545 (Internal Service Funds) and \$372 (Flood Control District) for the year ended June 30, 2018.

# 9. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 were as follows:

				T	ransfer In Fund	s			
		Flood	Other		Other			Internal	
	General	Control	Public		Governmental		Waste	Service	
Transfer Out Funds	Fund	District	Protection		Funds		Management	Funds	Total
General Fund	\$ 	\$ 	\$ 2,559	\$	97,844	\$	10	\$ 5,828	\$ 106,241
Flood Control District	2,707				261			788	3,756
Other Public Protection	22,677				3,613			346	26,636
Mental Health Services Act	178,348								178,348
Other Governmental Funds	166,456	50	600		18,815		60	1,675	187,656
Waste Management	10,756								10,756
Compressed Natural Gas		81							81
Internal Service Funds	 110	215						12	337
Total	\$ 381,054	\$ 346	\$ 3,159	\$	120,533	\$	70	\$ 8,649	\$ 513,811

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

# 9. INTERFUND TRANSFERS (Continued)

(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 MHSA, and (6) transfer excess unrestricted revenues to finance various County programs based on budgetary authorizations by the Board. Not all-inclusive, the summary below details some of the more significant transfers:

#### Routine Transfers

#### From General Fund

- \$37,611 was transferred to Other Governmental Funds for various capital projects including, the Year-Round Emergency Shelter and Multi Service Center, and the Civic Center Facilities Master Plan.
- \$17,102 was transferred to Other Governmental Funds to finance the County's 60% share of the Social Services Agency Wraparound Program.
- \$14,966 was transferred to Other Governmental Funds in connection with debt service payments for various County debt issues.
- \$9,006 was transferred to Other Governmental Funds to reimburse expenditures for Sheriff-Coroner construction and facility development projects.
- \$4,856 was transferred to Other Governmental Funds for data systems development projects including the Property Tax System Re-platforming project.
- \$4,738 was transferred to Internal Service Funds primarily for the purchase of Sheriff-Coroner vehicles.
- \$3,000 was transferred to Other Governmental Funds for the maintenance and repair of various Probation Criminal Justice Facilities.
- \$2,530 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.

### From Flood Control District

\$2,707 was transferred to the General Fund for the Watershed Management Program.

#### From Other Public Protection

- \$10,836 was transferred to the General Fund to support the Sheriff-Coroner Department's operations.
- \$4,898 was transferred to the General Fund for the reimbursement of various District Attorney programs, such as Proposition 64 Consumer Protection Fund, Real Estate Fraud, Orange County Auto Theft Task Force (OCATT), and Supplemental Law Enforcement Services Fund (SLESF).
- \$3,518 was transferred to the Other Governmental Funds for Sheriff-Coroner capital projects.
- \$2,961 was transferred to the General Fund for the reimbursement of qualifying Public Protection expenditures incurred by the Clerk-Recorder's Office for specific charges mandated by state law that includes modernization of the County's record keeping system, health statistics, micrographics, and security measures.
- \$2,739 was transferred to the General Fund to cover the shortfall of state and federal appropriations over department expenditures in Child Support Services.

# From Mental Health Services Act

• \$178,348 was transferred to the General Fund for the reimbursement of qualifying Proposition 63 MHSA expenditures.

# From Other Governmental Funds

- \$59,843 was transferred to the General Fund for the reimbursement of various County programs as follows:
  - \$48,635 for the Social Services Agency Wraparound Program
  - \$7,452 for Emergency Medical Services

# 9. INTERFUND TRANSFERS (Continued)

# Routine Transfers (Continued)

- \$3,756 for health disaster preparedness and the Center for Disease Control pandemic flu H1N1 costs
- \$33,096 was transferred to the General Fund for funding multi-year capital projects, including the Year-Round Emergency Shelter and Multi Service Center and HCA projects.
- \$26,754 of Tobacco Settlement monies was transferred to the General Fund to finance Health Care Agency's various health care programs and Sheriff-Coroner Department's operational costs.
- \$16,413 was transferred within the Other Governmental Funds for reimbursement of costs related to the Central Utility Facility Infrastructure Upgrade project.
- \$14,322 was transferred to the General Fund for the surplus reserves transfer to the County from the 2005 Lease Revenue Refunding Bonds.
- \$4,982 was transferred to the General Fund for reimbursement of Juvenile Justice Center debt service payments.
- \$2,396 was transferred to the Other Governmental Funds for reimbursement of debt service payments associated with parking facilities.

# From Enterprise Funds

• \$2,556 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 General Fund

• \$4,613 was transferred to Other Governmental Funds for the Central Utility Facility infrastructure upgrade project.

#### From Other Governmental Funds

- \$7,140 was transferred to the General Fund for the Year-Round Emergency Shelter and Multi Service Center.
- \$6,500 was transferred to the General Fund for the Property Tax Management System Replatforming Project.
- \$5,888 was transferred to the General Fund for various information systems projects.
- \$3,883 was transferred to the General Fund for reimbursement of costs related to the Central Utility Facility Infrastructure Upgrade project.

### From Enterprise Funds

• \$8,200 was transferred to the General Fund for County's portion of Waste Management's net importation revenue.

# 10. SHORT-TERM OBLIGATIONS

# Taxable Pension Obligation Bonds, 2017 Series A

On January 13, 2017, the County issued Taxable Pension Obligation Bonds, 2017 Series A (the 2017 POBs) in the principal amount of \$375,540. The 2017 POBs were issued in order to take advantage of the discount offered by the OCERS Board of Retirement to prepay the County's FY 2017-18 pension contribution. The 2017 POBs were issued as standard bonds, with five fixed-rate tranches, and a final maturity date of June 29, 2018. The obligation of the County to pay principal and interest on the 2017 POBs is imposed by law and is absolute and unconditional. The County repaid in full the outstanding balance of the bonds on June 29, 2018.

# Taxable Pension Obligation Bonds, 2018 Series A

On January 12, 2018, the County issued Taxable Pension Obligation Bonds, 2018 Series A (the 2018 POBs) in the principal amount of \$375,345. The 2018 POBs were issued in order to take advantage of the discount offered by the OCERS Board of Retirement to prepay the County's FY 2018-19 pension contribution. The 2018 POBs were issued as standard bonds, with four fixed-rate tranches, and a final maturity date of April 30, 2019. The obligation of the County to pay principal and interest on the 2018 POBs is imposed by law and is absolute and unconditional. As of June 30, 2018, the outstanding principal amount of the 2018 POBs reported in the General Fund was \$375,345. Refer to Note 4, Deposits and Investments and Note 18, Retirement Plans for additional information.

Description	Balance ly 1, 2017	D P	uances & iscount/ remium ortization	Re	etirements	Balance ne 30, 2018	D	Amounts ue within One Year
County of Orange Taxable Pension Obligation Bonds, 2017 Series A Date Issued: January 13, 2017 Interest Rate: 0.9795% to 1.4809% Original Amount: \$375,540 Maturing in installments through June 29, 2018	\$ 375,540	\$		\$	(375,540)	\$ 	\$	
County of Orange Taxable Pension Obligation Bonds, 2018 Series A Date Issued: January 12, 2018 Interest Rate: 1.881% to 2.253% Original Amount: \$375,345 Maturing in installments through April 30, 2019			375,345			 375,345		375,345
Total	\$ 375,540	\$	375,345	\$	(375,540)	\$ 375,345	\$	375,345

### 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, 2018, the County had no net general obligation bonded debt. The County's legal debt limit for the year was \$7,045,776. 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**

### 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, 2018, the Series 2005 Bonds were fully redeemed.

#### **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, 2018, the outstanding principal amount, interest accretion, and unaccreted interest of the Refunding COPs were \$392, \$2,033 and \$174, respectively.

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

### 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, 2018, the Series 2006 Bonds were fully redeemed.

#### 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, 2018, the outstanding principal amount, including the premium of the Series 2012 Bonds, and interest were \$5,861 and \$252, respectively.

# Revenue Bonds Payable and Certificates of Participation (Continued)

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

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.

#### Central Utility Facility Lease Revenue Bonds, Series 2016

On June 2, 2016, the, SOCPFA issued its \$56,565 Lease Revenue Bonds, Series 2016 at a premium of \$11,724. The Lease Revenue Bonds, payable through April 2036, were issued to finance the acquisition, construction and installation of certain capital improvements to be owned by County and to pay costs relating to the issuance of the bonds. As of June 30, 2018, the outstanding principal amount, including the premium of the Series 2016 Bonds, and interest were \$64,087 and \$28,265, respectively.

The bonds are special obligations of the SOCPFA payable from and secured by the base rental payments to be made by the County pursuant to and as required under the lease agreement and the amounts held in all funds and accounts (other than the rebate fund) under the indenture.

# Taxable Refunding Pension Obligation Bonds, Series 1997A

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

On May 11, 2000, a cash tender offer of certain outstanding Pension Obligation Bonds was completed. The County purchased and canceled \$288,290 (maturity value) of Pension Obligation Bonds for a cost of \$179,016. On June 22, 2000, the debt service on the outstanding Pension Obligation Bonds was provided for through the deposit with the trustee of \$175,492 principal amount of "AAA" rated debt securities issued by Fannie Mae, along with \$9,151 in debt service funds already being held by the trustee. In accordance with irrevocable instructions, these securities, together with other cash amounts and investments held by the trustee, will be used solely to retire the remaining Pension Obligation Bonds as they mature. Because this was an economic defeasance and not a legal defeasance, this debt continues to be reported in the County's financial statements until it is fully redeemed. As of June 30, 2018, the outstanding principal amount, interest accretion, and unaccreted interest of the Series 1997A Pension Obligation Bonds were \$8,217, \$34,553, and \$5,772, respectively.

# 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

# Revenue Bonds Payable and Certificates of Participation (Continued)

Airport Revenue Bonds, Series 2009A and 2009B (Continued)

construction of Terminal C, Parking Structure C and two commuter/regional holdrooms at the north and south ends of the extended Terminal. For the year ended June 30, 2018, the total interest expense incurred and the amount included as part of the cost of capital assets under construction were \$7,841 and \$4,715, respectively. As of June 30, 2018, the outstanding principal amount, including net discount, of the 2009A and 2009B Bonds were \$56,435 and \$95,764, respectively, and the outstanding interest amounts were \$36,402 and \$41,693, respectively. The 2009B Bonds, in the amount of \$27,210, were called for early partial redemption on July 1, 2017

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.

### 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, 2018, \$6,205 of legally defeased debt remains outstanding.

# Fiscal Year 2017-18 Debt Obligation Activity

During FY 2017-18, the following events concerning County debt obligations occurred:

#### **Teeter Plan Notes**

On February 1, 2013, the County issued its three-year tax exempt Teeter Plan Notes, Series B with Wells Fargo Municipal Capital Strategies, LLC and Wells Fargo Bank, National Association, under the Note Purchase and Reimbursement Agreement. 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 plus 0.58%. All of the Teeter Plan Notes were issued within three years of February 1, 2013, with a maturity date of January 29, 2016.

On January 29, 2016, the Note Purchase and Reimbursement Agreement was extended upon mutual agreement between Wells Fargo and the County. In addition, the authorized total was revised to not exceed \$100,000 and all other terms and conditions in the Agreement remained unchanged. Teeter Plan Obligation Notes, Series B were issued to retire the old Teeter Notes maturing January 29, 2016. The new Notes have a maturity date of July 31, 2018. The outstanding amount of the Teeter Plan Notes as of June 30, 2016 was \$30.191.

On July 13, 2016, the County issued an additional \$31,536 in Teeter Plan Notes to finance the purchase of the delinquent property tax receivables associated with the Teeter Plan, leaving an outstanding balance of \$61,727. 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 29, 2016 and June 27, 2017, the County used all of the accumulated base taxes to redeem \$24,364 and \$9,495, respectively, of the Teeter Plan Notes. As of June 30, 2017, the outstanding principal amount of the Teeter Plan Notes was \$27,868.

On July 12, 2017, the County converted its tax exempt Teeter Plan Obligation Notes, Series B to taxable notes to retire the outstanding Teeter balance of \$27,868, and finance the purchase of \$30,621 for the delinquent

# Fiscal Year 2017-18 Debt Obligation Activity (Continued)

# Teeter Plan Notes (Continued)

property tax receivables associated with the Teeter Plan. Proceeds of this issuance associated with the purchase of delinquent property tax receivables paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll. The new Notes have a maturity date of July 31, 2018.

On December 27, 2017 and June 28, 2018, the County used all of the accumulated base taxes to redeem \$21,142 and \$10,100, respectively, of the Teeter Plan Obligation Notes. As of June 30, 2018, the outstanding principal amount of the Teeter Plan Obligation Notes was \$27,247.

For additional information regarding the Teeter Plan Notes, refer to Note 21, Subsequent Events.

# **Schedule of Long-Term Debt Obligations, Fiscal Year 2017-18**

The table below summarizes the revenue bonds and certificates of participation outstanding and related activity for the year ended June 30, 2018.

Description	Balance July 1, 2017	Issuances and Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2018	Amounts Due within One Year
Governmental Activities:						
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 2017-18 Principal and Interest: \$5,725 FY 2017-18 Total Pledged Revenues: \$6 Maturing in installments through July 1, 2017	\$ 6,038	\$ (448)	\$	\$ (5,590)	\$	\$
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: CAB - \$9,084 FY 2017-18 Principal and Interest: \$2,598 FY 2017-18 Total Pledged Revenues: \$2,423 Maturing in Installments Through December 1, 2018 Interest Accretion on CAB	811 3,876	 	 336	(419) (2,179)	392 2,033	392 2,209
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 2017-18 Principal and Interest: \$4,200 FY 2017-18 Total Pledged Revenues: \$2,460 Maturing in installments through June 1, 2018	4,396	(396)		(4,000)		
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 Juvenil Justice Center Bonds issue Interest Rate: 1.00% to 5.00% Original Amount: \$34,380 FY 2017-18 Principal and Interest: \$5,827 FY 2017-18 Total Pledged Revenues: \$5,835 Maturing in installments through June 1, 2019	<del>-</del>	(697)		(5,335)	5,861	5,861

# Schedule of Long-Term Debt Obligations, Fiscal Year 2017-18 (Continued)

Description	Balance July 1, 2017	Issuances and Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2018	Amounts Due within One Year
Governmental Activities (Continued):						
South Orange County Public Financing Authority Central Utility Facility Lease Revenue Bonds, Series 2016 Date Issued: June 2, 2016 Interest Rate: 3.00% to 5.00% Original Amount: \$56,565 FY 2017-18 Principal and Interest: \$4,490 FY 2017-18 Total Pledged Revenues: \$4,654 Maturing in installments through April 1, 2036	\$ 66,025	\$ (108)	\$	\$ (1,830)	\$ 64,087	\$ 2,062
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  County of Orange	11,220 42,765	Ξ	 3,785	(3,003) (11,997)	8,217 34,553	2,772 12,228
Teeter Plan Notes Date Issued: January 29, 2016 Interest Rate: SIFMA Index + 0.58% Original Amount: \$40,387 FY 2017-18 Principal and Interest: \$27,878 Maturing on July 31, 2018	27,868			(27,868)		
Date Issued: July 12, 2017 Interest Rate: 1 month LIBOR + 50 basis points Original Amount: \$58,489 FY 2017-18 Principal and Interest: \$32,337 FY 2017-18 Total Pledged Revenues: \$11,210 Maturing on July 31, 2018		58,489		(31,242)	27,247	27,247
Subtotal - Governmental Activities	174,892	56,840	4,121	(93,463)	142,390	52,771
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 2017-18 Principal and Interest: \$43,935 FY 2017-18 Total Pledged Revenues: \$54,760 Maturing in Installments Through July 1, 2039	187,318	(29)		(35,090)	152,199	8,271
Subtotal - Business-Type Activities	187,318	(29)		(35,090)	152,199	8,271
Total	\$ 362,210	\$ 56,811	\$ 4,121	\$ (128,553)	\$ 294,589	\$ 61,042

# Schedule of Long-Term Debt Service Requirements to Maturity

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

	Governme	ntal A	ctivities	Business-Type Activities					
Fiscal Year(s) Ending June 30	Principal		Interest		Principal		Interest	Total	
2019	\$ 37,341	\$	17,338	\$	8,275	\$	7,683	\$	70,637
2020	4,453		14,533		8,655		7,281		34,922
2021	4,506		15,481		9,085		6,837		35,909
2022	2,678		5,355		9,540		6,369		23,942
2023	2,265		2,221		6,215		5,965		16,666
2024-2028	13,155		9,289		44,200		23,851		90,495
2029-2033	16,785		5,654		31,365		12,864		66,668
2034-2038	12,218		1,242		25,060		6,604		45,124
2039-2040					12,054		641		12,695
Total	93,401		71,113		154,449		78,095		397,058
Add: Premium/(Discount)	12,403				(2,250)				10,153
Add: Interest Accretion on CAB	 36,586								36,586
Total	\$ 142,390	\$	71,113	\$	152,199	\$	78,095	\$	443,797

# **Changes in Long-Term Liabilities**

Long-term liability activities, for the year ended June 30, 2018, were as follows:

	Balance July 1, 2017		Additions		Reductions		Balance June 30, 2018		Due within One Year	
Governmental Activities:		•								
Bonds, COPs and Notes Payable:										
Revenue Bonds	\$	74,300	\$		\$	(16,755)	\$	57,545	\$	6,930
Certificates of Participation		811				(419)		392		392
Pension Obligation Bonds		11,220				(3,003)		8,217		2,772
Teeter Plan Notes		27,868		58,489		(59,110)		27,247		27,247
Add: Premium/(Discount) on Bonds Payable		14,052				(1,649)		12,403		993
Total Bonds, COPs, and Notes Payable, Net		128,251		58,489		(80,936)		105,804		38,334
Interest Accretion on CAB		46,641		4,121		(14,176)		36,586		14,437
Other Long-Term Liabilities:										
Compensated Employee Absences Payable		186,606		168,427		(172,140)		182,893		101,739
Arbitrage Rebate Payable		365				(365)				
Capital Lease Obligations Payable		55,831		47		(12,709)		43,169		6,462
Insurance Claims Payable		202,171		117,824		(116,236)		203,759		55,348
SARI Line Loans		23,900				(23,900)				
Civic Center Facilities Master Plan Financing		175,340						175,340		
Estimated Liability - Litigation and Claims		112,400				(57,400)		55,000		55,000
Intangible Assets Obligations Payable		1,823		812		(783)		1,852		689
Total Other Long-Term Liabilities		758,436		287,110		(383,533)		662,013		219,238
Total Long-Term Liabilities *				_						
For Governmental Activities	\$	933,328	\$	349,720	\$	(478,645)	\$	804,403	\$	272,009

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

# Changes in Long-Term Liabilities (Continued)

	Balance July 1, 2017		Additions		Reductions		Balance June 30, 2018		Due within One Year	
Business-Type Activities:										
Bonds Payable:										
Revenue Bonds	\$	189,539	\$		\$	(35,090)	\$	154,449	\$	8,275
Less: (Discount) on Bonds Payable		(2,221)		(29)				(2,250)		(4)
Total Bonds Payable, Net		187,318		(29)		(35,090)		152,199		8,271
Other Long-Term Liabilities:										
Compensated Employee Absences Payable		4,661		4,220		(4,422)		4,459		2,364
Landfill Site Closure/Postclosure										
Liabilities *		158,481		10,868		(3,363)		165,986		3,363
Pollution Remediation Obligation **		16,684		5,677		(1,810)		20,551		766
Intangible Assets Obligations Payable		154		7		(100)		61		57
Total Other Long-Term Liabilities		179,980		20,772		(9,695)		191,057		6,550
Total Long-Term Liabilities ***										
For Business-Type Activities	\$	367,298	\$	20,743	\$	(44,785)	\$	343,256	\$	14,821

- \* Refer to Note 14 for additional information regarding the increase in Landfill Site Closure/Post Closure Liabilities.
- \*\* Refer to Note 17 for additional information regarding the increase in Pollution Remediation Obligation.
- \*\*\* The total long-term liabilities do not include Net Pension Liability or Net OPEB Liability. Refer to Note 18 for additional information on the Net Pension Liability and Note 19 for Net OPEB Liability.

# **Compensated Employee Absences**

The estimated compensated employee absences payable recorded at June 30, 2018 is \$187,352. 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 of the SARI Line. 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 estimated total project cost of the SARI Line. The loan proceeds were 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, construction of the SARI Yorba Linda Spur

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

(YLS) was completed and the total amount paid to the contractor was \$8,314. Construction of the SARI Mainline was completed on August 17, 2015 and the total amount paid to the contractor was \$42,014.

Due to binding arbitration as a result of the contractor's claim, an additional payment was made to the YLS contractor in the amount of \$579 for a total payment of \$8,893. Likewise, due to mediation settlement as a result of the contractor's claim, an additional payment was made to the SARI Mainline contractor in the amount of \$3,002 for a total payment of \$45,016. As of June 30, 2018, the total outstanding loan principals have been fully repaid. In addition to the principal, SAWPA is also entitled to all interest earned on their loan deposit per the financing agreement. The earned interest in the total amount of \$59 will be remitted to SAWPA.

# **Civic Center Facilities Master Plan Financing**

The Facilities Strategic Plan involves the +/- 11-acre County "superblock" (bounded by Ross Street, Civic Center Drive, Broadway and Santa Ana Boulevard), as well as County satellite buildings within the vicinity of the Civic Center. The Facilities Strategic Plan, which contains four phases, was approved by the Board on April 25, 2017. Phase One activity spans from 2016 to 2021 and includes replacement of the existing Building 16 with new facilities, construction of a County conference and events center, demolition of Building 11 (Hall of Finance) and renovation of the H.G. Osborne Building.

On June 22, 2017, the CMFA, issued its \$152,400 Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program-Phase One) at a premium of \$22,940, with an interest rate range from 4.00%-5.00%. As the debt was issued by CMFA, this does not constitute debt for the County. Pursuant to a loan agreement, CMFA loaned the bond proceeds totaling \$175,340 to the Capital Facilities Development Corporation (Corporation), a component unit of the County, to construct Building 16 located at 601 N. Ross Street. A contractor has been selected to construct Building 16 pursuant to a Development Agreement with the Corporation.

The County's payment obligation will commence once the building's Certificate of Substantial Completion is delivered to the trustee. County departments occupying Building 16 will be responsible for making base rental payments. The County's base rental payments, under the Facility Lease, are scheduled to begin in FY 2020-21 and will be used to repay the loan to the CMFA. Loan repayments are scheduled to conclude when the bonds mature in June 2047.

The following is a schedule of the annual debt service requirements to maturity for the Orange County Civic Center Infrastructure Improvement Program-Phase One.

Fiscal Year(s) Ending June 30	Principal		Interest		Total
2019	\$	\$		7,176	\$ 7,176
2020				7,176	7,176
2021		2,805		7,176	9,981
2022		2,945		7,036	9,981
2023		3,090		6,888	9,978
2024-2028		17,940		31,962	49,902
2029-2033		22,895		27,006	49,901
2034-2038		29,215		20,681	49,896
2039-2043		37,290		12,609	49,899
2044-2047		36,220		3,691	 39,911
Total		152,400		131,401	283,801
Add: Premium		22,940			22,940
Total	\$	175,340	\$	131,401	\$ 306,741

# **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, 2018, amounted to \$519,115.

# **Orange County Vehicle License Fees (VLF)**

On September 27, 2013, Assembly Bill (AB) 701 was signed to resolve the dispute between the State and the County which required the County to repay \$150,000 to the State. The \$150,000 due to the State was formally set aside. Repayment of this was allowed over five years. As of June 30, 2018, the remaining obligation to the State is \$55,000, formally set aside in reserve in the FY 2013-14 First Quarter Budget. For additional information regarding the VLF, refer to Management's Discussion and Analysis.

# 12. CONDUIT DEBT OBLIGATIONS AND SUCCESSOR AGENCY DEBT

# Single and Multi-Family Housing Bonds

From 1980 through 2013, the County issued bonds under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California. The purpose of the bonds is to finance the purchase of single-family homes and the construction of multi-family units to benefit low and moderate income families.

The bonds are secured by the property financed and are payable solely from revenue of the projects and payments received on the underlying mortgage loans.

The bonds do not constitute a liability of the County. Neither the County, the State of California, nor any political subdivisions thereof are obligated in any manner for the repayment of the bonds. In no event shall the bonds be payable out of any funds or properties of the County. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2018, there were 18 series of bonds outstanding with an aggregate principal amount payable of \$155,073.

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

#### 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 Neighborhood Development and Preservation Project (NDAPP) and Santa Ana Heights Project (SAHP) Refunding Bonds debt service obligations for FY 2017-18 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, 2018, the outstanding principal amount, including the premium of the OCDA Successor Agency bonds and remaining interest were \$22,247 and \$2,564, respectively.

The bonds do not constitute a liability of the County. Neither the County, the State of California, nor any political subdivisions thereof are obligated in any manner for the repayment of the bonds. In no event shall the bonds be payable out of any funds or properties of the County. Accordingly, the bonds are reported as liabilities in the private-purpose trust fund.

### 13. LEASES

#### 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, 2018:

Fiscal Year Ending June 30	E	Equipment		Real Property		Total		
2019	\$	1,674	\$	28,019	\$	29,693		
2020		120		27,270		27,390		
2021		47		27,279		27,326		
2022		13		23,401		23,414		
2023		2		20,681		20,683		
2024-2028		6		72,775		72,781		
2029-2033				14,820		14,820		
Total	\$	1,862	\$	214,245	\$	216,107		

Total expenditures for equipment rentals and building and improvements incurred for FY 2017-18 was \$59,644.

The following is a schedule of property the County has leased under capital leases at June 30, 2018:

Land	\$ 14,831
Equipment	27,974
Less: Accumulated Depreciation	(8,958)
Structures & Improvements	64,180
Less: Accumulated Depreciation	 (37,948)
Total	\$ 60,079

# 13. <u>LEASES (Continued)</u>

#### Capital Leases

The following are the future minimum lease payments under capital leases and the present value of the net minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30	
2019	\$ 9,431
2020	9,554
2021	8,606
2022	6,993
2023	7,147
2024-2027	12,888
Total Minimum Lease Payments	54,619
Less: Amount Representing Interest	(11,450)
Present Value of Net Minimum Lease Payments	\$ 43,169

# 14. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS

State laws and regulations require Waste Management 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, Waste Management will report a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of the Statement of Net Position date.

Waste Management owns or operates the following waste disposal sites:

- Frank R. Bowerman (FRB) (Irvine Active)
- Olinda Alpha (Brea Active)
- Prima Deshecha (San Juan Capistrano Active)
- Santiago Canyon (Orange Ceased accepting waste in 1996, final closure certification in 2005)
- Coyote Canyon (Newport Beach Ceased accepting waste in 1990, final closure certification in 1995)

The total landfill closure and postclosure care liability at June 30, 2018 was \$165,986. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (34.81% for FRB, 81.65% for Olinda Alpha and 20.92% for Prima Deshecha), less actual costs paid related to both closure and postclosure of the Santiago Canyon and Coyote Canyon landfills. Waste Management will recognize the remaining estimated cost of closure and postclosure care of \$180,592 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2017 dollars (using the 2017 inflation factor of 1.018). Waste Management estimates that it has enough landfill capacity to operate the system for a minimum of 25 years. However, Waste Management 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, Waste Management makes annual cash contributions as required to its escrow funds to provide financial assurance for estimated future landfill closure costs based on the GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", formula which is adjusted annually by the Cal Recycle-provided CPI factor. Also in compliance with regulations, Waste Management has executed pledge-of-revenue agreements to provide financial assurance for estimated future landfill postclosure maintenance costs. The agreements state that Waste Management pledges revenue from future disposal fees deposited to pay for estimated postclosure maintenance or shall obtain alternative coverage within sixty (60) days if Waste Management ceases at any time to retain control of its ability to allocate pledged revenue to pay postclosure

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

maintenance costs. Waste Management 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, 2018, a total of \$92,035 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 and Investments-Closure and Postclosure Care Costs.

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

# 15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

# **Encumbrances**

The County has established a procedure for encumbering appropriations for purchase orders, contracts, and other commitments authorizing delivery of merchandise or rendering of services. An encumbrance system reduces the possibility of commitments being made in excess of budgeted appropriations due to the lag time between issuance of purchase orders, contracts, and other obligations, and the actual provision of services or goods and subsequent receipt of invoices and billings from the vendors and contractors. Depending on the source(s) of funding, encumbrances are reported as part of restricted or assigned fund balance on the governmental funds balance sheet. In accordance with GASB Statement No. 54, the County's total significant encumbrances for governmental funds in the aggregate are reported at June 30, 2018, as follows:

General Fund	\$ 50,702
Flood Control District	70,122
Other Public Protection	1,380
Other Governmental Funds	76,839
Total Encumbrances for Governmental Funds	\$ 199,043

# 15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

# **Construction Commitments**

At June 30, 2018, 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	Significant Commitments
Governmental Activities:	
General Fund	
Property Tax System Re-platforming Project	\$ 3,692
Video Management and System Upgrade	1,378
Year-Round Emergency Shelter and Multi Service Center	1,325
Flood Control District	6,395
Flood Control District Fullerton Creek Channel, D/S Western Ave to U/S Beach Blvd Improvement Project	21,647
San Juan Creek Channel Phase IV-3700' to 6100' U/S Stonehill Dr	9,399
Lane Channel-U/S Jamboree Rd to D/S Main St Phase 1	6,792
San Diego Creek Sediment Removal I-405 Project	4,379
Santa Ana River Dredging Project PCH to Upstream Adams Ave	2,488
Santa Ana River Interceptor Line Construction	2,421
Barranca Channel Project	2,213
Santa Ana River Parkway Extension	1,125
	50,464
Other Governmental Funds	440,000
Civic Center Facilities Master Plan	110,869
Edinger Avenue Bridge Replacement Over Bolsa Chica Channel	7,952
Live Oak Canyon Road, El Toro/Santiago Canyon Rd to O'Neill	3,145
Replace Air Handlers at Central Men's Jail, Central Women's Jail and Headquarters	2,537 2,447
Dana Point Harbor Revitalization	2, <del>44</del> 7 1,452
Aliso Wood Canyon Visitor Center Theo Lacy Jail Industrial Garbage Grinder	1,388
Santa Ana Parkway	1,141
Laguna Canyon Road Segment 4, Phase 2 to 4	1,126
Juvenile Hall Multipurpose Rehabilitation Center	1,117
La Pata Avenue Gap Closure/Widening, Phase I & II	1,017
<b>3</b> ,	134,191
Internal Service Funds	
Purchase of Various Vehicles	5,894
	5,894
Business-Type Activities:	
Airport	
Parking Structure C, Phase 2	2,652
Terminal Improvements	2,139
Taxiway "B" Rehabilitation	1,518 6,309
Waste Management	0,309
Olinda Front Slope Improvement Project Phase 2	8,090
Frank R. Bowerman Landfill Soil Buttress and Liner Construction Project	7,750
Prima Zone 1 Mass Excavation	4,844
	20,684
Total Commitments	\$ 223,937

# 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 is to prevent devastating damage caused by large-scale flooding of the Santa Ana River flood plain. When the SARMP was initiated in 1989, the U.S. Army Corps of Engineers (COE) considered this flood plain to constitute the worst flood threat west of the Mississippi River as to potential impacts to population and property. The Project involves a combination of flood channel improvements and constructing new channels in Orange, San Bernardino, and Riverside counties, construction of the Seven Oaks Dam in San Bernardino County, construction of improvements and protection at the Santiago retention basin and along the creek, raising the existing Prado Dam and increasing its flood flow outlet gates and reservoir capacity, along with several environmental mitigation-related studies, habitat restoration and protection activities, recreation amenities, and preservation of historical sites and records.

The COE's estimated combined cost of all project components is \$2,463,400. OCFCD's combined cost share is estimated to be \$786,633 for the entire Santa Ana River Project. As of June 30, 2018, the OCFCD has expended about \$641,855 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 ongoing. The COE completed construction of National Housing Tract Dike and Sewage Treatment Plant in 2008. Landscaping for these dikes began in September 2009 and were completed in June 2011. Several environmental mitigation studies and restoration/preservation projects are underway in all three counties. All property right acquisitions for the Seven Oaks Dam and along the lower Santa Ana River in Orange County up to Weir Canyon Road are completed. The Green River Golf Course was acquired in September 2006. This property is required for construction of protection along SR-91 and nearby mobile homes, open space/recreation mitigation, and to accommodate increased flooding when the Prado Dam outlet gates are constructed and operational. The first phase of SR-91 protection (Reach 9 Phase 2B Project) was completed in September 2014. The second phase (Reach 9 Phase 3) started construction in January 2014 and was completed in March 2015. As continuation to the ongoing Reach 9 Project, the COE determined that bank improvements needed to continue east on the south side of the Santa Ana River along SR-91. As such, the Reach 9 Phase 4 Project was developed and the project was awarded on April 13, 2016 at an estimated cost of \$15,300. Completion of the Reach 9, Phase 4 Project is expected to occur in January 2019. The COE is also constructing bank improvements on the north side of the Santa Ana River adjacent to La Palma Avenue from Weir Canyon Road to the railroad (Reach 9 Phase 5A and Phase 5B). Phase 5A was awarded on September 28, 2015 at a cost of \$22,500 and is expected to be completed in January 2019. The construction contract for Phase 5B was awarded in September 2016 with an estimated cost of \$25,500 and expected to be completed in July 2020. 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 would be November 2018. A contract for the construction of the Yorba-Slaughter Adobe Dike was awarded in December of 2012 at a cost of \$6,000 and was substantially completed in August 2017. The Women's Prison Dike (to protect the California Institute of Women) was awarded September 2014 for \$12,700 and a \$3,400 modification which was awarded in August 2015. This feature was substantially completed April of 2016. The OCFCD continues to acquire property rights for the Prado Dam Project, subject to the availability of funding.

# 15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

# **Construction Commitments (Continued)**

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, 2018, OCFCD has submitted \$427,362 in claims, and received \$385,929 in reimbursements. An additional \$2,324 in claims is in the process of being prepared for submittal to the DWR.

Of the total amount outstanding, \$3,752 was accrued as revenue, and \$32,088 was reported as deferred inflows of resources at the fund level and recognized as revenue in the government-wide financial statements. Once a claim is reviewed and approved by DWR, 90% of the eligible expenditures can be paid, subject to available funding, with the remaining 10% paid after an audit by the State Controller's Office.

## 16. SELF-INSURANCE

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

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. There were no losses that impacted the County's excess insurance coverage for the last three fiscal years.

Independent actuarial studies are prepared annually for the Workers' Compensation and Property and Casualty Risk ISFs. The reported unpaid claims liabilities are based on the results of those annual actuarial studies and include case reserves, development of known claims, incurred but not reported claims, allocated loss adjustment expenses and unallocated loss adjustment expenses. Unpaid claims liabilities are calculated considering inflation, claims cost trends, including frequency and payout of settlements and judgments, interest earnings, and changes in legal and economic factors. Unpaid claims liabilities have been discounted at a rate of 3.50% 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.

# 16. SELF-INSURANCE (Continued)

The County's Wellwise Choice, Wellwise Retiree, Sharewell Choice, and Sharewell Retiree PPO plans have no lifetime coverage maximum limitations. The dental insurance coverage is up to \$1,500 (absolute dollars) annually for each covered employee or dependent. The short-term disability insurance coverage is up to 12 months or when the employee returns to work, whichever occurs first. Unemployment benefits covered by law are 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).

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

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							не	aith & Other	
			Ρ	roperty &			S	elf-Insured	
	1	Norkers'	(	Casualty	U	nemployment		Employee	
	Cor	npensation		Risk		Insurance		Benefits	Total
Unpaid Claims, Beginning of FY 2016-17	\$	159,690	\$	46,020	\$	808	\$	12,978	\$ 219,496
Claims and Changes in Estimates		30,398		16,157		1,088		61,757	109,400
Claim Payments		(44,454)		(19,115)		(974)		(62,182)	(126,725)
Unpaid Claims, End of FY 2016-17		145,634		43,062		922		12,553	202,171
Claims and Changes in Estimates		40,568		12,802		848		63,606	117,824
Claim Payments		(36,007)		(15,777)		(969)		(63,483)	(116,236)
Unpaid Claims, End of FY 2017-18	\$	150,195	\$	40,087	\$	801	\$	12,676	\$ 203,759

## 17. POLLUTION REMEDIATION

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

#### John Wayne Airport (Airport)

In 1988 and 2006, the Airport 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, the Airport began monitoring and remediating the Old Fuel Farm and the Former Fire Station #33 sites, respectively.

In 2008, the sites were sampled as part of an assessment. The results revealed that the soil and groundwater were still impacted by chemical pollutants. In an effort to increase the removal of the chemicals, the Airport's environmental consultant reevaluated the sites and recommended a change to the remediation plan. The consultant calculated the new estimated pollution remediation liability based on a more active method of remediation that includes remedial technologies such as soil vapor extraction, dual-phase sparging, and bioremediation.

The Airport started implementing the new remediation method in the fiscal year ended June 30, 2011. Following a remedial pilot test, the Airport has been performing monthly free-product removal at the Old Fuel Farm and performing annual groundwater monitoring at both sites. Active remediation has been delayed pending further guidance from the RWQCB, which could possibly affect the estimated pollution remediation liability as well as cause changes to the remedial technologies used to remediate the sites. As of June 30, 2018, the Airport has a

# John Wayne Airport (Airport) (Continued)

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

In 1995, the Airport entered into a Memorandum of Understanding (MOU) with one of its fixed-base 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 Proprietary Funds Statement of Net Position as part of accounts receivable, the total expected recovery for the Old Fuel Farm site is \$256 as of June 30, 2018.

The estimated pollution remediation obligation as of June 30, 2018, is:

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

### Waste Management

Six closed sites were identified and the remediation costs and time periods were calculated for each of these sites based upon the type of remediation needed and historical trend data for closed landfill sites. The combined pollution remediation obligation ending balance as of June 30, 2018, after deducting actual pollution remediation expenses incurred during fiscal year 2018, is \$19,557.

<u>Cannery Former Refuse Disposal Station</u> A park owned by the City of Huntington Beach (Huntington Beach), California and an elementary school playground are located on a site that was formerly used as a refuse disposal station operated by the County from 1957 to 1969. Levels of methane gas that exceed regulatory limits were detected on the property. The Local Enforcement Agency (LEA) issued a Notice and Order to Huntington Beach, requiring Huntington Beach to remedy the landfill gas exceedances and to control potential offsite migration of landfill gases. In response to the LEA's Notice and Order, Huntington Beach and the Huntington Beach City School District (School District) issued the Notices of Intent to Sue under Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation, and Liability Act to the County in 2004. Under an agreement with the County, Huntington Beach, and School District claims were tolled until June 2006.

Huntington Beach, the County, and School District entered into a Settlement Agreement in 2007 whereby Huntington Beach would be responsible for maintaining the cover of the former disposal site and the County would assume responsibility for the collection and control of landfill gas.

Based on engineering estimates and existing contracts for the operation and maintenance of other disposal sites of a similar size, the age of the site, the length the wastes have been buried and other factors, the County anticipates that the landfill gas collection system will operate fully for 15 years from beginning of the obligation date. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$46.

<u>Lane Road Former Refuse Disposal Station</u> The site, located in the City of Irvine, California and owned by NGP Realty Sub, L.P. and others, was leased and operated by the County as a refuse disposal facility from 1961 until its closure in 1964. An investigation revealed that landfill gas is present above regulatory limits in close proximity to residential housing units. The LEA issued a Notice and Order to the property owner requiring them to remedy the landfill gas exceedances and to control potential offsite migration of landfill gases. In response to the LEA's Notice and Order, a claim was filed with CEO Risk Management. The County entered into a

Waste Management (Continued)

Lane Road Former Refuse Disposal Station (Continued)

Settlement Agreement with the property owner in 2005. Per terms of that Settlement Agreement, the County funded the construction of a landfill gas collection and control system, including a carbon treatment element, for the eastern portion of the site. After verification that the system was operating as planned, the County assumed ownership of the system and responsibility for its operation, maintenance and monitoring in 2008. Also in 2008, it was discovered that landfill gas was elevated in the northern portion of the site. Pursuant to the Settlement Agreement, the County designed and constructed an upgrade and enhancement to the existing landfill gas system to control landfill gas migration on the northern portion of the site.

Based on engineering estimates and existing contracts for the operation and maintenance of other similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 25 years from beginning of the obligation date, then will most likely either no longer be required or will be converted to a passive system. The cost for the operation, maintenance and monitoring of the system was highest in the first full year of operation when the carbon canisters needed more regular replacement. For each subsequent year of operation, the cost will be reduced due to less frequent carbon swapping and due to anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation is estimated at \$286. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$1,930.

<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 was sold to the U.S. Food and Drug Administration. Levels of methane gas that exceed regulatory limits were detected on the property. As both parties expressed an interest in avoiding costly litigation, the County entered into negotiations to cooperatively address site concerns, resulting in a Cooperative Agreement with 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 from beginning of the obligation date. The cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation is estimated at \$118. The remaining obligation for landfill gas remediation at the San Joaquin site over the anticipated operational period is \$567.

<u>La Veta Former Refuse Disposal Station</u> Located in the City of Orange (Orange), California, 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. In 2006, 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 indicate that further site assessment is 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, 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, 2018.

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).

Waste Management (Continued)

La Veta Former Refuse Disposal Station (Continued)

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 County has acquired a single-family residence for the amount of \$828 with remaining obligation of \$32 for relocation costs. The County will retain responsibility for any required monitoring for the property. Monitoring may be required for up to 25 years from the date of acquisition.

Forster Former Refuse Disposal Station The site, located in the City of San Juan Capistrano (San Juan Capistrano), California was formerly leased and operated as a refuse disposal station by the County from 1958 to 1976. The current owner, Advanced Group 99-SJ, is proposing a change in land use for the property and has notified the County of its position that the County is responsible for re-closure of the site to meet current commercial and redevelopment requirements. The County disputes responsibility for site development related costs. In early 2010, San Juan Capistrano approved the proposed project and certified the Environmental Impact Report (EIR). The EIR was a subject of a citizen's referendum that ultimately resulted in affirmation of the proposed project. Subsequent to San Juan Capistrano approval of the proposed development plan, Advanced Group 99-SJ and the County entered into negotiations to resolve issues related to environmental responsibility at the site. These negotiations resulted in a settlement agreement and release of claims, brought about by a threat of litigation over the California Environmental Quality Act approvals. The settlement and release will permit the development of the site, with monies paid by the County for environmental controls to be installed at the site, an operation and maintenance fund and for environmental insurance, subject to conditions such as obtaining grading permits for the site for its actual development. In exchange, indemnification and environmental releases were provided by the developer to the County. The obligation by the County for environmental infrastructure and controls at the site as agreed upon in the Settlement Agreement is \$7,500.

The entire sum is anticipated to be released within five (5) years from the approval of the project grading permits, but is dependent upon actions by the owner and regulatory approvals for the project. The County will continue to incur additional costs for work related to the County's current obligation to monitor the groundwater underlying the site. This responsibility will be transferred to the site owner upon completion of one of the settlement agreement milestones, but due to the uncertainty of specific timing, the County is unable to fully estimate the remaining ground water obligations as of June 30, 2018.

The remaining balance for landfill gas remediation at the Forster site is \$7,500 as of June 30, 2018. Distribution of these funds will occur over time based on specific milestones in the development of the site.

<u>Yorba Refuse Disposal Station</u> The site, located in Orange, California, was owned and operated as a solid waste disposal site by the County. After disposal operations ceased, the site was sold to Orange for use as a city park. Park deed restrictions were later lifted from the property at the request of the city, which then began investigation into some form of commercial application or development at the site. In 2010, the Orange Redevelopment Agency filed suit against Orange. The Complaint alleged various causes of action, including those for private nuisance, public nuisance, dangerous condition of property and statutory contributions for hazardous substances, and a Porter-Cologne contribution and for Polanco Redevelopment Act cost recovery. The relief sought is for unknown costs and damages. In turn, Orange filed a cross-complaint against the County. The causes of action alleged include indemnity and/or contribution, declaratory relief, hazardous substance account act indemnity and remedies under the Porter-Cologne Act.

Orange and the County entered into negotiations to resolve the issues brought forth by Orange. The negotiations resulted in a settlement agreement and release of claims executed on November 5, 2015. This settlement agreement and release of claims provides a remedy for the differential settlement or subsidence to

Waste Management (Continued)

Yorba Refuse Disposal Station (Continued)

replace the irrigation system and for costs associated with site maintenance with monies paid for by the County. In addition, effective on the date of the agreement, the County assumed responsibility and ownership of the landfill gas control system at the site. In exchange, indemnification has been provided by Orange to the County. Based on engineering estimates and existing contracts for the operation and maintenance of other similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 30 years from beginning of the obligation date, then will most likely either no longer be required or will be converted to a passive system. The cost for the operation, maintenance and monitoring of the system was highest in the first full year of operation when the system needed upgrades and relocation of critical equipment. For each subsequent year of operation, the cost will be reduced due to less frequent carbon swapping and due to anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation is estimated at \$357. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$9,482 as of June 30, 2018.

The estimated pollution remediation obligation as of June 30, 2018 is:

Cannery	\$ 46
Lane Road	1,930
San Joaquin	567
La Veta	32
Forster	7,500
Yorba	 9,482
Waste Management Pollution Remediation Obligation	\$ 19,557

### **18. RETIREMENT PLANS**

The County of Orange participates in a number of pension plans. The OCERS plan and Extra-Help Defined Benefit plan are cost-sharing multiple-employer defined benefit pension plans. The County of Orange 401(a) and County of Orange 1.62% at 65 Retirement 401(a) plans are defined contribution plans. A summary of pension amounts for the County's defined benefit plans at June 30, 2018 is presented below:

	OCERS		Extra-Help Defined Benefit Plan		Total	
Deferred Outflows of Resources Related to Pension	\$ 1,047,0	•	2	\$	1,047,019	
Net Pension Liability Deferred Inflows of Resources Related to Pension	3,984,4 822,0		1,962 		3,986,363 822,039	
Pension Expense	413,5	52	481		414,033	

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

<u>Plan Description</u>: Substantially all County employees participate in OCERS, a cost-sharing multiple-employer public employee retirement system established by the voters of Orange County in 1945 pursuant to the County Employees Retirement Law of 1937, 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

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

# Plan Description (Continued)

alternate. Four OCERS Board members are appointed by the Board, three members plus one alternate are elected from active County employees, one member is elected from retirees, and the County Treasurer-Tax Collector is elected by registered voters in the County, serves as an Ex-Officio member.

The OCERS Board supervises the investment of OCERS assets and the distribution of benefits to retired employees. The OCERS Board also determines the annual contributions required of the County and other participating local governmental entities to fund OCERS.

The Retirement Law requires an actuarial valuation to be performed at least once every three years. OCERS' practice has been to conduct an actuarial valuation annually as of December 31, which is the end of the OCERS fiscal year.

OCERS operates as a cost-sharing multi-employer defined benefit pension plan for the County of Orange, Orange County Superior Court of California, City of San Juan Capistrano, and twelve special districts: Orange County Cemetery District, Orange County Children and Families Commission, Orange County Department of Education, Orange County Employees Retirement System, Orange County Fire Authority, Orange County In-Home Supportive Services Public Authority, Orange County Local Agency Formation Commission (LAFCO), Orange County Public Law Library, Orange County Sanitation District, Orange County Transportation Authority, Transportation Corridor Agencies and the University of California, Irvine Medical Center and Campus. The Orange County Department of Education and the University of California, Irvine Medical Center and Campus are closed to new member participation. Capistrano Beach, Cypress Recreation & Parks District, Orange County Mosquito and Vector Control and City of Rancho Santa Margarita are no longer active plan sponsors, but retired members and their beneficiaries, as well as deferred members, remain in the System. OCERS is legally and fiscally independent of the County.

Benefits Provided: OCERS provides for retirement, death, disability, and cost-of-living benefits. Under OCERS, each County employee receives a defined-benefit pension at retirement, that is, a specific amount per month determined in accordance with the Retirement Law, which amount is not dependent upon the amount of money credited to the employee's account at the time of retirement. An OCERS member may be eligible for a Disability Retirement allowance. The member will be asked to designate a beneficiary or beneficiaries, who may be entitled to receive lifetime and/or lump sum benefits that may be payable upon a member's death. OCERS also provides two types of disability benefits, a nonservice-connected disability retirement or service-connected disability retirement. Under each type, the eligibility requirements are different. More information can be found on <a href="https://www.ocers.org">www.ocers.org</a>. The OCERS Board does not set the benefit amounts. OCERS administers benefits that are set by the County Board through the collective bargaining process with County employees in accordance with the Retirement Law.

Effective June 28, 2002, Safety members, including Probation Services employees, became eligible for an annual annuity equal to a retirement benefit formula of 3% of the member's "final compensation" for each year of service rendered at age 50. Law enforcement management, which includes executives in the Sheriff-Coroner and District Attorney departments, and employees represented by the Association of Orange County Deputy Sheriffs hired after April 9, 2010, receive an annual annuity equal to a retirement benefit formula of 3% of the member's "final compensation" for each year of service rendered at age 55.

Effective July 1, 2005, as part of collective bargaining agreements with County employees, most General members who work for the County (approximately 14,000) became eligible for an enhanced annual annuity equal to a retirement benefit formula of 2.7% of the member's "final compensation" for each year of service rendered at age 55. In collective bargaining agreements with General members, the employee associations agreed to pay the increased retirement costs related to the difference between the prior retirement benefit formulas and the new 2.7% at age 55 enhanced formula, as well as the annual amortization of the unfunded liability created by the retroactive application of the increased benefit. Members of the American Federation

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

# Benefits Provided (Continued)

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 with an employer match.

Non-vested Supplemental Targeted Additional Retiree Cost of Living Adjustment (STAR COLA) benefits are also paid by OCERS to eligible retirees and survivors. Pursuant to Government Code Section 31874.3 of the Retirement Law, the OCERS Board has the sole authority to grant STAR COLA each year. The OCERS Board understands that granting STAR COLA may increase the Unfunded Actuarial Accrued Liability (UAAL); and therefore, asks for comments from plan sponsors prior to voting on approval of the annual benefit.

Retirees who have lost more than 20% of their purchasing power since retirement are eligible for this benefit, and currently, approximately 263 retirees (of which 255 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.

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

Employer contributions are based on what is needed to properly fund the system. The law, however, does allow employers and employees to negotiate some variation in who pays the contributions. OCERS' responsibility is to make certain the total required contribution is paid, regardless of how the employers and employees share the cost. For FY 2017-18, employer's contributions for funding purpose, as a percentage of covered payrolls, were 34.70% for General members, 61.89% for Safety-Law Enforcement members and 44.97% for Safety-Probation members, as determined by the December 31, 2015, actuarial valuation. The County's total contribution to OCERS for the year ended June 30, 2018 was \$433,098.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: At June 30, 2018, the County reported a liability of \$3,984,401 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability (TPL) used to calculate the net pension liability was determined using actuarial valuation results. At December 31, 2017, the County's proportion was 80.46%, which was an increase of 2.55% from its proportion measured as of December 31, 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)

For the year ended June 30, 2018, the County recognized pension expense of \$413,552. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources	
Net Difference Between Projected and Actual			'	_	
Earnings on Pension Plan Investments	\$		\$	383,075	
Differences Between Expected and Actual Experience					
in the Total Pension Liability		12,560		358,546	
Changes of Assumptions or Other Inputs		578,940		80,270	
Changes in Proportion and Differences Between Employer's					
Contributions and Proportionate Share of Contributions		19,733		148	
County Contributions Subsequent to the Measurement Date		233,125			
County Prepaid Pension Contribution		202,659			
Total	\$	1,047,017	\$	822,039	

\$233,125 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, 2019.

The County reported the full amount of prepaid pension contribution as a part of the prepaid cost at the fund level. However, due to the difference in the County's fiscal year end date and the net pension liability measurement date, half of the prepaid pension contribution of \$202,659 is recognized as deferred outflows of resources related to pension, and the other half will remain as a prepaid cost on the government-wide statement.

In September 1994, the County issued \$320,000 of pension obligation bonds, of which \$318,000 in proceeds were paid to OCERS. OCERS maintains the proceeds in a County Investment Account. Amounts in the County Investment Account have been used to fund a portion of the County's contributions over time, pursuant to agreements between OCERS and the County, which allows the County significant discretion in applying the credit. As of June 30, 2018, \$135,485 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, 2018, the County did not utilize funds available in the County Investment Account to meet its annual required contribution.

On January 12, 2018, the County issued its short-term Taxable Pension Obligation Bonds, 2018 Series A in the amount of \$375,345. Of the \$375,345 bond proceeds, \$375,242 was combined with \$30,077 in contributions from certain County departments to prepay the estimated FY 2018-19 actuarially required contribution related to both the amortization of the UAAL and the normal annual contribution to OCERS. In return, the County received a 4.50% discount or \$18,239 on the required employer contribution amount. The discount, combined with the interest and issuance costs, resulted in a net savings of \$9,704 to the County. Refer to Note 4, Deposits and Investments, and Note 10, Short-term Obligations, for additional information.

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

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

Amounts provided by OCERS' actuarial study reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Year ending June 30:	
2019	\$ (23,504)
2020	(67,706)
2021	(146,692)
2022	(78,686)
2023	104,735
Thereafter	1,047

<u>Actuarial Assumptions</u>: The actuarial assumptions included a 2.75% inflation rate, 4.25% to 12.25% projected salary increases to general members and 4.75% to 17.25% to safety members, and a 7.00% (previously 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 7.00%, the long-term expected rate of return on pension plan investments. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the actuarially determined contribution rates.

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

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

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

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

# Discount Rate (Continued)

		Long-Term Expected
Asset class	Target Allocation	Real Rate of Return
Global Equity	35.00%	6.38%
Core Bonds	13.00%	1.03%
High Yield Bonds	4.00%	3.52%
Bank Loan	2.00%	2.86%
TIPS	4.00%	0.96%
Emerging Market Debt	4.00%	3.78%
Real Estate	10.00%	4.33%
Core Infrastructure	2.00%	5.48%
Natural Resources	10.00%	7.86%
Risk Mitigation	5.00%	4.66%
Mezzaine/Distressed Debts	3.00%	6.53%
Private Equity	8.00%	9.48%
Total	100.00%	

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

	1%	Current	1%	
	Decrease	Discount Rate	Increase	
	(6.00%)	(7.00%)	(8.00%)	
County's proportionate share of the net pension liability	\$6,139,455	\$3,984,401	\$2,233,688	

<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 <a href="https://www.ocers.org">www.ocers.org</a>, in writing to the Orange County Employees Retirement System, 2223 Wellington Avenue, Santa Ana, CA 92701, or by calling (714) 558-6200.

### **County Administered Plans**

### **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 2% of the participant's career earnings during the final 30 years of service credited under the Plan. There are no automatic cost-of-living adjustment (COLA) increases and no ad hoc COLAs have ever been granted. The current benefit for a participant who terminates or retires after November 20, 2008 is a lump sum payment, which is the greater of the actuarial equivalent of the participant's frozen accrued monthly benefit or the participant's contribution plus interest earnings. The normal retirement date is the first day of the month coinciding with or immediately preceding a participant's birthday.

The plan was adopted to comply with the Omnibus Budget Reconciliation Act of 1990. The Board has full authority to amend or establish plan or benefit provisions at any time in accordance with the plan. The County is the named fiduciary and has the duty and full power to administer the plan. The Chief Financial Officer of the County is the trustee of the plan and has authority over the management and investment of plan assets.

# **County Administered Plans (Continued)**

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

# Plan Description (Continued)

The plan was adopted in January 1992 and was closed to new participants as of February 28, 2002. This plan subsequently froze benefit accruals and stopped collecting employee contributions effective November 21, 2008. As of that date, the normal retirement benefit was changed to a single lump sum distribution equal to the greater of the participant's account balance or the present value of their normal retirement benefit. As of June 30, 2018, the plan consists of 26 active plan participants, 203 terminated plan participants entitled to but not yet receiving benefits, and 37 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. These are reported in the County CAFR as Fiduciary Funds.

The County charges a benefits administration fee to County agencies, which funds the cost of administering all of the County benefit programs, including the Extra-Help Defined Benefit Retirement Plan. The Empower Retirement Investment management fee is an annual asset-based fee of 11 basis points (each basis point is one hundredth of a percent).

Contributions: The County has the authority to determine plan contributions. GASB Statement No. 67 requires the County to have an actuarial valuation performed at least biennially to determine the plan's total pension liability. This valuation is currently performed biennially. The plan's total pension liability was calculated using the data as of July 1, 2017, rolled forward to June 30, 2018 using actual benefit payments for FY 2017-18. In both the 2017 valuation and the 2018 roll forward calculations the actuarial assets are valued at market value. Because plan benefits are frozen, the actuary has determined the County's actuarially determined contribution using the projected unit credit method and a 5-year rolling amortization of the Unfunded Actuarial Accrued Liability. Based on the plan actuary's advice, the County determines the amount necessary for contribution to the plan. Since the plan's inception, the County and six (6) cost-sharing agencies have contributed \$7,017. For the year ended June 30, 2018, the County and six (6) cost-sharing agencies contributed \$545. The County's proportionate share of the contribution was \$535.

Plan participants do not contribute to the fund effective November 21, 2008 (the date of the freeze). Note that effective November 21, 2008, there is no normal cost due to the plan freeze.

<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). The allocation policy with the target asset class and allocation is set forth in the investment policy.

<u>Concentrations</u>: The plan is invested 100% with Empower Retirement. The plan has stated its assets at fair value based on information provided by Empower Retirement.

<u>Discount Rate</u>: For the year ended June 30, 2018, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expense, was 4.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The discount rate used to measure the total pension liability was 5.25%, the same as the long-term expected rate of return on plan assets.

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

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

#### Discount Rate (Continued)

In accordance with Paragraph 30 of GASB Statement No. 68, the long-term discount rate was determined without reduction for pension plan administrative expense.

The long-term expected rate of return on plan investments was determined using a building-block method equal to the expected future real rate of return on the investment with Empower Retirement plus expected inflation, rounded to the nearest 0.25%. The target investment allocation is 33% equities and 67% fixed income. The best estimate of the long-term expected geometric real rate of return for the equities and fixed income (net of investment expense and inflation) are 4.53% U.S. equity, 4.60% non-U.S. equity, 1.47% U.S. fixed income, and 0.35% global fixed income.

<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, 2018 were as follows:

Total Pension Liability	\$ 8,601
Plan's Fiduciary Net Position	(6,602)
Plan's Net Pension Liability	\$ 1,999

Plan Fiduciary Net Position as a percentage of the Total Pension Liability

76.76%

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to the measurement date of June 30, 2018. The County's proportionate share of the June 30, 2018 net pension liability is \$1,962. The County's proportion of 98.12% is based on an employer contribution allocation and has not changed since June 30, 2015.

For the year ended June 30, 2018, the County recognized pension expense of \$481. At June 30, 2018, the County reported deferred outflows of resources of \$2, which represents the aggregated net difference between projected and actual earnings on plan investments.

	ources	Deferred Inflows Resources		
Net difference between projected and				
actual earnings on plan investments	\$ 2	\$		
Total	\$ 2	\$		

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

Year ended June 30:	
2019	\$ 28
2020	(1)
2021	(34)
2022	9

Actuarial Assumptions: The total pension liability based on the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement: (a) 2.75% inflation, (b) 5.25% investment return, (c) the 417(e) lump sum mortality table used for ERISA-governed plans and the 30-

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

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

#### Actuarial Assumptions (Continued)

year Treasury rate with a look-back month of November grading into the long-term assumption of 4.75%, and (d) RPH-2014 Healthy Annuitant Mortality Table projected generationally with mortality improvement Scale MP-2016. This plan does not have a salary increase assumption or post-retirement benefit increase assumption as these factors do not impact the benefits of this frozen plan.

<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>: The following presents the net pension liability of the collective plan and the County's proportionate share, calculated using the discount rate of 5.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.25%)	(5.25%)	(6.25%)
Collective plan	\$2,293	\$1,999	\$1,754
County's proportionate share	\$2,250	\$1,962	\$1,721

#### **Extra-Help Defined Contribution Plan**

Plan Description: Effective March 1, 2002, as amended and restated on February 10, 2015, the Board established the Extra-Help Defined Contribution Plan to replace the Extra-Help Defined Benefit Retirement Plan for (a) new employees hired on or after March 1, 2002, and supplements the benefits of the Extra-Help Defined Benefit Retirement Plan for employees hired prior to March 1, 2002 and (b) effective February 10, 2015, employees hired on or after such date (i) who attained age 60 by such hire date, (ii) who waive membership in the OCERS, do not have funds on deposit with OCERS and otherwise meet the requirements under OCERS' regulations and state law to waive membership in OCERS, (iii) whose employer has signed the OCERS Employer's Concurrence—Waiver of Membership form or any other documents that may be required by OCERS, and (iv) who sign the OCERS Employees' Waiver of Membership form and provide any other documents required by OCERS to waive membership. Eligible employees of this plan are not covered by OCERS or Social Security. This plan is a tax-deferred retirement plan, established in accordance with IRC Sections 457 and 3121 and is intended to comply with the Omnibus Budget Reconciliation Act of 1990 and meet the requirements to be a Social Security replacement plan. The Board has the authority to amend the plan. As of June 30, 2018, there were 4,286 participants with a balance in the plan, with 4,107 participants actively contributing to the plan as of the end of June payroll.

The plan is intended for retirement and funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the normal retirement date will be dependent upon the accumulated value of individual contributions and investment return.

If a participant's employment status changes from a part-time or extra-help employee to a permanent full-time employee or a part-time employee working 20 hours or more per week, those participants may elect to transfer the balance to the County's Section 457 Defined Contribution Plan or leave the balance in the plan until they are no longer employed with the County.

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

#### **Extra-Help Defined Contribution Plan (Continued)**

<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 County's Stable Value Fund offered through Empower Retirement, which is designed to protect principal and maximize earnings. Empower Retirement serves on behalf of the County as the third party administrator of the plan and holds all plan assets in trust. In the current fiscal year there was no additional contribution made by the County, and total employee contributions were \$841. As of June 30, 2018, total plan assets were \$7,982.

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 \$125. Each month, participant fees are based on the average daily balance of their account(s) over a 30-day period and are reflected on participants' quarterly statements. No employer-level fees are charged for the Plan.

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

<u>Plan Description:</u> Effective January 1, 1999, as amended and restated on March 24, 2015, the Board established the County 401(a) Plan for the benefit of eligible employees, elected officials, which includes members of the Board, certain executive managers, certain administrative managers once classified as confidential and grandfathered into the plan, attorneys represented by the Orange County Attorney's Association, and certain other employee classifications as defined in the plan document. The Board also has the authority to amend the plan. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to new administrative managers and all grandfathered administrative managers effective June 23, 2016 and December 28, 2012, respectively. The plan is intended for retirement and funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2018, the plan had 657 participants with a balance in the plan, with 621 participants actively contributing to the plan as of the end of June payroll.

<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 4% to 8% of bi-weekly compensation. Total contributions for the fiscal year as of June 30, 2018, were \$1,042 by the County and zero by the employees.

As previously described, Empower Retirement, a marketing name of Great-West Life and Annuity Insurance Company, serves on behalf of the County as the third party administrator of the plan. Contribution to the plan defaults to the County's Stable Value Fund upon initial enrollment, which is offered through Empower Retirement and designed to generate a stable yield while preserving the investor's principal. Once enrolled, plan participants may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2018, total plan assets were \$16,513.

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 \$125. Each month participant fees are based on the average daily balance of their account(s) over a 30-day period and are reflected on participants' quarterly statements. No employer-level fees are charged for the plan.

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

#### County of Orange - 1.62% at 65 Retirement

<u>Plan Description:</u> On April 20, 2010, the Board approved and adopted the resolution implementing the 1.62% at 65 OCERS retirement formula for certain eligible employees. Effective May 7, 2010, as amended and restated on July 1, 2011, the Board approved the County 1.62% Defined Contribution Plan for the benefit of employees in the "1.62% at 65" OCERS retirement formula. The 1.62% Defined Contribution Plan is a combination governmental 457(b) and 401(a) retirement plan. Employee contributions are deposited into a 457(b) plan and employer-matching contributions are deposited into a 401(a) plan. Participation in the 1.62% Defined Contribution Plan is strictly voluntary and is designed to supplement the "1.62% at 65" OCERS retirement benefit. Only employees in the "1.62% at 65" OCERS retirement benefit formula are eligible to participate in the 1.62% Defined Contribution Plan.

On September 12, 2012, the Governor signed the PEPRA of 2013. PEPRA created a new pension retirement formula, commonly referred to as 2% at 62 retirement formula, for all new non-safety public employees hired on or after January 1, 2013. PEPRA also allowed a public employer to continue to offer another retirement formula, if offered before December 31, 2012, to new public employees if the retirement formula has a lower benefit factor at normal retirement age and results in a lower normal cost than the 2% at 62 PEPRA retirement formula. On December 18, 2012, the Board approved and adopted the "1.62% at 65" OCERS retirement formula for certain general (non-safety) public employees hired on or after January 1, 2013.

The Board has the authority to amend the plan. The plan is intended to comply with the requirements of Internal Revenue Code (IRC) Section 401(a) and is intended for retirement. Matching employer contributions are determined by the County and approved by the Board, as stipulated in the Participants' bargaining units Memorandum of Understanding (MOU) or Personnel and Salary Resolution, as applicable. Employer contributions vest on employees' behalf after five years of continuous service with the County. For the purposes of eligibility and vesting, year of service means a 12-consecutive-month period during which the employee completes at least 2,080 hours of service, exclusive of overtime. If the employee leaves employment with the County prior to the vesting period, the employee will only be entitled to the employee contributions to the plan.

Funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the early or normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2018, the plan had 1,836 participants in the plan, with 1,826 participants actively contributing to the plan as of the end of June payroll.

<u>Funding Policy</u>: This plan is a defined contribution plan funded entirely by employer contributions. As of June 30, 2018, the County provides up to a 2% match per pay period of the employee's voluntary contribution to the IRC Section 457 element of the 1.62% Defined Contribution Plan. Employer contributions are deposited into the 401(a) Plan. Total contributions for the fiscal year as of June 30, 2018, were \$1,662 by the County and zero by the employees.

As previously described, Empower Retirement, a marketing name of Great-West Life and Annuity Insurance Company, serves on behalf of the County as the third party administrator of the plan. Contribution to the plan defaults to the age-appropriate target-date fund upon initial enrollment. Once enrolled, plan participants may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2018, total plan assets were \$4,714.

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 \$125. Each month participant fees are based on the average daily balance of their account(s) over a 30-day period and are reflected on participants' quarterly statements. No employer-level fees are charged for the plan.

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

#### **Condensed Financial Statements**

In lieu of separately issued financial statements for the County administered retirement funds, condensed financial statements are presented below as of and for the fiscal year ended June 30, 2018:

#### Statement of Fiduciary Net Position

	Total	D	tra-Help efined nefit Plan	tra-Help Defined ntribution Plan	(a) Defined Intribution Plan	Retirer D	2% at 65 nent, 401(a) refined bution Plan
<u>Assets</u>							
Pooled Cash/Investments	\$ 546	\$	545	\$ 	\$ 	\$	1
Restricted Cash and Investments							
Restricted Investments with Trustee	35,173		6,057	7,957	16,489		4,670
Due from Other Governmental Agencies	92			25	24		43
Total Assets	35,811		6,602	7,982	16,513		4,714
Net Position							
Restricted for Retirement Plans Benefits	35,811		6,602	7,982	16,513		4,714
Total Net Position	\$ 35,811	\$	6,602	\$ 7,982	\$ 16,513	\$	4,714

#### Statement of Changes in Fiduciary Net Position

Additions:		Total	D	tra-Help efined nefit Plan		xtra-Help Defined ontribution Plan		a) Defined ntribution Plan	Retire	52% at 65 ment, 401(a) Defined ribution Plan
Contributions to Pension Trust:	Φ.	0.040	Φ.	E 4 E	•		Φ.	4.040	Φ.	4.000
Employer	\$	3,249	\$	545	\$		\$	1,042	\$	1,662
Employee		841				841				
Other Revenues		3		3						
Interest and Investment Income		1,928		295		164		1,180		289
Less: Investment Expense		(41)		(7)		(9)		(17)		(8)
Total Additions		5,980		836		996		2,205		1,943
Deductions:										
Benefits Paid to Participants		2,844		762		887		1,195		
Total Deductions		2,844		762		887		1,195		
Change in Net Position for										
Employees' Retirement		3,136		74		109		1,010		1,943
Net Position at Beginning of Year		32,675		6,528		7,873		15,503		2,771
Net Position at End of Year	\$	35,811	\$	6,602	\$	7,982	\$	16,513	\$	4,714

#### 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 cost-sharing multiple-employer defined benefit OPEB plan, intended to assist career employees in maintaining health insurance coverage following retirement from County and participating employers' service. The Retiree Medical Plan was established by the Board. The Board is also the authority for amending the Retiree Medical Plan. The Retiree Medical Plan is not required by the County Employees Retirement Law of 1937 ("CERL")—the statute governing County employee retirement benefits. Eligible retired County employees receive a monthly grant (the Grant), which helps offset the cost of monthly County-offered health plans and/or Medicare A and/or B premiums. The Retiree Medical Plan specifically states that it does not create any vested right to the benefits. The Plan is reported in the County's financial statements since it administers the Plan. The Plan is reported as of December 31, 2017.

<u>Plan Membership:</u> As of June 30, 2018, seven employers, the County, Orange County Public Law Library, Superior Courts of Orange County, Orange County Local Agency Formation Commission, Orange County Employees Retirement System, Children and Families Commission of Orange County, and Orange County Cemetery District have elected to participate in the plan. As of the most recent actuarial valuation date of June 30, 2017, the membership consisted of the following:

Inactive plan members currently receiving benefit payments	8,301
Inactive plan members entitled to but not yet receiving benefit payments	31
Active plan members	15,316
	23,648

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

The monthly Grant amount is determined by a formula that multiplies a base number by the number of years of qualifying County employment up to a maximum of 25 years. The base number for calendar year 2017 was \$22.09 (absolute dollars) per year of County service, and the maximum base monthly Grant was \$552.25 (absolute dollars). The base number for calendar year 2018 is \$22.75 (absolute dollars) per year of County service, and the maximum monthly Grant is \$568.75 (absolute dollars). The amount of the Grant is netted against the monthly health plan premium and/or reimburses Medicare premiums paid by the retiree for retiree and dependent coverage with the retiree obligated to pay the remaining balance. In no case shall the Grant exceed the actual cost to a retiree for the Qualified Health Plan and Medicare premiums.

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

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

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

#### Benefits Provided (Continued)

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 AFSCME who retired before September 30, 2005 are not subject to the Medicare reduction or age adjustment to the Grant. The base number for these retirees is adjusted annually with a maximum increase/decrease of 5%. AFSCME employees who were employed on or after September 30, 2005 are not eligible for the Grant or the lump sum payment. They may participate in the County-offered health plans at their own cost.

Employees represented by the Association of Orange County Deputy Sheriffs (AOCDS) who were hired on or after October 12, 2007 are not eligible for the Grant or lump sum payment. Service hour accruals for the Grant and lump sum calculations for employees represented by AOCDS who were hired before October 12, 2007 were frozen. A Defined Contribution Plan Health Reimbursement Arrangement (HRA) was established to replace the Grant for new employees, and to supplement the frozen grants for current employees.

Association of County Law Enforcement Management (ACLEM) employees who were hired on or after June 19, 2009 are not eligible for the Grant or lump sum payment. Service hour accruals for the Grant calculations for ACLEM employees who were hired before June 19, 2009 were frozen. The qualifying hours of service for calculation of the lump sum payment for law enforcement management employees were frozen as of June 23, 2006. A Defined Contribution Plan HRA was established to replace the Grant for new employees, and to supplement the frozen grants for current employees.

Effective January 1, 2008, health insurance premium rates were separately pooled for the active and retired employees, except for employees represented by the AOCDS. Effective July 1, 2008, retiree health insurance premium rates for retired AOCDS and ACLEM employees enrolled in the AOCDS health plans must be 10% higher than active employees.

Effective July 8, 2016, all active OCAA employees are no longer eligible for the Retiree Medical Grant or Lump Sum. A Defined Contribution Plan HRA was established to replace the Grant or Lump Sum for all active employees.

<u>Contributions</u>: The County implemented a policy to make an employer contribution in an amount equal to the Actuarially Determined Contribution (ADC) for the affected labor groups except AOCDS and ACLEM. 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. The combined Trust and 401(h) represent the fiduciary net position of the Plan and are reported in the County's CAFR.

During the fiscal year ending June 30, 2018, the County was setting aside contributions of 0.4% of payroll for AFSCME, 0.4% for OCAA, 3.4% for AOCDS, 7.3% for law enforcement management, 3.9% for the Probation Department safety personnel and 4.0% of payroll for all other labor groups, which is the estimated ADC for those groups calculated by an actuary. Additionally, AOCDS and ACLEM employees covered under the "3%@50" safety retirement formula contributed 1.6% of base pay.

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

#### Contributions (Continued)

For the Plan year ended December 31, 2017, the total Plan contributions were \$60,721. The County's contribution was \$55,158 (90.84%), Superior Court was \$5,052 (8.32%), OCERS was \$322 (0.53%), CFCOC was \$43 (0.07%), Law Library was \$55 (0.99%), Cemetery District was \$73 (0.12%), and LAFCO was \$18 (0.03%). The County's contributions for the fiscal year June 30, 2018 was \$46,005.

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

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The components of the collective net OPEB liability of the participating employers as of June 30, 2018 were as follows:

Collective OPEB Liability	\$	694,598
Collective Plan's Fiduciary Net Position		(293,805)
Collective Net OPEB Liability	\$	400,793
	<del></del>	
Plan Fiduciary Net Position as a percentage of		
the Total OPEB Liability		42.30%

At June 30, 2018, the County reported a liability of \$364,071 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward for December 31, 2017. The County's proportion of the collective net OPEB liability was based on the 2017 share of actuarially determined contributions to the OPEB plan relative to the projected contributions of all participating employers. At December 31, 2017, the County's proportion was 90.84%, which did not change from December 31, 2016. Update procedures were used to roll forward the total OPEB liability from the actuarial valuation date to the measurement date.

For the year ended June 30, 2018, the County recognized OPEB expense of \$35,695. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	ed Outflows lesources	red Inflows esources
Net Difference Between Projected and Actual	 _	 
Earnings on Plan Investments	\$ 	\$ 12,368
Employer Contributions after Measurement Date	 24,170	 
Total	\$ 24,170	\$ 12,368

Deferred outflow of resources of \$24,170 related to OPEB resulting from County's contributions subsequent to the measurement date will be included as a reduction of the collective net OPEB liability in the following fiscal year. Deferred inflows of resources of \$12,368 related to OPEB will be recognized in the County's OPEB expense as follows:

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

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

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Year ending June 30:	
2019	\$ (3,092)
2020	(3,092)
2021	(3,092)
2022	(3,092)
Thereafter	

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

<u>Actuarial Methods and Assumptions:</u> The total OPEB liability was determined by an actuarial valuation as of June 30, 2017. The County contracts with an outside actuarial consultant to prepare a biennial actuarial valuation in conformance with GASB requirements and is based on established pattern of practice. The actuarial methods and significant actuarial assumptions used in the June 30, 2017 actuarial valuation are:

- The entry age normal actuarial cost method
- 7.00% long-term expected rate of return, net of investment expenses, on funds held in the Trusts
- 3.25% per annum payroll increase assumption
- 2.75% per annum general inflation rate assumption
- Assumed annual increases in the monthly grant of 3% for non-AFSCME employees and 5% for AFSCME employees. The healthcare trend was assumed to be greater than or equal to the annual increase to the Grant in almost all future years. Therefore, it is the Grant annual increase rather than the healthcare trend that has the largest impact on the projected benefits and the net OPEB liability.
- Grant participation rate was 81% based on the April 2006 participation study

Medical trend used for pre-Medicare members was 7.50% for 2019, decreasing to 4.00% for 2076 and later; for Medicare eligible members, 6.50% was used for 2019, decreasing to 4.00% for 2076 and later. Mortality rates were based on the Headcount-Weighted RP-2014 Mortality Tables with separate tables for males and females. Mortality improvement was projected fully generational with Society of Actuaries mortality improvement Scale MP-2016.

<u>Discount Rate:</u> The discount rate used to measure the total OPEB liability was 7.00%, the long-term expected rate of return on plan assets, net of investment expenses. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current negotiated contribution rate and that the employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on actuarial assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

#### Discount Rate (Continued)

The target allocation and long-term expected real rate of return for each asset class are summarized in the following table:

		Long-Term Expected
	Target	Arithmetic Real
Asset class	Allocation	Rate of Return
Global Equities	35.00%	6.38%
Core Bonds	13.00%	1.03%
High Yield Bonds	4.00%	3.52%
Bank Loan	2.00%	2.86%
TIPS	4.00%	0.96%
Emerging Market Debt	4.00%	3.78%
Real Estate	10.00%	4.33%
Core Infrastructure	2.00%	5.48%
Natural Resources	10.00%	7.86%
Risk Mitigation	5.00%	4.66%
Mezzanine/Distressed Debt	3.00%	6.53%
Private Equity	8.00%	9.48%
Total	100.00%	
Assumed Long-Term Rate of Inflation		2.75%
Long-Term Expected Real Rate of Return,		
Net of Investment Expenses		7.00%

Rate of Return: For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 14.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For further information on the investment policy of OCERS refer to Note 4, Deposits and Investments.

<u>Sensitivity of Net OPEB Liability to Changes in the Discount Rate:</u> The following presents the Net OPEB liability of the collective plan and the County's proportionate share, calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
Net OPEB Liability	(6.00%)	(7.00%)	(8.00%)
Collective plan	\$484,856	\$400,793	\$330,533
County's proportionate share	\$440,432	\$364.071	\$300.248

<u>Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:</u> The following presents the Net OPEB liability of the collective plan and the County's proportionate share, as well as what they would be calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5%/5.5% decreasing to 3.0%) or 1-percentage-point higher (8.5%/7.5% decreasing to 5.0%) than the current healthcare cost trend rates:

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates (Continued)

		Current Healthcare Cost	
	1% Decrease	Trend Rates	1% Increase
	(6.50%/5.50%	(7.5%/6.5%	(8.50%/7.50%
Net OPEB Liability	decreasing to 3.00%)	decreasing to 4.0%)	decreasing to 5.00%)
Collective plan	\$389,673	\$400,793	\$412,101
County's proportionate share	\$353,970	\$364,071	\$374,343

<u>OPEB Plan Fiduciary Net Position:</u> As previously described, the 401(h) assets are held with OCERS. The underlying investments should be obtained from OCERS, however the combined Plan is in the County's financial statements. OCERS issues a Comprehensive Annual Financial Report (CAFR) for each fiscal year ending on December 31, which includes the 401(h) assets. The CAFR can be obtained online at <a href="https://www.ocers.org">www.ocers.org</a> by request, or in writing, to the Orange County Employees Retirement System, 2223 Wellington Avenue, Santa Ana, CA 92701, or by calling (714) 558-6200.

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

<u>Plan Description</u>: On October 23, 2007, the Board approved and adopted a MOU agreement with the AOCDS. The MOU restructured the Retiree Medical Plan and established a Defined Contribution Plan Health Reimbursement Arrangement to replace the Retiree Medical Plan for new employees, and to supplement the current employees' frozen service hour accruals for the Grant.

On June 24, 2008, the Board approved the County of Orange Health Reimbursement Arrangement (HRA) Plan Document. The HRA Plan is not required by the Retirement Law. 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 10, 2009, the Board approved the restructuring of the Retiree Medical Plan and establishment of a Defined Contribution Plan HRA for employees represented by ACLEM effective June 19, 2009. The HRA replaces the Retiree Medical Plan for new employees, and supplements the current ACLEM employees' frozen service hour accruals for the Grant.

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

Administration of the HRA by the third party administrator began in August 2009. The HRA is intended to comply with the requirements of IRC Sections 105 and 106 and meets the requirements of a health reimbursement arrangement as defined under IRS Notice 2002-45. The contributions made to reimbursement accounts, any investment gains and qualified medical expenses reimbursed under this plan are intended to be eligible for exclusion from the gross income of eligible employees, participants and retired participants (including the spouses and dependents of each) under IRC Section 105(b). The HRA may be amended by the Board or the plan administrator to comply with federal, state, or local laws, statues, regulations, or guidance from regulatory agencies. The Plan Document was amended and restated on January 1, 2011 to reflect changes to the definition of dependent due to healthcare reform.

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

#### Plan Description (Continued)

The Plan Document was amended and restated on June 1, 2016 to provide for the transition of the OCAA to the HRA Plan in July 2016. Prior employee contributions for employees represented by OCAA to the retiree medical program and the interest earnings thereon through July 5, 2016 were transferred as a lump sum deposit for eligible employees to their HRA accounts.

As of June 30, 2018, the plan had 2,746 active and 726 inactive participants.

<u>Funding Policy</u>: Employer and mandatory employee contributions were effective October 12, 2007 for employees represented by AOCDS, effective June 19, 2009 for employees represented by ACLEM, and effective July 8, 2016 for OCAA represented employees. All contributions made to the HRA are deemed to be employer contributions. Employee contributions for employees represented by each of the bargaining units are mandatory pursuant to their bargaining unit MOU and mandatory pursuant to Board action.

On March 15, 2016, the Board approved for employees represented by AOCDS an increase in the County's contribution from 3.0% to 5.0% of base salary each pay period. Furthermore, required contributions by employees represented by AOCDS were decreased from 2.0% to 0% of base salary for each pay period. Employee contributions for employees represented by ACLEM and OCAA are mandatory pursuant to the MOU. For employees represented by ACLEM, the County contributes 2.0% of base salary each pay period and employees are also required to contribute 1.0% of base salary each pay period. For employees are also required to contribute 1.0% of base salary each pay period and employees are also required to contribute 1.0% of base salary each pay period.

ICMA Retirement Corporation serves on behalf of the County as the third party administrator of the HRA. Contributions to the HRA Plan default to the age-appropriate target-date fund upon initial enrollment. Once enrolled, HRA participants may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the HRA. As of June 30, 2018, the value of the HRA assets was \$116,713.

<u>Administrative Cost</u>: Annual administrative fees include a plan asset fee of 0.40% and annual account fee of \$80. Each quarter, 25% of the fees are assessed to participant accounts and are reflected on participants' quarterly statements. No employer-level fees are charged for the Plan.

#### **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, 2018:

Statement of Fiduciary Net Position	 Total	(Com	e Medical Plan bined 401(h) 115 Trusts)*	Reim	Health bursement gement Plan
<u>Assets</u>					
Pooled Cash/Investments	\$ 2,196	\$	2,150	\$	46
Restricted Cash and Investments	440.400				440.400
Restricted Investments with Trustee	116,403				116,403
Pooled with OCERS	289,352		289,352		
Investment Receivable	3,926		3,926		
Interest/Dividend Receivable	24		24		
Due from Other Governmental Agencies	1,676		1,412		264
Total Assets	413,577		296,864		116,713
<u>Liabilities</u>					
Salaries and Employee Benefits Payable	3,059		3,059		
Total Liabilities	 3,059		3,059		
	 		· · · · · · · · · · · · · · · · · · ·		
Net Position					
Restricted for OPEB Benefits	 410,518		293,805		116,713
Total Net Position	\$ 410,518	\$	293,805	\$	116,713
Statement of Changes in Fiduciary Net Position	Total	(Com	e Medical Plan bined 401(h) 115 Trusts)*	Reim	Health bursement gement Plan
Additions:		-			
Employer Contributions	\$ 72,139	\$	60,721	\$	11,418
Employee Contributions	2,193		2,193		
Interest and Investment Income	43,453		34,217		9,236
Less: Investment Expense	(699)		(4)		(695)
Total Additions	117,086		97,127		19,959
Deductions:					
Benefits Paid to Participants	37,438		35,111		2,327
Administrative Expense	 18		18		
Total Deductions	 37,456		35,129		2,327
Change in Net Position	79,630		61,998		17,632
Net Position - Beginning of Year, as Restated	330,888		231,807		99,081
Net Position - End of Year*	\$ 410,518	\$	293,805	\$	116,713

<sup>\*</sup>The Trust Plan is presented as of 12/31/17 in accordance with the plan year.

#### 20. CONTINGENCIES

#### **Estimated Liability for Litigation and Claims**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued and at this time an estimate cannot be made. For information regarding claim payments and unpaid claims balance for self-insurance claims, refer to Note 16, Self-Insurance.

#### 21. SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2018:

<u>Teeter Plan Notes:</u> On July 16, 2018, the County issued an additional \$61,107 in taxable Teeter Plan Obligation Notes, Series B to refund the June 30, 2018 outstanding Teeter balance of \$27,247 and finance the purchase of \$33,860 for the delinquent property tax receivables associated with the Teeter Plan. Proceeds of this issuance, associated with the purchase of delinquent property tax receivables, paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll. The outstanding balance as of July 16, 2018, was \$61,107. For additional information regarding the Teeter Plan Series B Notes, refer to Note 11, Long-Term Obligations.

<u>Dana Point Harbor Revitalization</u>: On July 17, 2018, the Board approved the lease agreement with Dana Point Harbor Partners LLC (DPHP) and Dana Point Harbor Partners Drystack LLC. This lease, with a 66-year term, authorizes the lessees to renovate and operate Dana Point Harbor while paying the County a portion of gross receipts recognized by the lessees. The revenue to the County over the lease term is estimated at \$717,000 (see table below). The County will contribute \$20,000 towards the renovation of the Dana Point Harbor drystack boat storage area. DPHP will assume responsibility for an estimated \$414,000 of future County operations and maintenance costs over the lease period.

#### **Projected Rent Per Development Component**

	Leas	se Year 1	Lease	e Years 1-25	Lease	e Years 1-66
Marina	\$	1,642	\$ 60,513		\$	345,600
Dry Storage		275		13,829		165,558
Affordable Hotel		198		6,614		78,987
Boutique Hotel				11,388		42,895
Retail		149		26,414		83,862
Total Rent	\$	2,264	\$	118,758	\$	716,902

1997 Special Tax Bonds Pay-off: In connection with the issuance of the Series A of 1997 Special Tax Bonds (1997 Bonds) of the Community Facilities District No 87-4 (Foothill Ranch), the Treasurer purchased a Repurchase Agreement in the amount of \$1,082 for the bond reserve fund for the benefit of the owners of the 1997 Bonds pursuant to the Supplement to Board Resolution No. 97-230. On July 9, 2018, the County redeemed the Repurchase Agreement in full, and subsequently paid off the 1997 Bonds on August 15, 2018.

<u>Standard & Poor's (S&P's) reaffirmation of "AAAm":</u> On September 19, 2018, S&P reaffirmed its highest Principal Stability Fund Rating of AAAm on the OCMMF and the OCEMMF.

<u>Fitch Credit Rating Upgrade:</u> On November 7, 2018, Fitch Ratings upgraded the County's Issuer Default Rating (IDR) to "AAA" from "AA+". At the same time, Fitch upgraded the Taxable Refunding Pension Obligation Bonds, Series 1997A to "AA+" from "AA" and the California Municipal Finance Authority (CMFA) Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program – Phase I) to "AA+" from "AA".

#### 21. SUBSEQUENT EVENTS (Continued)

<u>Lease Revenue Bonds, Series 2018A</u>: The Facilities Strategic Plan involves the +/- 11 acre County "superblock" (bounded by Ross Street, Civic Center Drive, Broadway and Santa Ana Boulevard), as well as County satellite buildings within the vicinity of the Civic Center. The Facilities Strategic Plan, which contains four phases, was approved by the Board on April 25, 2017. Phase Two activity spans from 2019 to 2022 and includes replacement of the existing Building 14 with new facilities, construction of a new Board hearing room, demolition of Buildings 10, 11, 12 and 14, and creation of surface parking.

On December 13, 2018, California Municipal Finance Authority (CMFA), issued its \$185,705 Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program – Phase II) at a premium of \$26,599, with an interest rate coupon of 5%. As the debt was issued by CMFA, this does not constitute debt for the County of Orange. Pursuant to a loan agreement, CMFA loaned the bond proceeds totaling \$212,304 to the Capital Facilities Development Corporation (Corporation), a component unit of the County, to construct Building 14 located at 645 N. Ross Street. A contractor has been selected to construct Building 14 pursuant to a Development Agreement with the Corporation.

The County's payment obligation will commence once the building's Certificate of Substantial Completion is delivered to the trustee. County departments occupying Building 14 will be responsible for making base rental payments. The County's base rental payments, under the Facility Lease, are scheduled to begin in FY 2022-23 and will be used to repay the loan to the CMFA. Loan repayments are scheduled to end when the bonds mature, in June 2048.







# Required Supplementary Information (Dollar Amounts in Thousands)

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

#### Schedule of County's Proportionate Share of the Net Pension Liability (1)

		2017		2016		2015		2014
County's proportion of the net pension liability		80.46%		77.91%		76.83%		76.68%
County's proportionate share of the net pension liability Covered payroll (2)	\$ \$	3,984,401 1,247,616	\$ \$	4,044,638 1,200,243	\$ \$	4,391,967 1,118,395	\$ \$	3,897,223 1,198,458
County's proportionate share of the net pension liability as a percentage of its covered payroll (2)		319.36%		336.98%		392.70%		325.19%
Plan fiduciary net position as a percentage of the total pension liability		72.85%		69.56%		65.66%		68.16%
Schedule of	Cou	nty Contribut	ions	(3)				
		2018		2017		2016		2015

	2018 2		2017	2016	016 2015		
Actuarially determined contribution	\$	401,323	\$	386,138	\$ 358,103	\$	340,626
Contributions in relation to the actuarially determined contribution		433,098		405,494	411,426		397,044
Contribution deficiency (excess)	\$	(31,775)	\$	(19,356)	\$ (53,323)	\$	(56,418)
Covered payroll (2)	\$	1,217,880	\$	1,223,930	\$ 1,159,319	\$	1,158,427
Contributions as a percentage of covered payroll		35.56%		33.13%	35.49%		34.27%

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.

<sup>(1)</sup> Information is from OCERS' actuary report for OCERS' fiscal year ended December 31, 2017.

<sup>(2)</sup> The numbers for 2014-2015 were for covered-employee payroll, prior to GASB Statement No. 82 implementation.

<sup>(3)</sup> For the 12-month period ending on June 30, 2018, fiscal year end.

### Orange County Extra-Help Defined Benefit Plan

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

		2018	2017		2016		2015			2014
Total Pension Liability										
Service cost	\$		\$		\$		\$		\$	
Interest	\$	448	\$	436	\$	435	\$	271	\$	282
Changes of benefit terms		-		-		-		-		-
Difference between expected and actual experience		(127)				73				
Changes of assumptions		480				73				
Benefit payments, including refunds of member contributions		(762)		(372)		(424)		(522)		(695)
Net change in Total Pension Liability		39		64		157		(251)		(413)
Total Pension Liability-beginning		8,562		8,498		8,341	_	8,592	_	9,005
Total Pension Liability-ending (a)	\$	8,601	\$	8,562	\$	8,498	\$	8,341	\$	8,592
Plan Fiduciary Net Position										
Contributions-employer	\$	545	\$	784	\$	784	\$	421	\$	421
Contributions-member										
Net investment income		295		527		123		17		15
Investment Expense		(7)		(5)		(4)				
Benefit payments, including refunds of member contributions		(762)		(372)		(428)		(522)		(695)
Administrative expense (1)										
Other		3		(5)		7				
Net change in Plan Fiduciary Net Position		74		929		482		(84)		(259)
Plan Fiduciary Net Position-beginning		6,528		5,599		5,117		5,201		5,460
Plan Fiduciary Net Position-ending (b)	\$	6,602	\$	6,528	\$	5,599	\$	5,117	\$	5,201
Plan Net Pension Liability-ending (a) – (b)	\$	1,999	\$	2,034	\$	2,899	\$	3,224	\$	3,391
Plan Fiduciary Net Position as a percentage of the Total										
Pension Liability		76.76%		76.24%		65.89%		61.35%		60.53%
Covered payroll (2)	\$	4,298	\$	4,725	\$	1,747	\$	1,829	\$	1,876
Plan Net Pension Liability as a percentage of covered payroll	(2)	46.51%		43.05%		165.94%		176.27%		180.76%

#### **Schedule of Investment Returns**

	2018	2017	2016	2015	2014
Actual money-weighted rate of return net of investment expense	4 53%	8.51%	2 22%	0.35%	0.26%

<sup>(1)</sup> Administrative expense does not round up to \$1 in thousands.

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.

<sup>(2)</sup> The numbers for 2014 and 2015 were for covered-employee payroll, prior to GASB Statement No. 82 implementation.

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

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

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

#### **Schedule of Collective Plan Contributions**

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

#### **Schedule of County Contributions**

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

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

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

#### **Notes to Schedule**

Methods and assumptions used to determine contribution

rates:

Valuation date July 1, 2017

Actuarial cost method Projected Unit Credit
Amortization method Level dollar, open

Remaining amortization period 5 years
Asset valuation method Market Value

Inflation 2.75% Salary increases n/a

Investment rate of return 5.25%, net of investment expenses

Retirement age 100% retirement at age 65

Participation assumption 100%

Mortality RP-2000 Combined Healthy Mortality Table

projected with Scale BB to 2020

Actuarial Equivalence for Lump Sums – Mortality 417(e) lump sum table

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

current rates grading into 4.75% long-term assumption

#### **Orange County Retiree Medical Plan**

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

	 2017
Total OPEB Liability	
Service cost	\$ 15,479
Interest	46,589
Benefit payments, including refunds of member contributions	(35,111)
Net change in Total OPEB Liability	26,957
Total OPEB Liability-beginning	 667,641
Total OPEB Liability-ending (a)	\$ 694,598
Plan Fiduciary Net Position	
Contributions-employer	\$ 60,721
Contributions-employee	2,193
Net investment income	34,217
Benefit payments, including refunds of member contributions	(35,111)
Administrative expense	(22)
Net change in Plan Fiduciary Net Position	61,998
Plan Fiduciary Net Position- beginning	231,807
Plan Fiduciary Net Position-ending (b)	\$ 293,805
Plan Net OPEB Liability-ending (a) – (b)	\$ 400,793
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	42.30%
Covered payroll <sup>(1)</sup>	\$ 1,313,217
Plan Net OPEB Liability as a percentage of covered payroll	30.52%
Schedule of Investment Returns	
	2017
Actual money-weighted rate of return, net of investment expense	14.74%

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.

<sup>(1)</sup> For the 12 month period ending on December 31, 2017 (measurement date and plan year).

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

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

		2017
County's proportion of the net OPEB liability		90.84%
County's proportionate share of the net OPEB liability Covered payroll (1) County's proportionate share of the net OPEB liability as a percentage of its covered payroll	\$	364,071 1,203,106 30.26%
Plan fiduciary net position as a percentage of the total OPEB liability		42.30%
Schedule of Collective Plan Contributions		
	_	2017

	 2017
Actuarially determined contribution Contributions in relation to the actuarially determined contribution	\$ 47,006 60,721
Contribution deficiency (excess)	\$ (13,715)
Covered payroll (1)	\$ 1,313,217
Contributions as a percentage of covered payroll	4.62%

#### **Schedule of County Contributions**

Actuarially determined contribution Contributions in relation to the actuarially determined contribution Contribution deficiency (excess)	\$ 42,716 46,005 \$ (3,289)
Covered payroll (2)	\$ 1,220,638
Contributions as a percentage of covered payroll	3.77%

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.

<sup>(1)</sup> For the 12 month period ending on December 31, 2017 (measurement date and plan year).

<sup>(2)</sup> For the 12 month period ending on June 30, 2018, fiscal year end.

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

#### **Notes to Schedule**

Methods and assumptions used to determine contribution rates:

Valuation date June 30, 2015
Actuarial cost method Entry age

Amortization method Level percent of payroll, closed

Remaining amortization period 18 years

Asset valuation method 5-year smoothed market

Inflation 3.00%

Salary increases 3.50%, including inflation

Investment rate of return 7.25%, net of investment expenses, including inflation

Retirement age OCERS 2011-2013 Experience Study

Participation assumption 81%

Mortality CalPERS 1997-2011 Experience Study projected

generationally with modified mortality improvement Scale

MP-2014

Grant increase rates 5% for AFSCME, 3% for others

Medical Trend 7.0% initial (7.2% Medicare) decreasing to 5.0% for 2021

and later





# 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 Innovation and Opportunity Act, Welfare-to-Work, Shelter Care Facilities, In Home Supportive Services, Housing and Community Development, Substance Abuse Treatment, and Other Community and Welfare Social Programs. Revenues consist primarily of Federal grants passed through the State, as well as State grants.

#### **OC Parks**

This fund accounts for the development and maintenance of County tidelands and related aquatic recreational facilities, as well as the acquisition, operation and maintenance of County beaches, inland, regional park facilities and community park sites in the unincorporated areas. Revenues consist primarily of property taxes, State aid, lease and concession revenues, and park and recreation fees.

#### OC Dana Point Harbor

This fund accounts for monies received primarily through rent and concession revenues which are dedicated to providing public coastal access, environmental stewardship, and a diverse regional recreational facility so users and visitors may experience the Dana Point Harbor resource in a safe and enjoyable way.

#### Housing Asset

The Orange County Development Agency (OCDA) was dissolved effective February 1, 2012 in accordance with Health and Safety Code 34172. The Orange County Housing Authority assumed the housing functions

previously performed by OCDA. The Housing Asset Fund was established and the housing assets from the OCDA Low and Moderate Income Housing Fund were transferred into the Fund.

#### OC Public Libraries

This fund accounts for library services for the unincorporated areas as well as some of the incorporated areas within the County. Property taxes provide most of the fund's revenue. Licenses, permits, Federal and State aid, and charges for services make up the remaining revenue.

#### 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. The residual balances in these funds were distributed in FY 2017-18.

#### Health Care Programs

This group of funds is used to account for Board-approved Realignment Reserves for Health Care, Medi-Cal Mental Health Managed Care programs, Medi-Cal Administrative Activities and Targeted Case Management, Bioterrorism Preparedness grant funds, Emergency Medical Services allocations, and other purpose-restricted revenues related to health care programs. Revenues consist primarily of State grants and allocations, and Federal grants passed through the State.

#### Roads

This fund accounts for proceeds restricted for the maintenance and construction of roadways, and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of State highway users' taxes, Federal funds, and charges for engineering services provided.

#### **Orange County Housing Authority**

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

#### Other Governmental Resources

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

# NONMAJOR GOVERNMENTAL FUNDS (Continued) DEBT SERVICE FUNDS

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

#### Teeter Plan Notes

This fund accounts for the financing of the County's purchase of delinquent taxes receivable pursuant to the Teeter Plan. The Teeter Plan is an alternate secured property tax distribution plan, whereby, the County distributes 100% of the local secured levy to the taxing agencies participating in the Teeter Plan and in exchange receives the right to keep the delinquent taxes, penalties and interest.

#### Orange County Public Facilities Corporation Bonds, Master Lease

This non-budgeted 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.

#### Capital Facilities Development Corporation

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

#### South Orange County Public Financing Authority

This non-budgeted fund was established to account for the debt service expenditures for the South Orange County Public Financing Authority (SOCPFA). Included is the Lease Revenue Refunding Bonds, Series 2012, which were issued to redeem the outstanding OCPFA 2012 JJC bonds and pay costs relating to the issuance. On June 2, 2016, SOCPFA issued the Central Utility Facility Lease Revenue Bonds, Series 2016 to finance the acquisition, construction and installation of certain capital improvements.

#### 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.

#### Capital Facilities Development Corporation Construction

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

#### **PERMANENT FUND**

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

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

# COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

			Special Revenue					
ASSETS	Total Nonmajor Governmental Funds			Parking acilities	Lighting	rvice Areas, g, Maintenance, ssment Districts	Other Environmental Management	
Pooled Cash/Investments	\$	678,469 45	\$	6,880	\$	5,378	\$	6,225
Imprest Cash Funds Restricted Cash and Investments with Trustee		306,162				119,526		
Deposits In-Lieu of Cash Receivables		25				·		
Accounts		2,649						1
Taxes		20,194				16		
Interest/Dividends		1,752 2,140		23		18		21
Deposits Allowance for Uncollectible Receivables		(110)		(10)				
Due from Other Funds		25,105		440				261
Due from Other Governmental Agencies		35,015		442				44
Prepaid Costs		14,275		80				
Notes Receivable, Net	_	27,774		7.055	_			
Total Assets	\$	1,113,495	\$	7,855	\$	124,938	\$	6,552
<u>LIABILITIES</u>								
Accounts Payable	\$	37,299	\$	642	\$	22,415	\$	
Retainage Payable		2,106		9		1		1
Salaries and Employee Benefits Payable Interest Payable		1,897 67		9				
Deposits from Others		45,094						
Due to Other Funds		74,758		269		28		17
Due to Component Unit		3		 439		 162		
Due to Other Governmental Agencies Unearned Revenue		6,957 21,423		439		102		
Advances from Other Funds		33,240						
Total Liabilities		222,844		1,359		22,606		18
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue-Intergovernmental Revenues		12,200						
Unavailable Revenue-Property Taxes		1,036				6		
Unavailable Revenue-Other		46		<del></del>		<u></u>		<del></del>
Total Deferred Inflows of Resources		13,282		<del></del>		6		
FUND BALANCES								
Nonspendable		14,475		80				
Restricted		685,941		5,260		102,326		978
Assigned Total Fund Balances		176,953 877,369		1,156 6,496		102,326		5,556 6,534
	-	611,308		0,490		102,320	-	0,004
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	1,113,495	\$	7,855	\$	124,938	\$	6,552

Community & Tobacco Welfare		ОС		OC Dana Point				
Se	Settlement Services		Parks		Harbor			
								<u>ASSETS</u>
\$	25,502	\$	109,864	\$	112,962	\$	74,272	Pooled Cash/Investments
			45					Imprest Cash Funds
								Restricted Cash and Investments with Trustee
							25	Deposits In-Lieu of Cash Receivables
			1		1,035		349	Accounts
					1,106			Taxes
			306		359		219	Interest/Dividends
					7		2,083	Deposits
								Allowance for Uncollectible Receivables
			9,593		923		7	Due from Other Funds
			3,443		209		117	Due from Other Governmental Agencies
			253		4,710			Prepaid Costs
			6,380					Notes Receivable, Net
\$	25,502	\$	129,885	\$	121,311	\$	77,072	Total Assets
•			4.077		0.005	•		<u>LIABILITIES</u>
\$		\$	1,677	\$	2,295	\$	1,147	Accounts Payable
					783		361	Retainage Payable
			27		689			Salaries and Employee Benefits Payable
			 1		1,549		3,231	Interest Payable Deposits from Others
	8,932		45,994		2,434		1,448	Due to Other Funds
	0,932		45,994		2,434		1,440	Due to Component Unit
			1,094				102	Due to Other Governmental Agencies
			206		2,746		7	Unearned Revenue
			21,940					Advances from Other Funds
	8,932		70,939		10,496		6,296	Total Liabilities
			050					DEFERRED INFLOWS OF RESOURCES
			952					Unavailable Revenue-Intergovernmental Revenues
					644			Unavailable Revenue-Property Taxes
	<del></del>						<del></del>	Unavailable Revenue-Other
	<u></u>		952		644			Total Deferred Inflows of Resources
								FUND BALANCES
			253		4,710			Nonspendable
	16,570		18,539		93,278		70,776	Restricted
			39,202	_	12,183			Assigned
	16,570		57,994		110,171		70,776	Total Fund Balances
\$	25,502	\$	129,885	\$	121,311	\$	77,072	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

#### Special Revenue

ASSETS	-	Housing Asset		OC Public Libraries		Plan of Adjustment Available Cash		Health Care Programs	
Product Cook the contract to	œ.	44.004	¢.	40.400	<b>c</b>		Φ.	40.570	
Pooled Cash/Investments	\$	11,334	\$	48,199	\$		\$	48,572	
Imprest Cash Funds									
Restricted Cash and Investments with Trustee									
Deposits In-Lieu of Cash Receivables									
Accounts				462					
Taxes				687					
Interest/Dividends		33		145				29	
Deposits				145				29	
Allowance for Uncollectible Receivables									
Due from Other Funds				58				1,880	
Due from Other Funds  Due from Other Governmental Agencies				16				661	
<u> </u>				4,678				001	
Prepaid Costs Notes Receivable, Net		19,972		4,076					
Total Assets	\$	31,339	\$	54,245	\$	<del></del>	\$	51,142	
Total Assets	Ψ	31,339	Ψ	34,243	Ψ		Ψ	31,142	
<u>LIABILITIES</u>									
Accounts Payable	\$	6	\$	272	\$		\$		
Retainage Payable	•		•	65	*		*		
Salaries and Employee Benefits Payable				612					
Interest Payable									
Deposits from Others				351					
Due to Other Funds		173		255				7,354	
Due to Component Unit								3	
Due to Other Governmental Agencies				1				5,013	
Unearned Revenue				177				2,432	
Advances from Other Funds									
Total Liabilities		179		1,733				14,802	
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue-Intergovernmental Revenues								134	
Unavailable Revenue-Property Taxes				386					
Unavailable Revenue-Other									
Total Deferred Inflows of Resources				386				134	
FUND BALANCES									
Nonspendable				4,678					
Restricted		31,160		47,448				22,618	
Assigned								13,588	
Total Fund Balances		31,160		52,126				36,206	
Total Liabilities, Deferred Inflows of Resources,	· · · · ·								
and Fund Balances	\$	31,339	\$	54,245	\$		\$	51,142	

Special Revenue							Del	ot Serv	rice			
	Roads	H	Orange County Housing Authority		Housing Gove		Other Governmental Resources		Teeter Plan Notes		ange County olic Facilities corporation Bonds, aster Lease	400570
										<u>ASSETS</u>		
\$	104,258	\$	8,719	\$	1,625	\$	52,399	\$		Pooled Cash/Investments		
										Imprest Cash Funds		
			4,251 				67 		2,768	Restricted Cash and Investments with Trustee Deposits In-Lieu of Cash		
										Receivables		
	297		504							Accounts		
							18,385			Taxes		
	324		30		2		174			Interest/Dividends		
	50		(70)							Deposits		
	(30) 1,208		(70) 4							Allowance for Uncollectible Receivables  Due from Other Funds		
	18,892		684				10,096			Due from Other Governmental Agencies		
	3,044		1,510							Prepaid Costs		
			1,422							Notes Receivable, Net		
\$	128,043	\$	17,054	\$	1,627	\$	81,121	\$	2,768	Total Assets		
										<u>LIABILITIES</u>		
\$	3,165	\$	975	\$		\$		\$		Accounts Payable		
	606		400							Retainage payable		
	367		193 				 67			Salaries and Employee Benefits Payable Interest Payable		
	39,962									Deposits from Others		
	3,602		1,829				3			Due to Other Funds		
										Due to Component Unit		
	145		1							Due to Other Governmental Agencies		
	15,855									Unearned Revenue Advances from Other Funds		
	63,702		2,998				70			Total Liabilities		
			_							DEFERRED INFLOWS OF RESOURCES		
	11 11/									Unavailable Revenue-Intergovernmental Revenues		
	11,114 									Unavailable Revenue-Property Taxes		
										Unavailable Revenue-Other		
_	11,114									Total Deferred Inflows of Resources		
										FUND BALANCES		
	3,044		1,510							Nonspendable		
	50,183		1,510		 1,627		 18,385		2,768	Restricted		
							62,666		2,700	Assigned		
_	53,227		14,056		1,627	_	81,051	_	2,768	Total Fund Balances		
_		_		_		_		_		Total Liabilities, Deferred Inflows of Resources,		
\$	128,043	\$	17,054	\$	1,627	\$	81,121	\$	2,768	and Fund Balances		

## COMBINING BALANCE SHEET (Continued) NONMAJOR GOVERNMENTAL FUNDS

	Debt Service										
ASSETS	0	Pension obligation Bonds	Dev	al Facilities velopment rporation	Public	outh OC c Financing uthority	Orange County Public Financing Authority				
<u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>											
Pooled Cash/Investments	\$	44	\$		\$		\$				
Imprest Cash Funds Restricted Cash and Investments with Trustee		 46,564		 14,770		 9,247		6			
Deposits In-Lieu of Cash											
Receivables											
Accounts											
Taxes Interest/Dividends						<del></del>					
Deposits											
Allowance for Uncollectible Receivables											
Due from Other Funds											
Due from Other Governmental Agencies											
Prepaid Costs											
Notes Receivable, Net		40.000	_				•				
Total Assets	\$	46,608	\$	14,770	\$	9,247	\$	6			
<u>LIABILITIES</u>											
Accounts Payable	\$		\$		\$		\$				
Retainage payable											
Salaries and Employee Benefits Payable Interest Payable											
Deposits from Others											
Due to Other Funds		9				2,201					
Due to Component Unit											
Due to Other Governmental Agencies											
Unearned Revenue Advances from Other Funds											
Total Liabilities		9				2,201					
DEFERRED INFLOWS OF RESOURCES											
Unavailable Revenue-Intergovernmental Revenues											
Unavailable Revenue-Property Taxes											
Unavailable Revenue-Other											
Total Deferred Inflows of Resources								<del></del>			
FUND BALANCES											
Nonspendable											
Restricted		46,599		14,770		7,046		6			
Assigned Total Fund Balances		46,599		14,770		7,046		6			
		40,088		14,770		1,040	-	<u> </u>			
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	46,608	\$	14,770	\$	9,247	\$	6			

	C	Capital Project	S		Pe	ermanent	
inal Justice acilities	Countywide Capital Projects Non-General Fund		Capital Facilities Development Corporation Construction		Regional Park Endowment		ASSETS
\$ 28,456	\$	33,433	\$		\$	347	Pooled Cash/Investments
							Imprest Cash Funds
				108,963			Restricted Cash and Investments with Trustee
							Deposits In-Lieu of Cash Receivables
							Accounts
							Taxes
68						1	Interest/Dividends
							Deposits
							Allowance for Uncollectible Receivables
1 411		10,730		<b></b>			Due from Other Funds
411							Due from Other Governmental Agencies Prepaid Costs
							Notes Receivable, Net
\$ 28,936	\$	44,163	\$	108,963	\$	348	Total Assets
							LIABILITIES
\$ 3,155	\$	1,550	\$		\$		Accounts Payable
289							Retainage payable
							Salaries and Employee Benefits Payable
				 			Interest Payable Deposits from Others
199		11					Due to Other Funds
							Due to Component Unit
							Due to Other Governmental Agencies
							Unearned Revenue
 11,300 14,943		1,561		<del></del>		<del></del>	Advances from Other Funds Total Liabilities
 14,040		1,001	_				DEFERRED INFLOWS OF RESOURCES
							Unavailable Revenue-Intergovernmental Revenues
				 			Unavailable Revenue-Property Taxes
46							Unavailable Revenue-Other
46							Total Deferred Inflows of Resources
							FUND BALANCES
						200	Nonspendable
13,947				108,963		148	Restricted
		42,602					Assigned
13,947		42,602	_	108,963		348	Total Fund Balances
\$ 28,936	\$	44,163	\$	108,963	\$	348	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

					Special Revenue		
	Noni Goverr	otal major nmental nds		arking cilities	Service Area, Lighting, Maintenance, & Assessment Districts		Other rironmental nagement
Revenues							
Taxes	\$	143,546	\$		\$ 655	\$	
Licenses, Permits, and Franchises		1,871					
Fines, Forfeitures, and Penalties		20,410					
Use of Money and Property		61,357		13,445	1,008		829
Intergovernmental		355,599		1,179	77,645		159
Charges for Services		43,307		349	12		491
Other		44,274		392	11	_	386
Total Revenues		670,364		15,365	79,331		1,865
Expenditures Current							
General Government		76,202			54,871		134
Public Protection		668			·		156
Public Ways and Facilities		101,534		10,164	221		1,437
Health and Sanitation		929		·			,
Public Assistance		191,381					
Education		46,842					
Recreation and Cultural Services		117,965					
Capital Outlay		132,827		758			424
Debt Service		,					
Principal Retirement		79,303			<u></u>		
Interest		25,526					
Total Expenditures	-	773,177		10,922	55,092		2,151
Excess (Deficit) of Revenues		770,177		10,022	00,002		2,101
Over Expenditures	(	102,813)		4,443	24,239		(286)
Other Financing Sources (Uses)							
Transfers In		120,533		443			261
Transfers Out		,					201
Debt Issued	(	187,656) 58,489		(3,765)			
Capital Leases		47					
Total Other Financing Sources (Uses)		(8,587)		(3,322)			261
Net Change in Fund Balances	(	111,400)		1,121	24,239		(25)
Fund Balances-Beginning of Year	,	988,769		5,375	78,087		6,559
Fund Balances-End of Year		877,369	\$	6,496	\$ 102,326		6,534
Turiu Dalarices-Lilu VI Teal	Ψ	511,509	φ	0,430	Ψ 102,320	Ψ	0,004

Revenues   Revenues   Revenues	<u>:</u>	Tobacco Settlement	Communit Welfare Service	è	OC Park		D	OC ana Point Harbor	_
Total Revenues	r.		œ.		ф о	0.402	æ		
Total Part	Ф			700	<b>\$</b>		Ф		
200				799				400	
			4						
Charges for Services		200						27,210	
31,859   5,280   2,726   89   Other						•			•
Section		24.050							•
Expenditures   Current		,							
Current		32,059	47,	605		5,700		28,028	Total Revenues
Current									Expenditures
512 Public Protection Public Ways and Facilities Health and Sanitation 22,128 Public Assistance Education 94,200 23,765 Recreation and Cultural Services 11,221 14,013 943 Capital Outlay Principal Retirement Interest Interest 133,861 108,213 24,708 Excess (Deficit) of Revenues Interest Transfers In Transfers In Transfers In Debt Issued Debt Issued Debt Issued Capital Leases									
		8							General Government
				512					Public Protection
22,128 Public Assistance 94,200 23,765 Recreation and Cultural Services 11,221 14,013 943 Capital Outlay Debt Service Principal Retirement Interest 13,861 108,213 24,708 Total Expenditures Other Financing Sources (Uses) Other Financing Sources (Uses) Debt Issued Debt Issued Debt Issued Capital Leases Capital Leases Total Other Financing Sources (Uses) Total Capital Leases									Public Ways and Facilities
Capital Cultural Services									Health and Sanitation
94,200 23,765 Recreation and Cultural Services 11,221 14,013 943 Capital Outlay Debt Service Principal Retirement Interest I			22,	128					Public Assistance
11,221 14,013 943 Capital Outlay Debt Service Principal Retirement Interest  8 33,861 108,213 24,708 Total Expenditures Excess (Deficit) of Revenues  32,051 13,744 7,553 3,320 Over Expenditures									Education
Debt Service   Principal Retirement   Interest   Service   Principal Retirement   Interest   Interest   Total Expenditures   Excess (Deficit) of Revenues   Excess (Deficit) of Revenues   Over Expenditures   Over Expenditures   Over Expenditures   Interest   Over Expenditures   Over Expenditures   Over Expenditures   Other Financing Sources (Uses)   Transfers In   (26,926) (55,958) (1,101) (18)   Transfers Out   Output Interest   Transfers Out   Output Interest   Output Inte						,		23,765	Recreation and Cultural Services
			11,	221	1	4,013		943	Capital Outlay
Total Expenditures   Excess (Deficit) of Revenues									Debt Service
8         33,861         108,213         24,708         Total Expenditures Excess (Deficit) of Revenues Over Expenditures           32,051         13,744         7,553         3,320         Over Expenditures           Other Financing Sources (Uses)           8         17,614           Transfers In           (26,926)         (55,958)         (1,101)         (18)         Transfers Out               Debt Issued              Capital Leases           (26,918)         (38,344)         (1,101)         (18)         Total Other Financing Sources (Uses)           5,133         (24,600)         6,452         3,302         Net Change in Fund Balances           11,437         82,594         103,719         67,474         Fund Balances-Beginning of Year									Principal Retirement
Excess (Deficit) of Revenues   Over Expenditures									Interest
32,051 13,744 7,553 3,320 Over Expenditures  Other Financing Sources (Uses)  8 17,614 Transfers In (26,926) (55,958) (1,101) (18) Transfers Out  Debt Issued  Capital Leases (26,918) (38,344) (1,101) (18) Total Other Financing Sources (Uses)  5,133 (24,600) 6,452 3,302 Net Change in Fund Balances  11,437 82,594 103,719 67,474 Fund Balances-Beginning of Year		8	33,	861	10	8,213		24,708	·
Other Financing Sources (Uses)   8									
8       17,614         Transfers In         (26,926)       (55,958)       (1,101)       (18)       Transfers Out             Debt Issued            Capital Leases         (26,918)       (38,344)       (1,101)       (18)       Total Other Financing Sources (Uses)         5,133       (24,600)       6,452       3,302       Net Change in Fund Balances         11,437       82,594       103,719       67,474       Fund Balances-Beginning of Year		32,051	13,	744		7,553		3,320	Over Expenditures
8       17,614         Transfers In         (26,926)       (55,958)       (1,101)       (18)       Transfers Out             Debt Issued            Capital Leases         (26,918)       (38,344)       (1,101)       (18)       Total Other Financing Sources (Uses)         5,133       (24,600)       6,452       3,302       Net Change in Fund Balances         11,437       82,594       103,719       67,474       Fund Balances-Beginning of Year									Other Financing Sources (Uses)
(26,926)       (55,958)       (1,101)       (18)       Transfers Out            Debt Issued            Capital Leases         (26,918)       (38,344)       (1,101)       (18)       Total Other Financing Sources (Uses)         5,133       (24,600)       6,452       3,302       Net Change in Fund Balances         11,437       82,594       103,719       67,474       Fund Balances-Beginning of Year		8	17.	614					• , ,
Debt Issued Capital Leases           (26,918)         (38,344)         (1,101)         (18)         Total Other Financing Sources (Uses)           5,133         (24,600)         6,452         3,302         Net Change in Fund Balances           11,437         82,594         103,719         67,474         Fund Balances-Beginning of Year					(	1.101)		(18)	Transfers Out
(26,918)         (38,344)         (1,101)         (18)         Total Other Financing Sources (Uses)           5,133         (24,600)         6,452         3,302         Net Change in Fund Balances           11,437         82,594         103,719         67,474         Fund Balances-Beginning of Year			(,		,			` ,	Debt Issued
5,133 (24,600) 6,452 3,302 Net Change in Fund Balances 11,437 82,594 103,719 67,474 Fund Balances-Beginning of Year									Capital Leases
11,437 82,594 103,719 67,474 Fund Balances-Beginning of Year		(26,918)	(38,	344)		1,101)		(18)	Total Other Financing Sources (Uses)
	5,133 (24,600)			6,452		3,302	Net Change in Fund Balances		
		11,437	82,	594	10	3,719		67,474	Fund Balances-Beginning of Year
	\$	16,570	\$ 57,	994	\$ 11	0,171	\$	70,776	Fund Balances-End of Year

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

#### Special Revenue

Revenues	Housing Asset	OC Public Libraries	Plan of Adjustment Available Cash	Health Care Programs
Taxes	\$	\$ 54,698	\$	\$
	\$	\$ 54,698	<b>э</b>	\$
Licenses, Permits, and Franchises				7 444
Fines, Forfeitures, and Penalties		7		7,444
Use of Money and Property	283	503	32	568
Intergovernmental		383		4,549
Charges for Services		1,053		1,166
Other		1,141		91
Total Revenues	283	57,785	32	13,818
Expenditures				
Current				
General Government			19,685	
Public Protection			·	
Public Ways and Facilities				
Health and Sanitation				929
Public Assistance	664			
Education		46,842		<del></del>
Recreation and Cultural Services				
Capital Outlay		1,841		
Debt Service		.,		
Principal Retirement		16		
Interest		1		
Total Expenditures	664	48,700	19.685	929
Excess (Deficit) of Revenues		40,700	19,003	929
Over Expenditures	(381)	9,085	(19,653)	12,889
Over Experiultures	(361)	9,065	(19,055)	12,009
Other Financing Sources (Uses)				
Transfers In			2,530	1,991
Transfers Out			(7)	(12,624)
Debt Issued				
Capital Leases		47		
Total Other Financing Sources (Uses)		47	2,523	(10,633)
Net Change in Fund Balances	(381)	9,132	(17,130)	2,256
Fund Balances-Beginning of Year	31,541	42,994	17,130	33,950
Fund Balances-End of Year	\$ 31,160	\$ 52,126	\$	\$ 36,206

		Special Revenue		Debt	Service	
	Roads	Orange County Housing Authority	Other Governmental Resources	Teeter Plan Notes	Orange County Public Facilities Corporation Bonds, Master Lease	
•		•	•	•	•	Revenues
\$		\$	\$	\$	\$	Taxes
	807					Licenses, Permits, and Franchises
	3			9,990		Fines, Forfeitures, and Penalties
	771	159	18	1,218	27	Use of Money and Property
	70,512	163,542				Intergovernmental
	23,708	3	191			Charges for Services
	1,587	572	59	2		Other
	97,388	164,276	268	11,210	27	Total Revenues
						Expenditures
						Current
			1	220		General Government
						Public Protection
	89,712					Public Ways and Facilities
	00,712					Health and Sanitation
		168,589				Public Assistance
		100,309				Education
						Recreation and Cultural Services
	28,253					Capital Outlay
	20,200					Debt Service
				59,110	419	Principal Retirement
				1,105	2,179	Interest
	117,965	168,589	1	60,435	2,598	Total Expenditures
	117,905	100,309		00,433	2,390	•
	(20 577)	(4 242)	267	(40.225)	(2.571)	Excess (Deficit) of Revenues Over Expenditures
	(20,577)	(4,313)	207	(49,225)	(2,571)	Over Experialtures
						Other Financing Sources (Uses)
					2,396	Transfers In
	(625)		(8)			Transfers Out
	`			58,489		Debt Issued
						Capital Leases
	(625)		(8)	58,489	2,396	Total Other Financing Sources (Uses)
	(21,202)	(4,313)	259	9,264	(175)	Net Change in Fund Balances
	(, <b>-</b> )	( ., )		-,-3.	(	<del></del>
	74,429	18,369	1,368	71,787	2,943	Fund Balances-Beginning of Year
\$	53,227	\$ 14,056	\$ 1,627	\$ 81,051	\$ 2,768	Fund Balances-End of Year

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

Debt Service

		Debt	Service	
	Pension Obligation Bonds	Capital Facilities Development Corporation	South OC Public Financing Authority	Orange County Public Financing Authority
Revenues				
Taxes	\$	\$	\$	\$
Licenses, Permits, and Franchises				
Fines, Forfeitures, and Penalties				
Use of Money and Property	176	90	173	26
Intergovernmental				
Charges for Services				
Other				
Total Revenues	176	90	173	26
Expenditures				
Current				
General Government	37	95		
Public Protection				
Public Ways and Facilities				
Health and Sanitation			<del></del>	<del></del>
Public Assistance				
Education		<del></del>	<del></del>	<del></del>
Recreation and Cultural Services				
Capital Outlay				
Debt Service				
Principal Retirement	3,003		7,165	9,590
Interest	11,997	6,757	3,152	335
Total Expenditures	15,037	6,852	10,317	9,925
Excess (Deficit) of Revenues	10,007	0,002	10,017	0,020
Over Expenditures	(14,861)	(6,762)	(10,144)	(9,899)
Other Financing Sources (Uses)				
Transfers In			10,316	2,440
Transfers Out		(6)	(16,413)	(14,322)
Debt Issued		(6)	(10,413)	(14,322)
Capital Leases				
Total Other Financing Sources (Uses)		(6)	(6,097)	(11,882)
Net Change in Fund Balances	(14,861)	(6,768)	(16,241)	(21,781)
Fund Balances-Beginning of Year	61,460	21,538	23,287	21,787
Fund Balances-End of Year	\$ 46,599	\$ 14,770	\$ 7,046	\$ 6
	,,,,,,			

		Capital Projects		Permanent					
	Countywide Capital Criminal Justice Projects Nor Facilities General Fun		Capital Facilities Development Corporation Construction	Regional Park Endowment					
\$		\$	\$	\$	Revenues Taxes				
Ψ		Ψ 	Ψ	Ψ	Licenses, Permits, and Franchises				
	2,817				Fines, Forfeitures, and Penalties				
	177	470	1,247	3	Use of Money and Property				
					Intergovernmental				
				<del></del>	Charges for Services				
	75			4	Other				
	3,069	470	1,247	7	Total Revenues				
	0,000		1,271		Total Neverlacs				
					Expenditures				
					Current				
		1,151			General Government				
					Public Protection				
					Public Ways and Facilities				
					Health and Sanitation				
					Public Assistance				
					Education				
					Recreation and Cultural Services				
	16,400	15,213	43,761		Capital Outlay				
					Debt Service				
					Principal Retirement				
					Interest				
	16,400	16,364	43,761		Total Expenditures				
					Excess (Deficit) of Revenues				
	(13,331)	(15,894)	(42,514)	7	Over Expenditures				
					Other Figuresian Courses (Hear)				
	40.004	00.404	0		Other Financing Sources (Uses) Transfers In				
	19,034	63,494	6		Transfers Out				
	(4,319)	(51,564)			Debt Issued				
					Capital Leases				
	14,715	11,930	6		Total Other Financing Sources (Uses)				
	,								
	1,384	(3,964)	(42,508)	7	Net Change in Fund Balances				
	12,563	46,566	151,471	341	Fund Balances-Beginning of Year				
\$	13,947	\$ 42,602	\$ 108,963	\$ 348					

### BUDGETARY COMPARISON SCHEDULES NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE

	* Oriç	ginal Budget	_	Final Budget		Actual on getary Basis		Variance Positive Negative)
Parking Facilities								
Revenues and Other Financing Sources	•		_	0.007			_	(100)
Use of Money and Property Charges for Services	\$	6,207 301	\$	6,207 505	\$	6,074 349	\$	(133) (156)
Other		376		376		401		25
Transfers In		669		443		443		
Total Revenues and Other Financing Sources		7,553	_	7,531		7,267		(264)
Expenditures and Other Financing Uses								
Public Ways and Facilities:		7 440		0.071		6 042		1 400
Parking Facilities  Total Expenditures and Other Financing Uses		7,419 7.419		8,271 8,271	-	6,843 6,843		1,428 1,428
Excess (Deficit) of Revenues and Other Financing		7,415		0,271		0,040		1,420
Sources Over Expenditures and Other Financing Uses		134		(740)		424	\$	1,164
Fund Balances-Beginning of Year		742		742		742		
Fund Balances-End of Year	\$	876	\$	2	\$	1,166		
Service Area, Lighting, Maintenance, and Assessment Districts Revenues and Other Financing Sources								
Taxes	\$	612	\$	612	\$	655	\$	43
Use of Money and Property Intergovernmental		39 4		148 4		994 4		846
Charges for Services		29		29		12		(17)
Other		2		10		11		1
Transfers In				77,641		77,641		
Bond Issuance Proceeds				33,459				(33,459)
Total Revenues and Other Financing Sources		686	_	111,903		79,317		(32,586)
Expenditures and Other Financing Uses General Government:								
Special Assessment-Top of the World Improvement		58		58				58
CFD 2015-1 RMV (Village of Esencia) Construction		1,623		29,835		29,808		27
CFD 2016-1 RMV (Village of Esencia) Construction CFD 2017-1 RMV (Village of Esencia) Construction		48,898		48,898 111,100		31,935 4,470		16,963 106,630
Public Ways and Facilities:		0.474						0.04=
North Tustin Landscaping and Lighting Assessment District		3,474 9		3,474		157 7		3,317 3
County Service Area No. 13-La Mirada County Service Area No. 20-La Habra		1		10 10				10
County Service Area No. 22-East Yorba Linda		66		66		57		9
Total Expenditures and Other Financing Uses		54,129		193,451		66,434		127,017
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(53,443)		(81,548)		12,883	\$	94,431
Fund Balances-Beginning of Year		93,965		93,965		93,965		
Fund Balances-End of Year	\$	40,522	\$	12,417	\$	106,848		
Other Environmental Management								
Revenues and Other Financing Sources Use of Money and Property	\$	409	\$	409	\$	848	\$	439
Intergovernmental	Ф	1,852	Ф	1,852	Ф	159	Ф	(1,693)
Charges for Services		85		85		491		406
Other		166		166		386		220
Transfers In Total Revenues and Other Financing Sources		2,512		261 2,773		261 2,145		(628)
Expenditures and Other Financing Uses		_,0.2				_,	_	(320)
General Government:								
Real Estate Development Program		2,388		2,649		95		2,554
Air Quality Improvement		670		670		463		207
Public Protection:								
Survey Monument Preservation		363		363		156		207
Public Ways and Facilities: El Toro Improvement Fund		2,965		2,965		1,437		1,528
Total Expenditures and Other Financing Uses	-	6,386	_	6,647	-	2,151		4,496
Excess (Deficit) of Revenues and Other Financing		-,000		3,0		2,.01		.,
Sources Over Expenditures and Other Financing Uses		(3,874)		(3,874)		(6)	\$	3,868
Fund Balances-Beginning of Year		6,571	_	6,571		6,571		
Fund Balances-End of Year	\$	2,697	\$	2,697	\$	6,565		
		_	_			· · · · · · · · · · · · · · · · · · ·		

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

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

	* Oriç	ginal Budget	_	Final Budget	Actual on Budgetary Bas	sis	F	ariance Positive legative)
<u>Tobacco Settlement</u> Revenues and Other Financing Sources								
Other	\$	25,194	\$	24,956		1,859	\$	6,903
Total Revenues and Other Financing Sources		25,194	_	24,956	3	1,859		6,903
Expenditures and Other Financing Uses General Government:								
Orange County Tobacco Settlement Fund		33,664		36,381		6,754		9,627
Total Expenditures and Other Financing Uses Excess (Deficit) of Revenues and Other Financing		33,664		36,381	26	6,754		9,627
Sources Over Expenditures and Other Financing Uses		(8,470)		(11,425)		5,105	\$	16,530
Fund Balances-Beginning of Year		11,425		11,425	11	1,425		
Fund Balances-End of Year	\$	2,955	\$	<u></u>	\$ 16	6,530		
Community and Welfare Services								
Revenues and Other Financing Sources								
Licenses, Permits, and Franchises	\$	802	\$	802	\$	799	\$	(3)
Use of Money and Property		1,091		1,341		1,891		550
Intergovernmental Charges for Services		40,146 2,937		42,769 3,412		6,270 3,235		(6,499) (177)
Other		7,561		4,795		5,280		485
Transfers In		19,056		24,632	2	1,684		(2,948)
Total Revenues and Other Financing Sources		71,593	_	77,751	69	9,159		(8,592)
Expenditures and Other Financing Uses Public Assistance:								
MHSA Housing Fund		994		994		18		976
OC Animal Care Center Donations		100		146		138		8
Dispute Resolution Program		893 1,054		924 1,112		635 771		289 341
Domestic Violence Program Facilities Development and Maintenance		2,080		2,080		315		1,765
Workforce Investment Act		19,644		19,309	12	2,543		6,766
County Executive Office-Single Family Housing		5,251		5,251		5,030		221
OC Housing		12,436		11,232	8	3,130		3,102
Strategic Priority Affordable Housing In-Home Support Services Public Authority		492 1,977		492 1,977		393 1,699		99 278
SSA Donations and Fees		1,314		1,314		996		318
SSA Wraparound		26,352		54,984	46	6,412		8,572
CalHome Program Reuse Fund		778		778				778
OC Animal Shelter Fund		16,831		16,265	15	5,203		1,062
Santa Ana Regional Center Lease Conveyance Total Expenditures and Other Financing Uses	-	964 91,160		964 117,822		963 3,246		24,576
Excess (Deficit) of Revenues and Other Financing	-	31,100		117,022		3,240		24,010
Sources Over Expenditures and Other Financing Uses		(19,567)		(40,071)	(24	4,087)	\$	15,984
Fund Balances-Beginning of Year		105,343		105,343		5,343		
Fund Balances-End of Year	\$	85,776	\$	65,272	\$ 8	1,256		
OC Parks								
Revenues and Other Financing Sources			_					
Taxes Licenses, Permits, and Franchises	\$	83,663	\$	83,663 233	\$ 88	3,110	\$	4,447
Fines, Forfeitures, and Penalties		233 34		233 34		265 49		32 15
Use of Money and Property		10,903		10,903	1.	1,715		812
Intergovernmental		407		407	•	1,064		657
Charges for Services		9,798		9,798		2,373		2,575
Other Transfers In		135 17,583		135 17,583		2,483 4,000		2,348 (13,583)
Total Revenues and Other Financing Sources	-	122,756		122,756		0,059		(2,697)
-								
Expenditures and Other Financing Uses Recreation and Cultural Services:								
County Tidelands-Newport Bay		9,859		9,859	6	6,181		3,678
OC Parks		124,934		124,934		4,567		30,367
OC Capital		33,830		33,830		2,740		21,090
Total Expenditures and Other Financing Uses		168,623	_	168,623	113	3,488		55,135
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(45,867)		(45,867)	6	6,571	\$	52,438
Fund Balances-Beginning of Year		102,362		102,362	102	2,362		
Fund Balances-End of Year	\$	56,495	\$	56,495		3,933		

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

	* Oriç	ginal Budget		Final Budget		Actual on getary Basis		/ariance Positive Negative)
OC Dana Baint Harbar								
OC Dana Point Harbor Revenues and Other Financing Sources								
Licenses, Permits, and Franchises	\$	11	\$	11	\$		\$	(11)
Fines, Forfeitures and Penalties	Ψ	127	Ψ	127	Ψ	100	Ψ	(27)
Use of Money and Property		27,027		27,027		27,454		427
Charges for Services		854		854		629		(225)
Other		60		60		90		30
Total Revenues and Other Financing Sources		28,079	_	28,079		28,273		194
Expenditures and Other Financing Uses								
Recreation and Cultural Services:								
OC Dana Point Harbor		44,147		44,147		24,850		19,297
Total Expenditures and Other Financing Uses		44,147		44,147		24,850		19,297
Excess (Deficit) of Revenues and Other Financing								
Sources Over Expenditures and Other Financing Uses		(16,068)		(16,068)		3,423	\$	19,491
Fund Balances-Beginning of Year		67,722		67,722		67,722		
Fund Balances-End of Year	\$	51,654	\$	51,654	\$	71,145		
Housing Asset								
Revenues and Other Financing Sources								
Use of Money and Property	\$	254	\$	254	\$	407	\$	153
Other						(90)		(90)
Total Revenues and Other Financing Sources		254	_	254		317		63
Expenditures and Other Financing Uses								
Public Assistance:								
Orange County Development Agency Housing Asset		12,216		12,216		663		11,553
Total Expenditures and Other Financing Uses		12,216		12,216		663		11,553
Excess (Deficit) of Revenues and Other Financing		(44.000)		(44.000)		(0.40)	•	44.040
Sources Over Expenditures and Other Financing Uses		(11,962)		(11,962)		(346)	\$	11,616
Fund Balances-Beginning of Year		31,564		31,564		31,564		
Fund Balances-End of Year	\$	19,602	\$	19,602	\$	31,218		
OC Public Libraries								
Revenues and Other Financing Sources								
Taxes	\$	46,514	\$	46,514	\$	54,636	\$	8,122
Fines, Forfeitures, and Penalties		19		19		7		(12)
Use of Money and Property		228		228		669		441
Intergovernmental		450		450		383		(67)
Charges for Services		1,042		1,042		1,053		11
Other Total Revenues and Other Financing Sources		722 48.975		722 48.975		908 57.656		186 8.681
Total Revenues and Other Financing Sources		40,975	_	40,975		57,000		0,001
Expenditures and Other Financing Uses Education:								
OC Public Libraries-Capital		6,488		6,751		2,336		4,415
OC Public Libraries		58,754		59,704		46,776		12,928
Total Expenditures and Other Financing Uses		65,242		66,455		49,112		17,343
Excess (Deficit) of Revenues and Other Financing								
Sources Over Expenditures and Other Financing Uses		(16,267)		(17,480)		8,544	\$	26,024
Fund Balances-Beginning of Year		43,038		43,038		43,038		
Fund Balances-End of Year	\$	26,771	\$	25,558	\$	51,582		

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

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

	* Ori	ginal Budget		Final Budget	Actual on Budgetary Basis		Variance Positive (Negative)
Plan of Adjustment Available Cash							
Revenues and Other Financing Sources							
Use of Money and Property	\$	25	\$	33	\$ 33	\$	
Transfers In		10,154		2,530	2,530		
Total Revenues and Other Financing Sources		10,179	_	2,563	2,563		
Expenditures and Other Financing Sources							
General Government:							
Class B-27 Registered Warrants				3	3		
Recovery Plan of Adjustment Available Cash		12,255		19,690	19,690		
Total Expenditures and Other Financing Uses		12,255		19,693	19,693		
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(2,076)		(17,130)	(17,130)	) \$	
Fund Balancea Baginning of Voor		17 120		17 120	17 120	-	
Fund Balances-Beginning of Year Fund Balances-End of Year	•	17,130	4	17,130	\$ 17,130	-	
Fund Balances-End of Year	\$	15,054	\$		\$	=	
Health Care Programs Revenues and Other Financing Sources							
Fines, Forfeitures, and Penalties	\$	7,855	\$	7,855	\$ 7,446	\$	(409)
Use of Money and Property		191		191	285		94
Intergovernmental		5,700		6,200	3,816		(2,384)
Charges for Services		1,251		1,251	1,166		(85)
Other		255		255	91		(164)
Transfers In Total Revenues and Other Financing Sources		400 15,652		1,980 17,732	1,975 14,779		(2,953)
		13,032		17,732	14,779	_	(2,955)
Expenditures and Other Financing Uses Health and Sanitation:							
Medi-Cal Administrative Activities Targeted Case Management		1,808		1,808	965		843
Emergency Medical Services		7,790		7,790	7,455		335
HCA Purpose Restricted Revenues		2,183		3,763	952		2,811
HCA Interest Bearing Purpose Restricted Revenues		51		51	4		47
Bioterrorism Center for Disease Control		3,997		4,556	3,815		741
Total Expenditures and Other Financing Uses		15,829		17,968	13,191		4,777
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses		(177)		(236)	1,588	\$	1,824
Fund Balances-Beginning of Year		34,865		34,865	34,865		
Fund Balances-End of Year	\$	34,688	\$	34,629	\$ 36,453	_	
	<u> </u>	01,000	<u> </u>	04,020	Ψ 00,400	-	
Revenues and Other Financing Sources							
Licenses, Permits, and Franchises	\$	721	\$	721	\$ 807	\$	86
Fines, Forfeitures, and Penalties		7		7	3		(4)
Use of Money and Property		670		670	1,056		386
Intergovernmental		70,596		72,546	76,434		3,888
Charges for Services		53,607		54,007	23,794		(30,213)
Other Total Revenues and Other Financing Sources		60,630 186,231		36,710 164,661	1,593 103,687		(35,117)
·		160,231	_	104,001	103,087		(00,974)
Expenditures and Other Financing Uses Public Ways and Facilities:							
OC Road		154,539		163,409	91,022		72,387
Foothill Circulation Phasing Plan		1,002		1,062	349		713
South County Roadway Improve Prog (SCRIP)		28,005		36,454	28,000		8,454
Total Expenditures and Other Financing Uses		183,546		200,925	119,371		81,554
Excess (Deficit) of Revenues and Other Financing	-		_	_00,020	,011		21,001
Sources Over Expenditures and Other Financing Uses		2,685		(36,264)	(15,684)	\$	20,580
Fund Balances-Beginning of Year		76,057		76,057	76,057		
Fund Balances-End of Year	\$	78,742	\$	39,793	\$ 60,373	_	
			_			=	

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

	* Orig	ginal Budget		Final Budget		Actual on dgetary Basis	- 1	/ariance Positive legative)
Orange County Housing Authority								
Revenues and Other Financing Sources								
Use of Money and Property	\$	129	\$	129	\$	186	\$	57
Intergovernmental		166,644		166,644		163,542		(3,102)
Charges for Services		9		9		3		(6)
Other		822		822		571		(251)
Total Revenues and Other Financing Sources		167,604		167,604		164,302		(3,302)
Expenditures and Other Financing Uses Public Assistance:								
Orange County Housing Authority-Operating Reserve		4,281		4,282		1,338		2,944
Orange County Housing Authority		174,307		174,871		167,251		7,620
Total Expenditures and Other Financing Uses		178,588		179,153		168,589		10,564
Excess (Deficit) of Revenues and Other Financing								
Sources Over Expenditures and Other Financing Uses		(10,984)		(11,549)		(4,287)	\$	7,262
Fund Balances-Beginning of Year		18,386		18,386		18,386		
Fund Balances-End of Year	\$	7,402	\$	6,837	\$	14,099		
Other Governmental Resources Revenues and Other Financing Sources	\$	7	•	7	•	12	•	-
Use of Money and Property Charges for Services	Ф	200	\$	200	\$	191	\$	5
Other		200		200		59		(9) 59
Total Revenues and Other Financing Sources		207	_	207		262		55
Expenditures and Other Financing Uses General Government:								
Remittance Processing Equipment Replacement		76		76		1		75
Assessor Property Characteristic		200		200				200
Total Expenditures and Other Financing Uses		276		276		1		275
Excess (Deficit) of Revenues and Other Financing								
Sources Over Expenditures and Other Financing Uses		(69)		(69)		261	\$	330
Fund Balances-Beginning of Year		1,370		1,370		1,370		
Fund Balances-End of Year	\$	1,301	\$	1,301	\$	1,631		

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

### BUDGETARY COMPARISON SCHEDULES NONMAJOR GOVERNMENTAL FUNDS-DEBT SERVICE

	* Original Budget Final Budget				Actual on getary Basis	ĺ	/ariance Positive legative)
Teeter Plan Notes							
Revenues and Other Financing Sources							
Fines, Forfeitures, and Penalties	\$		\$	11,050	\$ 9,449	\$	(1,601)
Use of Money and Property		225		225	1,405		1,180
Other					2		2
Bond Issuance Proceeds		32,000		58,489	58,489		
Total Revenues and Other Financing Sources		32,225	_	69,764	69,345		(419)
Expenditures and Other Financing Uses							
General Government:							
Teeter Series A Debt Service		66,957		104,496	 60,435		44,061
Total Expenditures and Other Financing Uses		66,957		104,496	 60,435		44,061
Excess (Deficit) of Revenues and Other Financing							
Sources Over Expenditures and Other Financing Uses		(34,732)		(34,732)	8,910	\$	43,642
Fund Balances-Beginning of Year		68,452		68,452	68,452		
Fund Balances-End of Year	\$	33,720	\$	33,720	\$ 77,362		
Pension Obligation Bonds							
Revenues and Other Financing Sources							
Use of Money and Property	\$	8,359	\$	8,359	\$ 8,359	\$	
Total Revenues and Other Financing Sources		8,359	_	8,359	8,359		
Expenditures and Other Financing Uses General Government:							
Pension Obligation Bonds Debt Service		15,046		15,046	15,035		11
Total Expenditures and Other Financing Uses		15,046		15,046	 15,035		11
Excess (Deficit) of Revenues and Other Financing		13,046		15,040	 13,033		
Sources Over Expenditures and Other Financing Uses		(6,687)		(6,687)	(6,676)	\$	11
Fund Balances-Beginning of Year		28,205		28,205	28,205		
Fund Balances-End of Year	\$	21,518	\$	21,518	\$ 21,529		

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

### BUDGETARY COMPARISON SCHEDULES NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS

	* Original	Budget		Final Budget	Actual on Budgetary Basis		F	ariance Positive legative)
Criminal Justice Facilities								
Revenues and Other Financing Sources	•	0.005	•	0.700	•	0.047	•	70
Fines, Forfeitures, and Penalties	\$	2,825	\$	2,739	\$	2,817	\$	78
Use of Money and Property		75		75		286		211
Intergovernmental		6,505		6,505		 75		(6,505)
Other		12		2,604		75		(2,529)
Transfers In		37,138		39,760		19,035		(20,725)
Total Revenues and Other Financing Sources		46,555		51,683		22,213		(29,470)
Expenditures and Other Financing Uses Public Protection:								
Criminal Justice Facilities Accumulated Capital Outlay		25,609		28.973		5,981		22,992
Courthouse Temporary Construction		3,639		3.664		3.664		,
Sheriff-Coroner Construction and Facility Development		33.379		39,157		9.099		30.058
Total Expenditures and Other Financing Uses		62,627		71,794		18,744		53,050
Excess (Deficit) of Revenues and Other Financing						,		<u> </u>
Sources Over Expenditures and Other Financing Uses		(16,072)		(20,111)		3,469	\$	23,580
Fund Balances-Beginning of Year		20,097		20,097		20,097		
Fund Balances-End of Year	\$	4,025	\$	(14)	\$	23,566		
Countywide Capital Projects Non-General Fund								
Revenues and Other Financing Sources								
Transfers In		24,473		63,474		63,473		(1)
Total Revenues and Other Financing Sources		24,473		63,474		63,473		(1)
Expenditures and Other Financing Uses Capital Improvements:								
Countywide Capital Projects Non-General		56,403		63,060		56,022		7,038
Countywide IT Projects Non-General		10,771		11,593		11,462		131
Total Expenditures and Other Financing Uses		67,174		74,653		67,484		7,169
Excess (Deficit) of Revenues and Other Financing	-			· · · · · · · · · · · · · · · · · · ·		-		· · · · · · · · · · · · · · · · · · ·
Sources Over Expenditures and Other Financing Uses		(42,701)		(11,179)		(4,011)	\$	7,168
Fund Balances-Beginning of Year		46,558		46,558		46,558		
Fund Balances-End of Year	\$	3,857	\$	35,379	\$	42,547		
	_					_		

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

### BUDGETARY COMPARISON SCHEDULE NONMAJOR GOVERNMENTAL FUNDS-PERMANENT FUND

					Actual or		F	/ariance Positive
	- Origina	al Budget	FI	nal Budget	Budgetary Basis		(IN	legative)
Regional Park Endowment Revenues and Other Financing Sources Use of Money and Property Other	\$		\$	4	\$	4 5	\$	
Total Revenues and Other Financing Sources	-			8		9		<u> </u>
Expenditures and Other Financing Uses Public Ways and Facilities: Limestone Regional Park Mitigation Maintenance Endowment Total Expenditures and Other Financing Uses		<u></u>		8				<u>8</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						9	\$	9
Fund Balances-Beginning of Year		184		184		184		
Fund Balances-End of Year	\$	184	\$	184	\$	193		

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



#### **INTERNAL SERVICE FUNDS**

These funds are used to account for the financing of goods or services provided by one County department or agency to other County departments or agencies, 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, group dental insurance programs, wellness program, and flexible spending accounts.

#### Insured Health Plans

This fund is used to account for the fully insured health plans for the County employees and retirees.

#### Life Insurance

This fund is used to account for the County's life insurance and accidental death and dismemberment insurance for employees.

#### Workers' Compensation

This fund is used to account for the County's self-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.

#### Reprographics

This fund is used to account for printing and graphic services, which are provided to departments and agencies on a cost-reimbursement basis.

#### Information and Technology

This fund is used to account for applications development and support, voice and data services, and desktop support to departments and agencies on a cost-reimbursement basis.

## COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	Insured Health Plans	Life Insurance	Workers' Compensation
ASSETS					
Current Assets Pooled Cash/Investments	\$ 256,817	\$ 35,985	\$ 7,310	\$ 131	\$ 90,831
Cash/Cash Equivalents Imprest Cash Funds Receivables	375 8	375 	 		
Accounts Interest/Dividends	163 690	6 108	26 		 240
Allowance for Uncollectible Receivables  Due from Other Funds  Due from Other Governmental Agencies	(57) 2,996 680	 874 275	 195 1	  	61 42
Inventory of Materials and Supplies Prepaid Costs Total Current Assets	385 1,879 263,936	  37,623	7,532	  131	255 91,429
Total Current Assets	263,936	37,623	7,532	131	91,429
Noncurrent Assets Capital Assets Construction in Progress	2,448				
Intangible Assets-Amortizable Accumulated Amortization	118 (16)		 	  	118 (16)
Structures and Improvements Accumulated Depreciation Equipment	12,599 (6,650) 135,615	  	  	  	  8
Accumulated Depreciation Total Capital Assets	(82,008) 62,106				(8) 102
Total Assets	326,042	37,623	7,532	131_	91,531
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pension Deferred Outflows of Resources Related to OPEB	11,156 299	 	 	 	2,799 108
Total Deferred Outflows of Resources	11,455				2,907
LIABILITIES  Comment Link Wilder					
Current Liabilities Accounts Payable Retainage Payable	12,848 26	467	 	 	825 
Salaries and Employee Benefits Payable Due to Other Funds Due to Other Governmental Agencies	515 713 2	 5	 		63 11
Insurance Claims Payable Compensated Employee Absences Payable	55,348 1,157	12,676	  		30,859 143
Total Current Liabilities	70,609	13,148			31,901
Noncurrent Liabilities Insurance Claims Payable Compensated Employee Absences Payable	148,411 1,219				119,336 121
Net OPEB Liability	37,768 4,514		  	  	7,006 1,633
Total Noncurrent Liabilities	191,912				128,096
Total Liabilities	262,521	13,148			159,997
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension Deferred Inflows of Resources Related to OPEB	8,874 153		<u></u>	<u></u>	2,468 55
Total Deferred Inflows of Resources  NET POSITION	9,027		<del></del>		2,523
Net Investment in Capital Assets	62,106				102
Unrestricted Total Net Position	3,843 \$ 65,949	24,475 \$ 24,475	7,532 \$ 7,532	\$ 131 \$ 131	(68,184) \$ (68,082)

	nployment surance		operty & sualty Risk	Tran	sportation	Repr	ographics	Information & Technology		
										<u>ASSETS</u>
										Current Assets
\$	8,100	\$	63,147	\$	17,369	\$	4,208	\$	29,736	Pooled Cash/Investments
										Cash/Cash Equivalents
			5						3	Imprest Cash Funds
			3		56		4		68	Receivables Accounts
	24		177		46		11		84	Interest/Dividends
					(56)				(1)	Allowance for Uncollectible Receivables
			213		1,627				26	Due from Other Funds
			16		14				332	Due from Other Governmental Agencies
					385					Inventory of Materials and Supplies
			130		648		78		768	Prepaid Costs
	8,124		63,691		20,089		4,301		31,016	Total Current Assets
										Noncurrent Assets
										Capital Assets
							239		2,209	Construction in Progress
										Intangible Assets-Amortizable
					9,797				2,802	Accumulated Amortization
					(5,538)				(1,112)	Structures and Improvements  Accumulated Depreciation
					58,575		1,440		75,592	Equipment
					(25,900)		(1,226)		(54,874)	Accumulated Depreciation
					36,934		453		24,617	Total Capital Assets
	8,124		63,691		57,023		4,754		55,633	Total Assets
										DEFERRED OUTFLOWS OF RESOURCES
			719		3,303		600		3,735	Deferred Outflows of Resources Related to Pension
			16		75		12		88	Deferred Outflows of Resources Related to OPEB
			735		3,378		612		3,823	Total Deferred Outflows of Resources
										LIABILITIES
										Current Liabilities
	13		1,853		718		183		8,789	Accounts Payable
							12		14	Retainage Payable
			34		174		30		214	Salaries and Employee Benefits Payable
			3		553		8		133	Due to Other Funds
					1		1			Due to Other Governmental Agencies
	801		11,012 100		368		 44		502	Insurance Claims Payable Compensated Employee Absences Payable
	814		13,002		1.814		278		9,652	Total Current Liabilities
-			,		.,				-,	
										Noncurrent Liabilities
			29,075							Insurance Claims Payable
			86		466		28 2,436		518	Compensated Employee Absences Payable
			2,841 239		12,395 1,136		2,430 183		13,090 1,323	Net Pension Liability Net OPEB Liability
	-		32,241		13,997		2,647	-	14,931	Total Noncurrent Liabilities
-	814		45,243	-	15,811	-	2,925	-	24.583	Total Liabilities
			,		,					DEFERRED INFLOWS OF RESOURCES
										<u> </u>
			563		2,547		452		2,844	Deferred Inflows of Resources Related to Pension Deferred Inflows of Resources Related to OPEB
_	<del></del>		<u>8</u> 571		2,586	_	6 458		2,889	Total Deferred Inflows of Resources
		-								NET POSITION
					20.024		450		04.047	
	7,310		 18,612		36,934 5,070		453 1,530		24,617 7,367	Net Investment in Capital Assets Unrestricted
\$	7,310	\$	18,612	\$	42,004	\$	1,983	\$	31,984	Total Net Position
			-,		,		,		1,	

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

	Total		Health and Other Self-Insured Employee Benefits		Insured Health Plans		Life Insurance			orkers'
Operating Revenues	_		_		_		_		_	
Use of Money and Property	\$	1,581	\$		\$		\$		\$	
Charges for Services		99,612		1,503						
Insurance Premiums		330,315		65,600		173,614		824		58,558
Total Operating Revenues		431,508		67,103		173,614		824	-	58,558
Operating Expenses										
Salaries and Employee Benefits		22,834								2,663
Services and Supplies		27,090		1,784						421
Professional Services		58,648		4,614		5				5,434
Operating Leases		2,124								164
Insurance Claims and Premiums		293,087		63,902		174,115		852		40,568
Other Charges		368		368						
Taxes and Other Fees		8								
Depreciation		9,868								16
Total Operating Expenses		414,027		70,668		174,120		852		49,266
Operating Income (Loss)		17,481		(3,565)		(506)		(28)		9,292
Nonoperating Revenues										
Intergovernmental Revenues		1,039		1,039						
Interest and Investment Income		2,085		335		115		2		604
Gain on Disposition of Capital Assets		345								
Other Revenue		7,299		4,930		251				228
Total Nonoperating Revenues		10,768		6,304		366		2		832
Income (Loss) Before Contributions and Transfers		28,249		2,739		(140)		(26)		10,124
Capital Contributions		424								
Transfers In		8,649		928		5				157
Transfers Out		(337)				(108)		(2)		(12)
Change in Net Position		36,985		3,667		(243)		(28)		10,269
Net Position - Beginning of Year		33,530		20,808		7,775		159		(76,699)
Adjustment Due to Change in Accounting Principle		(4,566)								(1,652)
Net Position - Beginning of Year, as Restated		28,964		20,808		7,775		159		(78,351)
Net Position - End of Year	\$	65,949	\$	24,475	\$	7,532	\$	131	\$	(68,082)

		Property & sualty Risk Transportation			n Reprographics			formation & echnology		
•		•		•		•		•	4.504	Operating Revenues
\$		\$		\$	04.004	\$	4.000	\$	1,581	Use of Money and Property
					24,861		4,009		69,239	Charges for Services
			31,719 31,719		24,861		4,009		70,820	Insurance Premiums
			31,719		24,801		4,009		70,820	Total Operating Revenues
										Operating Expenses
			1,553		8,051		1,341		9,226	Salaries and Employee Benefits
			7,575		9,254		1,253		6,803	Services and Supplies
	66		527		2,339		402		45,261	Professional Services
			173		42		443		1,302	Operating Leases
	848		12,802							Insurance Claims and Premiums
										Other Charges
					8					Taxes and Other Fees
					5,421		48		4,383	Depreciation
	914		22,630		25,115		3,487		66,975	Total Operating Expenses
	(914)		9,089		(254)		522		3,845	Operating Income (Loss)
										Nonoperating Revenues
										Intergovernmental Revenues
	85		468		148		33		295	Intergovernmental Nevertues
			400		345				295	Gain on Disposition of Capital Assets
	9		1,336		264		188		93	Other Revenue
	94		1,804		757	-	221		388	Total Nonoperating Revenues
	<del></del>		1,004		707		221		000	Total Nonoperating Nevertues
	(820)		10,893		503		743		4,233	Income (Loss) Before Contributions and Transfers
					424					Capital Contributions
					7,559					Transfers In
					(215)					Transfers Out
	(820)		10,893		8,271		743		4,233	Change in Net Position
	8,130		7,961		34,882		1,425		29,089	Net Position - Beginning of Year
			(242)		(1,149)		(185)		(1,338)	Adjustment Due to Change in Accounting Principle
-	8,130	-	7,719		33,733		1,240		27,751	Net Position - Beginning of Year, as Restated
\$	7,310	\$	18,612	\$	42,004	\$	1,983	\$	31,984	Net Position - End of Year
	.,						.,	_	,	= =

### COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

		Total	Se	Ith and Other elf-Insured oyee Benefits		Insured alth Plans		Life nsurance		Vorkers'
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from Customers	\$	32,359	\$	1,831	\$		\$		\$	
Cash Received for Premiums Within the County's Entity		330,315		65,600		173,614		824		58,558
Payments to Suppliers for Goods and Services		(385,671)		(70,129)		(174,125)		(852)		(42,388)
Payments to Employees for Services		(23,086)		(004)		(00)				(2,830)
Payments for Interfund Services		(1,203) 70,355		(891)		(90)				68
Receipts for Interfund Services Payment for Taxes and Other Fees		(8)								00
Other Operating Receipts		7,299		4,930		251				228
Other Operating Payments		(2,546)		(368)		(14)				(204)
Net Cash Provided (Used) by Operating Activities	_	27,814		973		(364)		(28)		13,432
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers In		8,649		928		5				157
Transfers Out		(337)				(108)		(2)		(12)
Intergovernmental Revenues		1,039		1,039						
Net Cash Provided (Used) by Noncapital Financing Activities		9,351		1,967		(103)		(2)		145
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		(40.050)								(50)
Acquisition of Capital Assets Principal Paid on Capital Lease Obligations		(12,956) (6,900)								(53)
Proceeds from Sale of Capital Assets		(6,900)								
Net Cash (Used) by Capital and Related Financing Activities		(19,511)					-			(53)
		(10,011)								(55)
CASH FLOW FROM INVESTING ACTIVITIES		4 000		200		115		2		520
Interest on Investments  Net Cash Provided by Investing Activities		1,883 1,883		300		115 115		2		538 538
Net Cash Provided by Investing Activities		1,003		300		113				336
Net Increase (Decrease) in Cash and Cash Equivalents		19,537		3,240		(352)		(28)		14,062
Cash and Cash Equivalents - Beginning of Year		237,663		33,120		7,662		159		76,769
Cash and Cash Equivalents - End of Year	\$	257,200	\$	36,360	\$	7,310	\$	131	\$	90,831
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities Operating Income (Loss) Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: Depreciation	\$	17,481 9,868	\$	(3,565)	\$	(506)	\$	(28)	\$	9,292
Other Revenue		7,299		4,930		251				228
(Increases) Decreases In:										
Accounts Receivable, Net of Allowances		(21)		(5)		(13)				
Due from Other Funds		1,721		(860)		(90)				67
Due from Other Governmental Agencies		372		333		(1)				(40)
Inventory of Materials and Supplies		24								(7)
Prepaid Costs Deferred Outflows of Resources Related to Pension		(53) (2,735)								(7) (979)
Deferred Outflows of Resources Related to OPEB		43								16
Increases (Decreases) In:		(0.004)		40		(5)				(5.10)
Accounts Payable		(8,394) 47		48		(5)				(519)
Salaries and Employee Benefits Payable  Due to Other Funds		(1,808)		(31)						(1) 1
Due to Other Governmental Agencies		(1,000)		(51)						
Insurance Claims Payable		1,588		123						4,561
Compensated Employee Absences Payable		114								(27)
Net Pension Liability		(747)								(270)
Net OPEB Liability		(394)								(143)
Deferred Inflows of Resources Related to Pension		3,267								1,182
Deferred Inflows of Resources Related to OPEB		153								55
Total Adjustments  Net Cash Provided (Used) by Operating Activities	\$	10,333 27,814	\$	4,538 973	\$	142 (364)	\$	(28)	\$	4,140 13,432
, , , , , <del>,</del>	Ψ	21,014	Ψ	313	Ψ	(304)		(20)	Ψ	10,702
Reconciliation of Cash and Cash Equivalents to Statement of Net Position										
Pooled Cash/Investments	\$	256,817	\$	35,985	\$	7,310	\$	131	\$	90,831
Cash/Cash Equivalents	Ψ	375	-	375	-		*		-	
Imprest Cash Funds		8								
Total Cash and Cash Equivalents	\$	257,200	\$	36,360	\$	7,310	\$	131	\$	90,831

	nployment surance		Property & sualty Risk	Tra	nsportation	Rep	rographics		ormation & echnology	
										CASH FLOWS FROM OPERATING ACTIVITIES
\$		\$	9	\$	24,876	\$	4,011	\$	1,632	Receipts from Customers
			31,719							Cash Received for Premiums Within the County's Entity
	(1,022)		(23,943)		(12,193)		(1,492)		(59,527)	Payments to Suppliers for Goods and Services
			(1,587)		(8,129)		(1,382)		(9,158)	Payments to Employees for Services
			(10)				(212)			Payments for Interfund Services
					2,633				67,654	Receipts for Interfund Services
	9		1,336		(8) 264		188		93	Payment for Taxes and Other Fees Other Operating Receipts
			(173)		(42)		(443)		(1,302)	Other Operating Receipts Other Operating Payments
	(1,013)		7,351		7,401		670		(608)	Net Cash Provided (Used) by Operating Activities
	(1,010)		7,001		.,				(000)	That Gash Fromada (Good) by Operating From the
										CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
					7,559					Transfers In
					(215)					Transfers Out
										Intergovernmental Revenues
					7,344					Net Cash Provided (Used) by Noncapital Financing Activities
										CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
					(11,704)		(242)		(957)	Acquisition of Capital Assets
							(= ·=/		(6,900)	Principal Paid on Capital Lease Obligations
					345					Proceeds from Sale of Capital Assets
					(11,359)		(242)		(7,857)	Net Cash (Used) by Capital and Related Financing Activities
										CASH FLOW FROM INVESTING ACTIVITIES
	81		416		126		22		283	Interest on Investments
	81		416		126		22		283	Net Cash Provided by Investing Activities
							,			• •
	(932)		7,767		3,512		450		(8,182)	Net Increase (Decrease) in Cash and Cash Equivalents
	9,032		55,385		13,857		3,758		37,921	Cash and Cash Equivalents - Beginning of Year
\$	8,100	\$	63,152	\$	17,369	\$	4,208	\$	29,739	Cash and Cash Equivalents - End of Year
\$	(914)	\$	9,089	\$	(254)	\$	522	\$	3,845	Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities Operating Income (Loss) Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
					5,421		48		4,383	Depreciation
	9		1,336		264		188		93	Other Revenue
					0		(4)		(0)	(Increases) Decreases In:
			(12)		6 2,639		(4)		(6) (22)	Accounts Receivable, Net of Allowances  Due from Other Funds
			(13) 8		2,039		6		(22) 57	Due from Other Funds  Due from Other Governmental Agencies
					24					Inventory of Materials and Supplies
			(3)		(62)		23		(4)	Prepaid Costs
			(133)		(700)		(106)		(817)	Deferred Outflows of Resources Related to Pension
			2		11		2		`12 <sup>′</sup>	Deferred Outflows of Resources Related to OPEB
										Increases (Decreases) In:
	13		(61)		(563)		152		(7,459)	Accounts Payable
					12		. 1		35	Salaries and Employee Benefits Payable
			3		(6)		(212)		(1,563)	Due to Other Funds
	(404)				1		(12)			Due to Other Governmental Agencies
	(121)		(2,975)				(20)		460	Insurance Claims Payable
			(23)		25		(30)		169	Compensated Employee Absences Payable
			(40)		(188)		(30)		(219)	Net Pension Liability
			(21) 173		(99) 822		(16) 132		(115) 958	Net OPEB Liability Deferred Inflows of Resources Related to Pension
			8		39		6		45	Deferred Inflows of Resources Related to Pension  Deferred Inflows of Resources Related to OPEB
	(99)		(1,738)		7,655		148		(4,453)	Total Adjustments
\$	(1,013)	\$	7,351	\$	7,401	\$	670	\$	(608)	Net Cash Provided (Used) by Operating Activities
										Reconciliation of Cash and Cash Equivalents to
\$	8,100	\$	63,147	\$	17,369	\$	4,208	\$	29,736	Pooled Cash/Investments
Ψ	o, 100 	Ψ	00, 147	Ψ		Ψ	→,∠∪∪ 	Ψ	29,730	Cash/Cash Equivalents
			5						3	Imprest Cash Funds
\$	8,100	\$	63,152	\$	17,369	\$	4,208	\$	29,739	Total Cash and Cash Equivalents

#### **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.

#### Orange County Redevelopment Successor Agency (Successor Agency)

The Orange County Development Agency (OCDA) was dissolved effective February 1, 2012 in accordance with ABx1 26. A successor agency was designated as the successor entity to the former redevelopment agency in accordance with Health and Safety Code 34173. The Orange County Redevelopment Successor Agency holds the assets of the dissolved OCDA pending liquidation and distribution.

#### PENSION AND OTHER 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 (OCERS).

#### Extra-Help Defined Contribution Plan

This fund is used to account for the defined contribution retirement plan for extra-help and part-time employees. This plan replaced the Extra-Help Defined Benefit Retirement Plan and was effective for new employees on March 1, 2002. Effective February 10, 2015, the plan also includes new employees who have attained age 60 at date of hire, who waive membership in OCERS, and do not have funds on deposit with OCERS and otherwise meet the requirements under OCERS' regulations and state law to waive membership in OCERS. The eligible employees of these plans are not covered by OCERS.

#### 401(a) Defined Contribution Plan

This fund accounts for the 401(a) defined contribution plan, which was established in January 1999 for eligible employees, including the members of the Board, certain executive managers, certain administrative managers once classified as confidential and grandfathered in the plan, attorneys represented by the Orange County Attorney's Association and certain other employee classifications as defined in the plan document. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to new administrative managers and to all grandfathered administrative managers, effective June 23, 2016 and December 28, 2012, respectively.

#### 1.62% at 65 Retirement, 401(a) Defined Contribution Plan

This fund is used to account for the matching 401(a) employer contributions for eligible employees in the "1.62% at 65" Retirement (OCERS) formula who voluntarily contribute to the "1.62% at 65" Retirement, 457(b) defined contribution plan. The Plan was established on May 7, 2010.

#### Retiree Medical Plan (Combined 401h and 115 Trust)

This fund is used to account for the annual required contributions, benefit payments, and investment losses and gains in the Retiree Medical Trust (Trust) which was established effective July 2, 2007. The Trust was established exclusively for the Retiree Medical Plan (Plan) which is multi-employer other postemployment benefit plan that was established on August 1, 1993 for eligible employees as defined in the plan document. The Trust and the 401(h) account with OCERS represents the Plan reported here. The Plan is reported as of December 31.

#### Health Reimbursement Arrangement (HRA) Plan

This fund is used to account for the employer contributions to the HRA, a defined contribution plan, which became effective on June 24, 2008 for eligible employees, including employees represented by the Association of Orange County Deputy Sheriffs and Law Enforcement Management employees as defined in the plan document. The HRA was amended and restated on June 1, 2016 to provide for the transition of the Orange County Attorney's Association to the HRA Plan in July 2016.

#### **AGENCY FUNDS**

#### Unapportioned Tax and Interest Funds

This group of funds is used to account for the collection of property taxes, and later distribution of such taxes, as well as the interest earned on them. Included are taxes collected by the County for other governmental units using the County treasury, as well as governmental units not using the County treasury, such as cities.

#### Departmental Funds

This group of funds is used by certain County officers to hold various types of cash receipts and deposits in a 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		range County edevelopment ccessor Agency
<u>ASSETS</u>		,			<u> </u>
Pooled Cash/Investments Restricted Cash and Investments	\$	61,485	\$ 56,280	\$	5,205
Restricted Investments with Trustee Receivables		4,675			4,675
Interest/Dividends		259	226		33
Due from Other Governmental Agencies		1			1
Land and Improvements Held for Resale		133	 		133
Total Assets		66,553	 56,506		10,047
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding		273	 		273
Total Deferred Outflows of Resources		273	 		273
LIABILITIES					
Bonds Payable		22,247			22,247
Interest Payable		290 412	396		290 16
Due to Other Governmental Agencies  Total Liabilities		22,949	 396		22,553
Total Elabilities		22,040	000	-	22,000
DEFERRED INFLOWS OF RESOURCES					
Deferred Charge on Refunding		97			97
Total Deferred Inflows of Resources	_	97			97
NET POSITION					
Restricted for Private-Purpose Trust Funds		43,780	56,110		(12,330)
Net Position (Deficit)	\$	43,780	\$ 56,110	\$	(12,330)

# COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 2018

		Total	Adm	Public ninistration ust Funds	Orange County Redevelopment Successor Agency	
Additions:						
Contributions to Private-Purpose Trust	\$	69,958	\$	69,958	\$	
Intergovernmental Revenues		5,059				5,059
Other Revenues		910				910
Interest and Investment Income		458		304		154
Less: Investment Expense		(36)		(30)		(6)
Total Additions		76,349		70,232		6,117
Deductions:						
Distributions from Private-Purpose Trust		68,094		68,094		
Professional Services		95				95
Tax Pass-Throughs		5,142				5,142
Interest Expense		743		<u></u>		743
Total Deductions		74,074		68,094		5,980
Change in Net Position		2,275		2,138		137
Net Position (Deficit), Beginning of Year		41,505		53,972		(12,467)
Net Position (Deficit), End of Year	\$	43,780	\$	56,110	\$	(12,330)

### COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

ASSETS	Total		Extra-Help Defined Benefit Plan		Extra-Help Defined Contribution Plan		I	401(a) Defined ntribution Plan
Pooled Cash/Investments	\$	2,742	\$	545	\$		\$	
Restricted Cash and Investments								
Restricted Investments with Trustee		151,576		6,057		7,957		16,489
Pooled with OCERS		289,352						
Receivables		0.000						
Investments Interest/Dividends		3,926 24						
Due from Other Governmental Agencies		1,768				25		24
Total Assets		449,388		6,602		7,982		16,513
10tal A330t3		443,300		0,002		7,502		10,515
<u>LIABILITIES</u>								
Salaries and Employee Benefits Payable		3,059						
Total Liabilities		3,059						
NET POSITION								
Restricted for Pension and OPEB Benefits		446,329		6,602		7,982		16,513
Net Position	\$	446,329	\$	6,602	\$	7,982	\$	16,513

Retirem D	2% at 65 nent, 401(a) efined oution Plan	Plar 401	iree Medical n (Combined (h) and 115 Trusts) *	Health Reimbursement Arrangement Plan				
\$	1	\$	2,150	\$	46			
	4,670 		 289,352		116,403 			
	  43 4,714		3,926 24 1,412 296,864		264 116,713			
			3,059 3,059					
\$	4,714 4,714	\$	293,805 293,805	\$	116,713 116,713			

#### **ASSETS**

Pooled Cash/Investments
Restricted Cash and Investments
Restricted Investments with Trustee
Pooled with OCERS
Receivables
Investments
Interest/Dividends
Due from Other Governmental Agencies
Total Assets

#### **LIABILITIES**

Salaries and Employee Benefits Payable Total Liabilities

#### **NET POSITION**

Restricted for Pension and OPEB Benefits
Net Position

<sup>\*</sup> The Trust Plan is presented as of 12/31/17

### COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

	Total		Extra-Help Defined Benefit Plan		Extra-Help Defined Contribution Plan		De Con	01(a) efined tribution Plan
Additions:								
Contributions to Pension and Other								
Employee Benefits Trust:								
Employer	\$	75,388	\$	545	\$		\$	1,042
Employee		3,034				841		
Other Revenues		3		3				
Interest and Investment Income		45,381		295		164		1,180
Less: Investment Expense		(740)		(7)		(9)		(17)
Total Additions		123,066		836		996		2,205
Deductions:								
Benefits Paid to Participants		40,282		762		887		1,195
Professional Services		18						
Total Deductions		40,300		762		887		1,195
Change in Net Position		82,766		74		109		1,010
Net Position, Beginning of Year		401,559		6,528		7,873		15,503
Adjustment Due to Change in Accounting Principle		(37,996)						
Net Position, Beginning of Year, as Restated		363,563		6,528		7,873		15,503
Net Position, End of Year	\$	446,329	\$	6,602	\$	7,982	\$	16,513

1.62% at 65 Retirement, 401(a) Defined Contribution Plan		` ,		Plan (Combined Health 401(h) and 115 Reimbursement		Additions:
						Contributions to Pension and Other Employee Benefits Trust:
\$	1,662	\$	60,721	\$	11,418	Employer
*		Ψ	2,193	Ψ		Employee
						Other Revenues
	289		34,217		9,236	Interest and Investment Income
	(8)		(4)		(695)	Less: Investment Expense
	1,943		97,127		19,959	Total Additions
						Deductions:
			35,111		2,327	Benefits Paid to Participants
			18			Administrative Expense
			35,129		2,327	Total Deductions
	1,943		61,998		17,632	Change in Net Position
	2,771		269,803		99,081	Net Position, Beginning of Year
			(37,996)			Adjustment Due to Change in Accounting Principle
	2,771		231,807		99,081	Net Position, Beginning of Year, as Restated
\$	4,714	\$	293,805	\$	116,713	Net Position, End of Year

<sup>\*</sup> The Trust Plan is presented as of 12/31/17

## COMBINING STATEMENT OF FIDUCIARY NET POSITION ALL AGENCY FUNDS

	 Total	apportioned and Interest Funds	Departmental Funds		
<u>ASSETS</u>					
Pooled Cash/Investments	\$ 329,579	\$ 166,968	\$	162,611	
Cash/Cash Equivalents	244			244	
Restricted Cash and Investments with Trustee	41,482			41,482	
Investments	1,082			1,082	
Deposits In-Lieu of Cash	56,160			56,160	
Receivables					
Accounts	560			560	
Taxes	307,035	307,035			
Interest/Dividends	20,921	20,451		470	
Allowance For Uncollectible Receivables	(186,777)	(186,776)		(1)	
Due from Other Governmental Agencies	6,983	274		6,709	
Notes Receivable	 28,994			28,994	
Total Assets	 606,263	307,952		298,311	
<u>LIABILITIES</u>					
Interest Payable	16,184	16,184			
Deposits from Others	23,865			23,865	
Monies Held for Others	198,352			198,352	
Due to Other Governmental Agencies	76,094			76,094	
Unapportioned Taxes	 291,768	 291,768			
Total Liabilities	 606,263	307,952		298,311	
NET POSITION	\$ 	\$ 	\$		



## COMBINING STATEMENT OF CHANGES ASSETS AND LIABILITIES ALL AGENCY FUNDS

UNAPPORTIONED TAX AND INTEREST FUNDS	Balance Beginning of Year		Additions		Deductions		Balance End of Year	
<u>ASSETS</u>								
Pooled Cash/Investments Taxes Interest/Dividends Allowance for Uncollectible Receivables Due from Other Governmental Agencies Total Assets	\$	191,591 302,964 11,833 (179,588) 340 327,140	\$	8,982,182 18,860,146 117,163  15,546 27,975,037	\$	9,006,805 18,856,075 108,545 7,188 15,612 27,994,225	\$	166,968 307,035 20,451 (186,776) 274 307,952
LIABILITIES								
Interest Payable Due to Other Governmental Agencies Unapportioned Taxes Total Liabilities	\$	9,907 2 317,231 327,140	\$	57,359 77,816 12,094,021 12,229,196	\$	51,082 77,818 12,119,484 12,248,384	\$	16,184  291,768 307,952
DEPARTMENTAL FUNDS		Balance Beginning of Year		Additions		Deductions		Balance nd of Year
Pooled Cash/Investments Cash/Cash Equivalents Restricted Cash and Investments with Trustee Investments Deposits In-Lieu of Cash Receivables Accounts Interest/Dividends Allowance for Uncollectible Receivables Due from Other Governmental Agencies Prepaid Costs Notes Receivable	\$	161,225 206 38,313 1,082 54,565 475 312 (1) 2,841  29,431	\$	3,563,096 70 520,343  1,654 709 1,807  753,447 9,610	\$	3,561,710 32 517,174  59 624 1,649  749,579 9,610 437	\$	162,611 244 41,482 1,082 56,160 560 470 (1) 6,709  28,994
Total Assets	\$	288,449	\$	4,850,736	\$	4,840,874	\$	298,311
LIABILITIES								
Deposits From Others Monies Held for Others Due to Other Governmental Agencies Total Liabilities	\$	18,457 203,981 66,011 288,449	\$	35,791 5,776,460 1,319,138 7,131,389	\$	30,383 5,782,089 1,309,055 7,121,527	\$	23,865 198,352 76,094 298,311

TOTAL - ALL AGENCY FUNDS	Balance Beginning of Year	 Additions	 Deductions	Balance End of Year		
<u>ASSETS</u>						
Pooled Cash/Investments Cash/Cash Equivalents Restricted Cash and Investments with Trustee Investments Deposits In-Lieu of Cash Receivables Accounts Taxes Interest/Dividends Allowance for Uncollectible Receivables Due from Other Governmental Agencies Prepaid Costs	\$ 352,816 206 38,313 1,082 54,565 475 302,964 12,145 (179,589) 3,181	\$ 12,545,278 70 520,343  1,654 709 18,860,146 118,970  768,993 9,610	\$ 12,568,515 32 517,174  59 624 18,856,075 110,194 7,188 765,191 9,610	\$ 329,579 244 41,482 1,082 56,160 560 307,035 20,921 (186,777) 6,983		
Notes Receivable Total Assets	\$ 29,431 615,589	\$ 32,825,773	\$ 437 32,835,099	\$ 28,994 606,263		
<u>LIABILITIES</u>						
Interest Payable Deposits from Others Monies Held for Others Due to Other Governmental Agencies Unapportioned Taxes	\$ 9,907 18,457 203,981 66,013 317,231	\$ 57,359 35,791 5,776,460 1,396,954 12,094,021	\$ 51,082 30,383 5,782,089 1,386,873 12,119,484	\$ 16,184 23,865 198,352 76,094 291,768		
Total Liabilities	\$ 615,589	\$ 19,360,585	\$ 19,369,911	\$ 606,263		





# STATISTICAL SECTION (UNAUDITED)

The information in this section is not covered by the Independent Auditor's Report but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the basic financial statements, notes to the basic financial statements, and required supplementary information to understand and assess a government's economic condition.

Contents	<u>Page</u>
Financial Trends These schedules contain trend information to understand how the County's financial performation have changed over time.	•
Revenue Capacity  These schedules contain trend information to help the County's most significant local revenue source,	
Debt Capacity  These schedules offer economic and demograph the reader understand the environment within financial activities take place.	·
Economic and Demographic Information  These schedules offer economic and demograph the reader understand how the information in the report relates to the services the County provides performs.	e County's financial
Operating Information  These schedules contain service and infrastructure reader understand how the information in the Courelates to the services the County provides a performs.	nty's financial report

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										
		2017-18		2016-17 <sup>(</sup>	3)	2015-16		2014-15	2013-14 <sup>(3)</sup>		
Governmental Activities											
Net Investment in Capital Assets	\$	3,031,574	\$	2,813,296	\$	2,707,493	\$	2,670,577	\$	2,646,812	
Restricted for:											
Expendable											
OPEB											
Pension Benefits		135,485		125,876		111,639		112,544		109,986	
Capital Projects		123,245		164,400		10,836		6,154		8,661	
Debt Service		25,792		33,409		36,380		37,734		37,639	
Legally Segregated for Grants											
and Other Purposes		1,148,735		1,192,827		1,103,257		1,045,897		1,190,106	
Regional Park Endowment		148		145		144		141		140	
Nonexpendable		200		100		100		400		405	
Regional Park Endowment		200		196		193		188		185	
Unrestricted		(3,312,306)		(3,074,958)		(2,979,945)		(2,991,814)		331,408	
Total Governmental Activities Net Position	\$	1,152,873	\$	1,255,191	\$	989,997	\$	881,421	\$	4,324,937	
Business-Type Activities											
Net Investment in Capital Assets		799,668	\$	708,286	\$	663,280	\$	642,427	\$	624,621	
Restricted for:											
Expendable											
Debt Service		8,672		36,181		8,499		7,324		7,090	
Passenger Facility Charges											
Approved Capital Projects		12,044		2,775		14,705		70,538		62,522	
Replacements and Renewals		1,000		1,000		1,000		1,000		1,000	
Landfill Closure/Postclosure		26,655		28,962		33,997		33,337		37,412	
Landfill Corrective Action		8,358		8,278		8,245		8,174		7,141	
Wetland		879		879		879		879		879	
Prima Deshecha/La Pata Closure		104		104		104		104		104	
Airport (2)											
Waste Management (2)											
Unrestricted		454,482		463,495		465,003		362,546		384,871	
Total Business-Type Activities Net Position	\$	1,311,862	\$	1,249,960	\$	1,195,712	\$	1,126,329	\$	1,125,640	

Notes:

<sup>(1)</sup> 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.

<sup>(2)</sup> Starting in FY 2012-13, Restricted Net Position for Business-Type Activities will be shown by activity detail.

<sup>(3)</sup> The balances shown have not been restated to include the prior period adjustments.

		F	iscal Year			
2012-13	2011-12 <sup>(</sup>	(3)	2010-11	2009-10	2008-09	
\$ 2,563,976	\$ 2,699,809	\$	2,626,281	\$ 2,560,468	\$ 2,445,397	Governmental Activities  Net Investment in Capital Assets Restricted for: Expendable
	(	(1)	41,609	43,580	57,322	OPEB
105,900	96,604	(1)	107,807			Pension Benefits
11,904	16,269		56,219	58,947	85,197	Capital Projects
31,965			87,253	76,936	66,515	Debt Service
						Legally Segregated for Grants
1,174,791	1,077,117		1,133,256	1,069,801	1,047,284	and Other Purposes
139						Regional Park Endowment
						Nonexpendable
183	319		315	154	149	Regional Park Endowment
 196,850	37,790		(73,741)	(9,986)	(1,271)	Unrestricted
\$ 4,085,708	\$ 3,927,908	\$	3,978,999	\$ 3,799,900	\$ 3,700,593	Total Governmental Activities Net Position
						Business-Type Activities
\$ 587,934	\$ 574,982	\$	591,664	\$ 537,375	\$ 493,658	Net Investment in Capital Assets
						Restricted for:
						Expendable
58,772						Debt Service
						Passenger Facility Charges
55,331						Approved Capital Projects
1,000						Replacements and Renewals
40,355						Landfill Closure/Postclosure
6,109						Landfill Corrective Action
879						Wetland
104						Prima Deshecha/La Pata Closure
	58,149		50,899	48,225	176,225	Airport (2)
	82,205		84,070	86,943	284,943	Waste Management (2)
 335,122	350,474		313,568	321,778		Unrestricted
\$ 1,085,606	\$ 1,065,810	\$	1,040,201	\$ 994,321	\$ 954,826	Total Business-Type Activities Net Position

### Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting) (Continued)

	Fiscal Year										
	 2017-18	2016-17	<b>,</b> (3)	2015-16		2014-15		2013-14 <sup>(3)</sup>			
Primary Government											
Net Investment in Capital Assets	\$ 3,831,242 \$	3,521,582	\$	3,370,773	\$	3,313,004	\$	3,271,433			
Restricted for:											
Expendable											
OPEB											
Pension Benefits	135,485	125,876		111,639		112,544		109,986			
Capital Projects	123,245	164,400		10,836		6,154		8,661			
Debt Service	34,464	69,590		44,879		45,058		44,729			
Legally Segregated for Grants											
and Other Purposes	1,148,735	1,192,827		1,103,257		1,045,897		1,190,106			
Regional Park Endowment	148	145		144		141		140			
Passenger Facility Charges											
Approved Capital Projects	12,044	2,775		14,705		70,538		62,522			
Replacements and Renewals	1,000	1,000		1,000		1,000		1,000			
Landfill Closure/Postclosure	26,655	28,962		33,997		33,337		37,412			
Landfill Corrective Action	8,358	8,278		8,245		8,174		7,141			
Wetland	879	879		879		879		879			
Prima Deshecha/La Pata Closure	104	104		104		104		104			
Airport (2)											
Waste Management (2)											
Nonexpendable											
Regional Park Endowment	200	196		193		188		185			
Unrestricted	(2,857,824)	(2,611,463)	)	(2,514,942)		(2,629,268)		716,279			
Total Primary Government Net Position	\$ 2,464,735 \$	2,505,151	\$	2,185,709	\$	2,007,750	\$	5,450,577			

(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.

Notes:

<sup>(2)</sup> Starting in FY 2012-13, Restricted Net Position for Business-Type Activities will be shown by activity detail.

<sup>(3)</sup> The balances shown have not been restated to include the prior period adjustments.

		F	iscal Year			
 2012-13	2011-12 <sup>0</sup>	3)	2010-11	2009-10	2008-09	
						Primary Government
\$ 3,151,910	\$ 3,274,791	\$	3,217,945	\$ 3,097,843	\$ 2,939,055	Net Investment in Capital Assets
						Restricted for:
			44.000	40.500	<b>57.000</b>	Expendable
	(	1)	41,609	43,580	57,322	OPEB
105,900	96,604		107,807			Pension Benefits
11,904	16,269		56,219	58,947	85,197	Capital Projects
90,737			87,253	76,936	66,515	Debt Service
						Legally Segregated for Grants
1,174,791	1,077,117		1,133,256	1,069,801	1,047,284	and Other Purposes
139						Regional Park Endowment
						Passenger Facility Charges
55,331						Approved Capital Projects
1,000						Replacements and Renewals
40,355						Landfill Closure/Postclosure
6,109						Landfill Corrective Action
879						Wetland
104						Prima Deshecha/La Pata Closure
	58,149		50,899	48,225	176,225	Airport (2)
	82,205		84,070	86,943	284,943	Waste Management (2)
						Nonexpendable
183	319 315		315	154	149	Regional Park Endowment
531,972	388,264		239,827	311,792	(1,271)	Unrestricted
\$ 5,171,314	\$ 4,993,718	\$	5,019,200	\$ 4,794,221	\$ 4,655,419	Total Primary Government Net Position

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

	Fiscal Year									
		2017-18		2016-17 <sup>(</sup>	1)	2015-16		2014-15		2013-14 <sup>(1)</sup>
Expenses										
Governmental Activities:										
General Government	\$	196,233	\$	186,340	\$	203,394	\$	191,793	\$	131,026
Public Protection		1,475,626		1,485,137		1,433,421		1,326,028		1,261,984
Public Ways and Facilities		151,779		97,928		142,071		114,398		127,561
Health and Sanitation		656,234		593,617		554,872		537,580		626,063
Public Assistance		1,102,747		1,097,327		1,097,129		1,049,665		988,735
Education		48,412		44,510		46,170		43,314		41,240
Recreation and Cultural Services		123,798		112,749		115,136		102,069		96,820
Interest on Long-Term Debt		25,741		17,544		20,112		23,560		28,028
Subtotal Governmental Activities		3,780,570		3,635,152		3,612,305		3,388,407		3,301,457
Business-Type Activities:										
Airport		124,466		125,522		120,921		124,778		120,731
Waste Management		125,472		105,149		96,301		69,307		94,161
Compressed Natural Gas		299		367		283		331		379
Subtotal Business-Type Activities		250,237		231,038		217,505		194,416		215,271
Total Primary Government Expenses	\$	4,030,807	\$	3,866,190	\$	3,829,810	\$	3,582,823	\$	3,516,728
Program Revenues Governmental Activities: Charges for Services										
General Government	\$	43,104	\$	41.988	\$	34.048	\$	36,924	\$	32,016
Public Protection	*	355,850	*	307,630	*	288,185	•	286,644	•	273,215
Public Ways and Facilities		55,544		67,796		63,487		53,834		53,071
Health and Sanitation		112,715		117,170		85,392		102,599		93,470
Public Assistance		38,741		40,589		37,975		37,650		42,300
Education		1,237		1,274		1,426		1,480		2,059
Recreation and		, -		,		, -		,		,
Cultural Services		49,892		47,763		46,937		43,882		39,251
Operating Grants and Contributions		2,175,087		2,067,777		2,037,311		1,996,861		2,033,550
Capital Grants and Contributions		123,575		113,481		105,776		33,241		54,478
Subtotal Governmental Activities Program Revenues		2,955,745		2,805,468		2,700,537		2,593,115		2,623,410
Business-Type Activities:										
Charges for Services										
Airport		152,551		150,260		149,894		141,563		136,359
Waste Management		162,273		153,842		147,130		139,493		125,106
Compressed Natural Gas		266		248		269		312		392
Operating Grants and Contributions		272		69		171		255		900
Capital Grants and Contributions		4,829		1,828		2,174		9,215		5,277
Subtotal Business-Type Activities Program Revenues		320,191		306,247		299,638		290,838		268,034
Total Primary Government Program Revenues	\$	3,275,936	\$	3,111,715	\$	3,000,175	\$	2,883,953	\$	2,891,444

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

		F	iscal Year			
2012-13	2011-12 <sup>(</sup>	1)	2010-11	2009-10	2008-09	
						Expenses
						Governmental Activities:
\$ 221,110	\$ 161,615	\$	223,710	\$ 165,489	\$ 268,092	General Government
1,264,354	1,231,925		1,174,859	1,160,823	1,230,894	Public Protection
137,651	144,382		136,017	120,135	108,748	Public Ways and Facilities
621,381	593,657		586,525	578,983	593,331	Health and Sanitation
944,230	930,348		931,263	931,469	898,668	Public Assistance
38,548	41,226		39,788	41,009		Education
101,232	102,762		101,993	90,649	81,896	Recreation and Cultural Services
 31,269	56,765		53,806	53,782	59,751	Interest on Long-Term Debt
 3,359,775	3,262,680		3,247,961	3,142,339	3,241,380	Subtotal Governmental Activities
						Business-Type Activities:
122,568	107,120		88,059	92,068	91,959	Airport
94,737	94,553		93,985	84,754	79,374	Waste Management
305	306		349	95		Compressed Natural Gas
217,610	201,979		182,393	176,917	171,333	Subtotal Business-Type Activities
\$ 3,577,385	\$ 3,464,659	\$	3,430,354	\$ 3,319,256	\$ 3,412,713	Total Primary Government Expenses
						Program Revenues
						Governmental Activities:
						Charges for Services
\$ 32,127	\$ 26,942	\$	33,561	\$ 27,452	\$ 44,782	General Government
283,031	271,423		310,773	278,355	289,014	Public Protection
39,981	62,653		53,960	45,809	47,283	Public Ways and Facilities
81,039	86,027		93,815	86,430	82,059	Health and Sanitation
34,780	35,036		36,304	30,914	26,636	Public Assistance
1,327	1,437		1,576	1,449	1,338	Education
						Recreation and
39,637	38,888		37,560	38,223	40,138	Cultural Services
1,904,858	1,800,296		1,706,231	1,741,762	1,641,501	Operating Grants and Contributions
 62,893	39,010		170,516	16,828	94,031	Capital Grants and Contributions
 2,479,673	2,361,712		2,444,296	2,267,222	2,266,782	Subtotal Governmental Activities Program Revenues
						Business-Type Activities:
						Charges for Services
132,941	129,213		124,298	126,656	125,095	Airport
106,876	99,249		102,595	82,442	93,456	Waste Management
385	293		242	129	,	Compressed Natural Gas
200	212		657	1,432	171	Operating Grants and Contributions
3,839	5,216		6,544	8,077	7,466	Capital Grants and Contributions
244,241	234,183		234,336	218,736	226,188	Subtotal Business-Type Activities Program Revenues
\$ 2,723,914	\$ 2,595,895	\$	2,678,632	\$ 2,485,958	\$ 2,492,970	Total Primary Government Program Revenues

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

	Fiscal Year										
		2017-18		2016-17		2015-16		2014-15		2013-14(3)	
Net (Expense)/Revenue											
Governmental Activities	\$	(824,825)	\$	(829,684)	\$	(911,768)	\$	(795,292)	\$	(678,047)	
Business-Type Activities	•	69,954	•	75,209	•	82,133	,	96,422	·	52,763	
Total Primary Government (Expense)	\$	(754,871)	\$	(754,475)	\$	(829,635)	\$	(698,870)	\$	(625,284)	
General Revenue and Other Changes in Net Position Governmental Activities: Taxes											
Property Taxes, Levied for General Fund Property Taxes, Levied for	\$	305,296	\$	287,212	\$	311,902	\$	328,500	\$	277,591	
Flood Control District		104,798		98,563		82,193		77,090		72,737	
Property Taxes, Levied for OC Parks Property Taxes, Levied for		81,206		76,493		61,048		57,266		54,042	
OC Public Libraries		51,166		47,804		45,364		42,333		39,734	
Property Tax Increments (2) Property Taxes in-Lieu of											
Motor Vehicle License Fees		372,728		351,011		333,595		314,957		295,798	
Other Taxes		99,889		98,216		78,184		71,613		73,178	
Grants and Contributions Not Restricted		,		•		•		,		•	
to Specific Programs State Allocation of Motor		10,757		8,434		4,583		49,476		14,192	
Vehicle License Fees		1,615		1,234		1,100		764		895	
Unrestricted Investment Earnings		19,389		19,760		17,032		6,796		18,459	
Miscellaneous		71,164		80,229		63,825		69,789		54,412	
Gain on Sale of Capital Assets											
Transfers		10,767		25,922		21,518		19,959		17,557	
Subtotal Governmental Activities		1,128,775		1,094,878		1,020,344		1,038,543		918,595	
Extraordinary Gain/(Loss) Dissolution of OCDA (1)											
Business-Type Activities:											
Other Taxes		82		78		72		109		101	
Unrestricted Investment Earnings		7,695		3,497		6,526		3,042		3,064	
Miscellaneous Revenues		1,830		1,386		2,170		1,597		3,177	
Transfers		(10,767)		(25,922)		(21,518)		(19,959)		(17,557)	
Subtotal Business-Type Activities		(1,160)		(20,961)		(12,750)		(15,211)		(11,215)	
Total Primary Government General											
Revenue and Other Charges	_	1,127,615		1,073,917	\$	1,007,594	\$	1,023,332	\$	907,380	
Change in Net Position											
Governmental Activities	\$	303,950	\$	265,194	\$	108,576	\$	243,251	\$	240,548	
Business-Type Activities		68,794		54,248		69,383		81,211		41,548	
Total Primary Government	\$	372,744	\$	319,442	\$	177,959	\$	324,462	\$	282,096	

Notes: (1) Extraordinary item results from dissolution of OCDA which is now reported as a private-purpose trust fund.

<sup>(2)</sup> Starting in FY 2012-13, there were no property tax increment revenues due to dissolution of OCDA.

<sup>(3)</sup> The balances shown have not been restated to include prior period adjustments.

			Fiscal Ye	ar		
	2012-13 <sup>(3)</sup>	2011-12	2010-11	2009-10	2008-09	
						Net (Expense)/Revenue
\$	(880,102) \$	(900,968) \$	(803,665) \$	(875,117) \$	(1,015,863)	Governmental Activities
	26,631	32,204	51,943	41,819	54,855	Business-Type Activities
\$	(853,471) \$	(868,764) \$	(751,722) \$	(833,298) \$	(961,008)	Total Primary Government (Expense)
						General Revenue and Other
						Changes in Net Position
						Governmental Activities:
\$	313,299 \$	311,779 \$	298,953 \$	290,054 \$	263,893	Taxes Property Taxes, Levied for General Fund
φ	313,299 \$	311,779 ф	290,933 φ	290,034 \$	203,093	Property Taxes, Levied for
	69,321	68,184	73,260	67,103	68,747	Flood Control District
	51,550	51,168	51,554	49,857	51,076	Property Taxes, Levied for OC Parks
	- 1,000	- 1, 1 - 2	- 1, 1	,	- 1, - 1 -	Property Taxes, Levied for
	37,961	37,389	37,590	37,057	37,932	OC Public Libraries
	· 	18,308	30,755	31,917	35,276	Property Tax Increments (2)
						Property Taxes in-Lieu of
	309,745	303,955	228,421	229,635	232,760	Motor Vehicle License Fees
	108,430	43,568	83,938	93,024	94,184	Other Taxes
						Grants and Contributions Not Restricted
	6,711	9,377	27,457	10,299	27,637	to Specific Programs
						State Allocation of Motor
	1,659	2,667	49,889	46,697	50,390	Vehicle License Fees
	11,559	4,195 57,125	23,703 64,563	15,541 54,496	13,583 49,438	Unrestricted Investment Earnings Miscellaneous
	48,478	37,125	04,303	54,490	49,430	Gain on Sale of Capital Assets
	10,276	11,767	12,681	11,188	14,129	Transfers
	968,989	919,516	982,764	936,868	939,045	Subtotal Governmental Activities
	000,000	010,010	002,704	000,000	000,040	Extraordinary Gain/(Loss)
	1,800	(69,639)		<del></del>		Dissolution of OCDA (1)
	.,000	(00,000)				Bloodidater of COBA
						Business-Type Activities:
	93	134				Other Taxes
	2,113	3,530	5,509	6,411	17,332	Unrestricted Investment Earnings
	1,235	1,508	1,109	2,453	786	Miscellaneous Revenues
	(10,276)	(11,767)	(12,681)	(11,188)	(14,129)	Transfers
	(6,835)	(6,595)	(6,063)	(2,324)	3,989	Subtotal Business-Type Activities
						Total Primary Government General
\$	963,954 \$	843,282 \$	976,701 \$	934,544 \$	943,034	Revenue and Other Charges
					_	
<b>*</b>	00.00= +	/E4 604) ÷	170.000 -	04 == 4 +	(70.040)	Change in Net Position
\$	90,687 \$	(51,091) \$	179,099 \$	61,751 \$	(76,818)	Governmental Activities
Φ.	19,796	25,609	45,880	39,495	58,844	Business-Type Activities
\$	110,483 \$	(25,482) \$	224,979 \$	101,246 \$	(17,974)	Total Primary Government

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

	Fiscal Year											
		2017-18		2016-17		2015-16		2014-15		2013-14		
General Fund												
Reserved	\$		\$		\$		\$		\$			
Unreserved												
Nonspendable (1)		378,418		372,572		331,889		336,606		321,022		
Restricted (1)		31,815		39,581		49,230		31,486		42,028		
Assigned (1)		179,119		265,293		321,064		269,529		153,336		
Unassigned (1)		219,426		73,446		25,655		26,887				
Total General Fund	\$	808,778	\$	750,892	\$	727,838	\$	664,508	\$	516,386		
All Other Governmental Funds												
Reserved	\$		\$		\$		\$		\$			
Unreserved, Reported in:												
Special Revenue Funds												
Debt Service Funds												
Capital Projects Funds												
Permanent Fund												
Nonspendable (1)		21,505		21,697		20,501		21,296		21,207		
Restricted (1)		1,492,269		1,635,408		1,479,405		1,417,122		1,362,102		
Assigned (1)		176,953		170,472		129,782		83,765		67,929		
Unassigned (1)												
Total All Other Governmental												
Funds	\$	1,690,727	\$	1,827,577	\$	1,629,688	\$	1,522,183	\$	1,451,238		

Note:

In accordance with GASB Statement No. 54, which was implemented in FY 2010-11, the classification of fund balance was redefined.

<sup>(2)</sup> The balances shown have not been restated to include prior period adjustments.

			Fi	iscal Year				
2012-13	(2)	2011-12		2010-11	2009-10		2008-09	
								General
\$ 	\$		\$		\$ 53,190	\$	49,423	Reser
					215,094		238,621	Unres
263,446		225,460		266,328				Nonsp
34,679		26,336		10,872				Restri
68,157		100,448		1,394				Assigi
78,264		990						Unass
\$ 444,546	\$	353,234	\$	278,594	\$ 268,284	\$	288,044	Total Ge
								All Othe
\$ 	\$		\$		\$ 540,745	\$	517,375	Reser
								Unres
					894,148		878,113	Spec
					(1,813)		(9,903)	Debt
					47,362		73,045	Capi
					154		149	Pern
18,929		23,057		20,802				Nonsp
1,357,556		1,318,071		1,482,755				Restri
65,556		43,900		34,173				Assigi

(8,074)

(3,016)

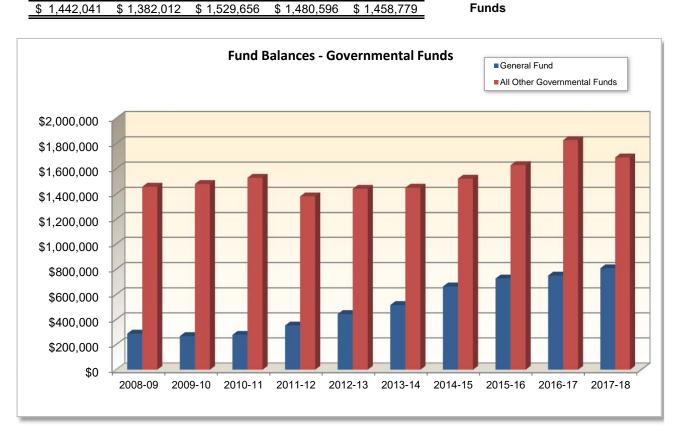
## **Fund**

rved served spendable (1) ricted (1) aned (1) ssigned (1)

### eneral Fund

### er Governmental Funds rved served, Reported in: cial Revenue Funds ot Service Funds oital Projects Funds manent Fund pendable (1) ricted (1) igned (1) Unassigned (1)

### **Total All Other Governmental Funds**



# Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Basis of Accounting)

			Fiscal Year		
	2017-18	2016-17	2015-16	2014-15	2013-14
Revenues					
Taxes	\$ 982,742	\$ 923,561	\$ 876,808	\$ 822,511	\$ 778,936
Licenses, Permits, and Franchises	28,142	28,209	27,659	24,583	24,920
Fines, Forfeitures, and Penalties	69,858	96,950	61,669	108,115	62,081
Use of Money and Property	85,694	68,498	88,211	73,700	63,611
Intergovernmental	2,232,699	2,172,013	2,125,136	2,064,354	2,070,245
Charges for Services	567,464	530,883	466,659	480,023	470,899
Other	78,707	63,949	69,436	71,207	54,406
Total Revenues	4,045,306	3,884,063	3,715,578	3,644,493	3,525,098
Expenditures					
General Government	295,157	267,663	261,387	212,805	172,195
Public Protection	1,441,435	1,401,694	1,289,902	1,230,878	1,194,069
Public Ways and Facilities	135,056	97,169	123,140	102,732	127,506
Health and Sanitation	649,064	578,772	527,482	515,560	621,891
Public Assistance	1,094,675	1,073,964	1,061,647	1,030,404	972,156
Education	46,842	42,564	43,928	41,949	40,008
Recreation and Cultural Services	117,965	106,356	100,381	98,001	98,388
Capital Outlay	259,797	176,308	116,569	102,863	125,781
Debt Service		-,	,,,,,,,	, , , , , , , , ,	-, -
Principal Retirement	108,997	100,119	126,319	104,756	111,486
Interest	36,273	47,089	43,039	31,513	35,107
Debt Issuance Costs					200
Total Expenditures	 4,185,261	3,891,698	3,693,794	3,471,461	3,498,787
Excess (Deficit) of Revenues	 .,,	3,001,000	3,000,.01	3, ,	0, 100,101
Over Expenditures	(139,955)	(7,635)	21,784	173,032	26,311
Other Financing Sources (Uses)					
Transfers In	505,092	653,593	396,952	338,055	294,374
Transfers Out	(502,637)	(631,891)		(323,604)	, ,
Debt Issued	58,489	31,536	127,494	31,541	39,639
Premium on Debt Issued			11,724		
Principal Payment on Demand Bonds					
Refunding Bonds Issued					
Payment to Refunded Bond Escrow					
for Resale					
Capital Leases	47		254	43	
Loan Proceeds	 	175,340			
Total Other Financing Sources	60,991	228,578	149,051	46,035	54,726
Extraordinary Gain/(Loss)					
Net Change in Fund Balances	\$ (78,964)	\$ 220,943	\$ 170,835	\$ 219,067	\$ 81,037
Debt Service as a Percentage					
of Noncapital Expenditures:	3.70%	3.97%	4.73%	4.04%	4.34%

Notes:

			Fiscal Year			
	2012-13	2011-12 <sup>(1</sup>	) 2010-11	2009-10	2008-09	
						Revenues
\$	854,587	\$ 784,797	\$ 738,109	\$ 741,850	\$ 727,159	Taxes
	15,213	18,046	16,831	14,976	17,965	Licenses, Permits, and Franchises
	79,267	80,180	93,461	102,959	112,882	Fines, Forfeitures, and Penalties
	58,441	81,088	89,514	88,350	69,667	Use of Money and Property
	1,940,687	1,846,311	1,745,066	1,769,253	1,697,017	Intergovernmental
	439,224	435,920	478,916	418,373	443,456	Charges for Services
	77,464	66,920	64,125	65,727	89,064	Other
	3,464,883	3,313,262	3,226,022	3,201,488	3,157,210	Total Revenues
						Expenditures
	186,145	170,156	207,193	211,434	277,369	General Government
	1,157,676	1,125,831	1,068,267	1,054,947	1,117,882	Public Protection
	112,294	126,809	110,789	106,985	110,548	Public Ways and Facilities
	611,369	580,791	576,793	559,315	576,964	Health and Sanitation
	932,414	909,296	911,704	903,733	878,436	Public Assistance
	37,239	37,621	37,671	38,921	39,666	Education
	94,051	91,753	84,506	82,826	79,889	Recreation and Cultural Services
	122,639	105,207	84,311	124,077	155,286	Capital Outlay
	,	,	,	•	,	Debt Service
	72,499	95,429	87,685	88,962	205,268	Principal Retirement
	43,777	46,152	40,634	39,565	46,697	Interest
						Debt Issuance Costs
	3,370,103	3,289,045	3,209,553	3,210,765	3,488,005	Total Expenditures
						Excess (Deficit) of Revenues
	94,780	24,217	16,469	(9,277)	(330,795)	Over Expenditures
						Other Financing Sources (Uses)
	274,363	345,692	395,752	382,154	793,528	Transfers In
	(268,110)	(336,157)	(388,274)		(781,397)	Transfers Out
	78,419	10,000	36,000	(370,020)	(761,597)	Debt Issued
	70,419	2,927	30,000			Premium on Debt Issued
		2,321				Principal Payment on Demand Bonds
		34,380				Refunding Bonds Issued
		(40,491)	(710)			Payment to Refunded Bond Escrow
		43	(710)			for Resale
			133			Capital Leases
						Loan Proceeds
	84,672	16,394	42,901	11,334	12,131	Total Other Financing Sources
	1,800	(113,615)			,	Extraordinary Gain/(Loss)
\$	181,252	\$ (73,004)	\$ 59,370	\$ 2,057	\$ (318,664)	Net Change in Fund Balances
_	•	/	•	•	· · /	-
	0.000/	4.4407	4.400	4.4004	7.540/	Debt Service as a Percentage
	3.60%	4.44%	4.12%	4.18%	7.54%	of Noncapital Expenditures:

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

Fiscal Year	Residential Property	Industrial/ Commercial Property	Other Property <sup>(2)</sup>	Unsecured Roll Gross Total <sup>(3)</sup>
2017-18	\$ 427,214,695	\$ 119,884,555	\$ 2,827,145	\$ 20,772,113
2016-17	400,931,553	114,636,194	2,787,769	20,582,609
2015-16	377,592,570	110,440,476	3,294,159	20,394,462
2014-15	352,800,864	105,523,254	3,694,094	20,902,660
2013-14	328,138,473	102,580,010	3,792,261	19,281,087
2012-13	315,635,908	100,074,695	3,489,057	19,905,480
2011-12	310,211,002	96,431,670	2,848,162	20,634,672
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

#### Notes:

Source: Orange County Assessor Department

<sup>(1)</sup> 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.

<sup>(2)</sup> Other property includes: timeshares, rural/agricultural land, unique miscellaneous, mineral rights, water rights and personal property and fixtures.

<sup>(3)</sup> 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).

otal Taxable	No	ss: Exempt & n-Reimbursed	Net Taxable Assessed Value	Total Direct Tax Rate Percent <sup>(1)</sup>	
 ssesseu value		Exemptions	value	Percent	
\$ 570,698,508	\$	(12,895,747)	\$ 557,802,761	1.00	
538,938,125		(12,807,570)	526,130,555	1.00	
511,721,667		(12,722,344)	498,999,323	1.00	
482,920,872		(11,661,965)	471,258,907	1.00	
453,791,831		(10,943,554)	442,848,277	1.00	
439,105,140		(10,634,193)	428,470,947	1.00	
430,125,506		(9,729,486)	420,396,020	1.00	
426,230,538		(9,452,472)	416,778,066	1.00	
427,873,019		(9,063,739)	418,809,280	1.00	
432,065,100		(8,051,290)	424,013,810	1.00	

# COUNTY OF ORANGE Direct and Overlapping Property Tax Rates Last Ten Fiscal Years (Rate Per \$1,000 of Assessed Value) (4)

	Direct Rate (1)					
Fiscal Year	County General	School Districts	Local Special Districts	Cities	Public Utility	Total Direct & Overlapping Rates
2017-18	1.00000	0.05366	0.01289	0.00713	0.00259	1.07627
2016-17	1.00000	0.04840	0.01316	0.00659	0.00270	1.07085
2015-16	1.00000	0.05101	0.01455	0.00670	0.00227	1.07453
2014-15	1.00000	0.04579	0.04438	0.00681	(3)	1.09698

Notes:

<sup>(1)</sup> 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.

<sup>(2)</sup> These overlapping rates are in addition to the County General rate, but only apply to taxpayers within the borders of the school districts, local special districts, cities, and public utilities that lie within the County.

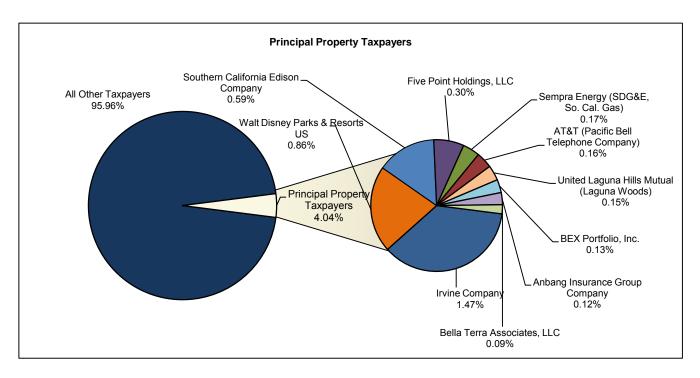
<sup>(3)</sup> No rate was available for Public Utility in FY 2014-15.

<sup>(4)</sup> The schedule is presented to show information for 10 years. However, a full 10-year trend is not currently available; the County will be adding years in the future.



# Principal Property Taxpayers Current Year and Nine Years Ago

		201	18	2009					
Тахрауег	ual Taxes Levied	Rank	Percentage of Total Taxes Levied	tual Taxes Levied	Rank	Percentage of Total Taxes Levied			
Irvine Company	\$ 94,856	1	1.47%	\$ 59,816	1	1.18%			
Walt Disney Parks & Resorts US	55,322	2	0.86%	40,304	2 & 7	0.79%			
Southern California Edison Company	38,458	3	0.59%	23,001	3	0.45%			
Five Point Holdings, LLC	19,542	4	0.30%						
Sempra Energy (SDG&E, So. Cal. Gas)	10,785	5	0.17%						
AT&T (Pacific Bell Telephone Company)	10,026	6	0.16%	7,885	6	0.16%			
United Laguna Hills Mutual (Laguna Woods)	9,883	7	0.15%	6,981	8	0.14%			
BEX Portfolio, Inc.	8,443	8	0.13%						
Anbang Insurance Group Company	7,572	9	0.12%						
Bella Terra Associates, LLC	5,949	10	0.09%						
Irvine Apartment Communities				22,440	4	0.44%			
Irvine Community Development				11,277	5	0.22%			
Irvine Company LLC				6,901	9	0.14%			
Heritage Fields El Toro LLC				6,061	10	0.12%			
Total	\$ 260,836		4.04%	\$ 184,666		3.64%			

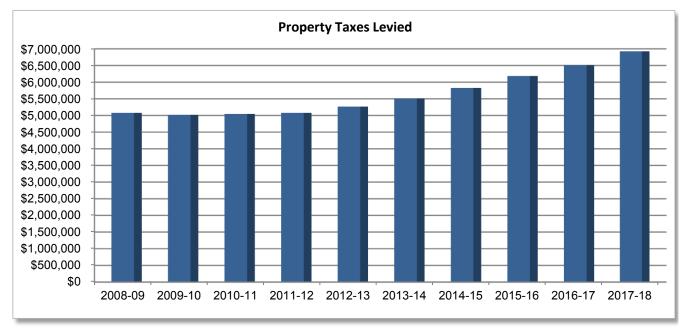


Note: The base used for the Percentage of Total Taxes Levied for 2018 includes total secured taxes of \$6,464,862.

Source: Treasurer-Tax Collector, County of Orange

# Property Tax Levies and Collections Last Ten Fiscal Years

	Taxes Levied for the		Within the Fiscal f the Levy (2)	Collections of Delinquent Taxes from	Tot	al Collections	or the Fiscal Year <sup>(3)</sup>	
Fiscal Year	Fiscal Year (1) Amount I		Percentage of Levy	Prior Years (4)		Amount	Percentage of Levy	
2017-18	\$ 6,925,546	\$ 6,855,493	98.99%	\$	\$	6,855,493	98.99%	
2016-17	6,511,944	6,446,780	99.00%	35,702		6,482,482	99.55%	
2015-16	6,183,862	6,119,771	98.96%	45,682		6,165,453	99.70%	
2014-15	5,828,106	5,759,699	98.83%	54,485		5,814,184	99.76%	
2013-14	5,509,379	5,444,912	98.83%	51,333		5,496,245	99.76%	
2012-13	5,265,844	5,194,193	98.64%	57,834		5,252,027	99.74%	
2011-12	5,079,589	5,002,490	98.48%	83,337		5,085,827	100.12%	
2010-11	5,045,802	4,960,748	98.31%	34,937		4,995,685	99.01%	
2009-10	5,019,061	4,904,188	97.71%	21,576		4,925,764	98.14%	
2008-09	5,076,796	4,901,574	96.55%	16,066		4,917,640	96.87%	



Notes:

- (1) Total tax levy includes secured, supplemental, unsecured and former redevelopment agency increment, including penalties.
- (2) Total tax collections include penalties.
- (3) Total collections include collections of current year taxes and collections related to prior year levies.

  The percentage of levy represents the ratio of total collections to the taxes levied for that fiscal year.
- (4) No amounts are shown because the property taxes levied will be collected in the following year.

# Ratios of Outstanding Debt <sup>(1)</sup> by Type Last Ten Fiscal Years (in Thousands Except Per Capita) (Accrual Basis of Accounting)

#### Governmental Activities

Fiscal Recove Year Bonds		Redevelopment Bonds (2)	Certificates of Participation (5)	Pension Obligation Bonds <sup>(5)</sup>	Teeter Plan Notes	SARI Line Loans	Civic Center Facilities Master Plan Financing
2017-18	\$	\$	\$ 392	\$ 8,217	\$ 27,247	\$	\$ 175,340
2016-17			811	11,220	27,868	23,900	175,340
2015-16			1,262	19,140	30,191	28,022	
2014-15			1,744	27,227	33,823	36,277	
2013-14	19,172		2,262	32,193	39,830	47,410	
2012-13	35,317		2,822	37,925	43,486	59,892	
2011-12	51,600		3,422	47,523		40,328	
2010-11	67,028	47,009	4,064	54,680		33,999	
2009-10	81,619	49,729	4,758	59,331			
2008-09	95,206	52,306	5,502	69,711			

Notes:

 $<sup>(1) \ \</sup> Details \ regarding \ the \ \ County's \ outstanding \ debt \ can \ be \ found \ in \ Note \ 11, \ Long-Term \ Obligations.$ 

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> Beginning FY 2012-13, outstanding debt does not include Interest Accretion on capital appreciation bonds (CAB), this was separated and numbers were restated.

<sup>(6)</sup> 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.

<sup>(7)</sup> Lease Revenue bonds and Airport Revenue bonds include unamortized premiums and discounts.

						Busines	ss-Type A	ctivities				
Lease Revenue Bonds <sup>(6), (7)</sup>		Capital Lease Obligations (3)		nterest ccretion on CAB	Airport Revenue Bonds <sup>(7)</sup>		Systen	lanagement n Revenue onds	otal Primary sovernment	Percentage of Personal Income <sup>(4)</sup>		Per Capita <sup>(4)</sup>
\$	69,948	\$ 43,169	\$	36,586	\$	152,199	\$		\$ 513,098	C	0.24%	\$ 159
	88,352	55,831		46,641		187,318			617,281	(	0.31%	193
	141,145	67,928		73,926		195,127			556,741	(	0.29%	175
	105,880	79,168		96,303		202,536			582,958	C	0.31%	185
	137,115	62,446		103,377		209,804			653,609	C	0.34%	210
	155,828	67,353		110,084		240,540		7,018	760,265	C	0.41%	247
	181,097	71,755				248,900		13,666	658,291	C	0.40%	215
	249,924	76,074				256,683		19,921	809,382	C	0.51%	269
	309,517	80,114				264,099		25,738	874,905	C	).57%	276
	365,850	84,952				33,502		31,144	738,173	C	0.50%	235

### Ratios of Net General Bonded Debt <sup>(1)</sup> Outstanding Last Ten Fiscal Years (in Thousands Except Per Capita) (Accrual Basis of Accounting)

General Debt Outstanding

Fiscal Year	Refunding Recovery Bonds	Pension Obligation Bonds <sup>(3)</sup>	Percentage of Assessed Value	Per Capita <sup>(2)</sup>		
2017-18	\$	\$ 42,770	\$ 42,770	\$	0.00%	\$
2016-17		53,985	53,985		0.00%	
2015-16		87,521	87,521		0.00%	
2014-15		116,494	116,494		0.00%	
2013-14	19,172	127,206	127,206	19,172	0.00%	6
2012-13	35,317	138,484	138,484	35,317	0.01%	11
2011-12	51,600	47,523	47,523	51,600	0.01%	17
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

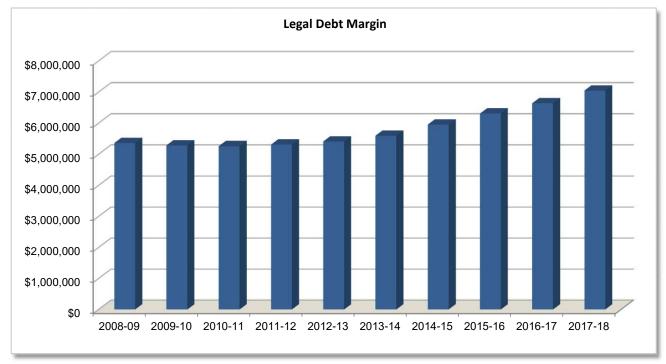
Notes: (1) Details regarding the County's outstanding debt can be found in Note 11, Long-Term Obligations.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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	A:	ssessed Value <sup>(1)</sup>	Leg	al Debt Limit	Applic	let Debt able to mit	L	egal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2017-18	\$	563,662,044	\$	7,045,776	\$		\$	7,045,776	0%
2016-17		531,052,158		6,638,152				6,638,152	0%
2015-16		504,650,360		6,308,130				6,308,130	0%
2014-15		476,303,290		5,953,791				5,953,791	0%
2013-14		447,749,156		5,596,864				5,596,864	0%
2012-13		432,902,274		5,411,278				5,411,278	0%
2011-12		424,769,642		5,309,621				5,309,621	0%
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%



#### Note:

<sup>(1)</sup> Starting from FY 2007-08, Assessed Value includes the State assessed properties.

<sup>(2)</sup> 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.

## Pledged Revenue Coverage (1) Last Ten Fiscal Years

		South	Oran	ge Cou	nty P	ublic Fina	ncing	g Autho	rity					Oran	ge Co	ınty P	ublic	Facilities	Со	rporation	Bonds	
Fur	nding	Source:	Intere	est Earnir	ngs, R	ents and Cor	ncessi	ons, and Debt S			-	Fundi	ng	Source:	Interes	t Earnii	ngs ar	nd Transfers		Debt Se	ervice	
Fiscal Year	R	Gross devenue		erating enses		Available evenue	Prii	ncipal	In	terest	Coverage	Fiscal Year		Gross evenue	Oper Expe			Available evenue	Pi	rincipal	Interest	Coverage
2017-18	\$	10,489	\$		\$	10,489	\$	7,165	\$	3,152	1.02	2017-18	\$	2,423	\$		\$	2,423	\$	419	\$ 2,179	0.93
2016-17		10,465				10,465		7,335		2,974	1.02	2016-17		2,405		8		2,397		451	2,157	0.92
2015-16		5,828		271		5,557		4,920		906	0.95	2015-16		2,470				2,470		482	2,121	0.95
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
		Ora	ange (	County	Publ	ic Financi	ng Aı	uthority	,								Teet	er Plan No	tes			
Fur	nding	Source:	Intere	est Earnir	ngs, R	ents and Cor	ncessi	ons, and	Tran	sfers		Fundi	ng	Source:	Delinq	uent Pr	operty	/ Taxes Colle	ected			
								Debt S	ervi	се	_									Debt Se	rvice	
Fiscal Year	R	Gross levenue		erating enses		Available evenue	Prii	ncipal	In	terest	Coverage	Fiscal Year <sup>(2)</sup>		Gross evenue	Oper Expe	-		Available evenue	Pi	rincipal	Interest	Coverage
2017-18	\$	2,466	\$		\$	2,466	\$	9,590	\$	335	0.25	2017-18	\$	11,210	\$	220	\$	10,990	\$	59,110	\$ 1,105	0.18
2016-17		10,189				10,189	4	11,235		1,587	0.24	2016-17		26,232		154		26,078		33,859	600	0.77
2015-16		44,418				44,418	2	25,420		3,235	1.55	2015-16		316		210		106		74,561	347	0.00
2014-15		29,928				29,928	2	24,235		4,455	1.04	2014-15		174	2	,954		(2,780)	(3)	37,548	352	(0.07)
2013-14		29,949				29,949	2	23,115		5,605	1.04	2013-14		11,147		251		10,896		43,295	413	0.25
2012-13		29,952				29,952	2	22,160		6,638	1.04	2012-13		15,706	1	,032		14,674		14,449	327	0.99
2011-12		35,697				35,697	6	61,630		10,837	0.49	2011-12										
2010-11		74,725				74,725	5	58,990		13,643	1.03	2010-11										
2010-11																						
2009-10		74,838				74,838	5	56,580		16,151	1.03	2009-10										

#### Airport Revenue Bonds

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

Debt Service

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2017-18	\$ 145,649	\$ 90,889	\$ 54,760	\$ 35,090	\$ 8,845	1.25
2016-17	143,707	89,055	54,652	7,530	9,999	3.12
2015-16	143,661	82,833	60,828	7,205	10,338	3.47
2014-15	135,491	82,558	52,933	6,995	10,603	3.01
2013-14	131,285	84,708	46,577	30,473	11,395	1.11
2012-13	126,966	79,739	47,227	9,250	12,250	2.20
2011-12	124,403	77,628	46,775	7,851	12,592	2.29
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

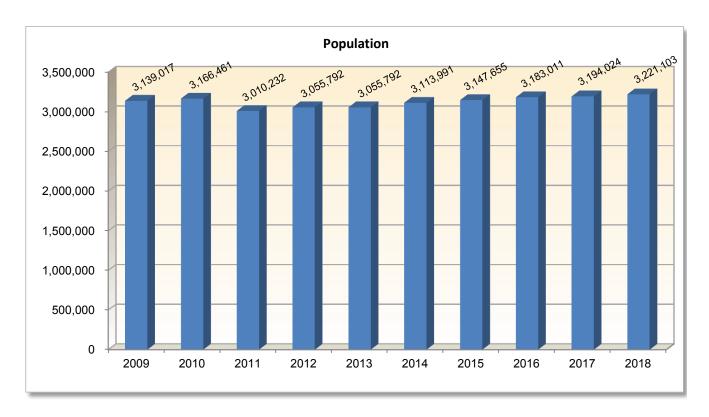
Notes: (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

<sup>(2)</sup> Teeter Plan Notes were converted from short-term commercial paper to long-term note in FY 2012-13, therefore, only long-term note information is presented.

<sup>(3)</sup> 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 <sup>(3)</sup>	Public School Enrollment (In Thousands) (4)	Unemployment Rate <sup>(5)</sup>
2018	3,221,103	\$ 215,479,000	\$ 66,896	N/A	485,835	3.1%
2017	3,194,024	199,492,000	62,458	37.3	490,430	4.2%
2016	3,183,011	190,978,000	59,999	37.1	493,030	4.4%
2015	3,147,655	185,500,000	58,933	36.7	497,116	4.0%
2014	3,113,991	177,412,900	56,973	36.4	500,487	5.4%
2013	3,081,804	168,966,400	54,827	36.2	501,801	6.7%
2012	3,055,792	166,345,500	54,436	36.7	502,195	8.1%
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%



N/A means Not Available

#### Sources:

- (1) California Department of Finance, Demographic Research Unit, <a href="http://www.dof.ca.gov">http://www.dof.ca.gov</a>
- (2) Chapman University Economic & Business Review.
- (3) U.S. Census Bureau, American Community Survey, <a href="http://www.census.gov">http://www.census.gov</a>, 2018 N/A
- (4) California Department of Education, <a href="http://www.cde.ca.gov">http://www.cde.ca.gov</a>
- (5) State of California, Employment Development Department, <a href="http://www.edd.ca.gov/">http://www.edd.ca.gov/</a>

# Principal Employers Current Year and Nine Years Ago

### 2018

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	30,000	1	1.87%
University of California, Irvine	23,605	2	1.47%
County of Orange	18,257	3	1.14%
St. Joseph Health System	13,786	4	0.86%
Kaiser Permanente	7,800	5	0.49%
Boeing Co.	6,103	6	0.38%
Albertsons	6,057	7	0.38%
Wal-Mart	6,000	8	0.37%
Hoag Memorial Hospital	5,680	9	0.35%
Target Corporation	5,400	10	0.34%

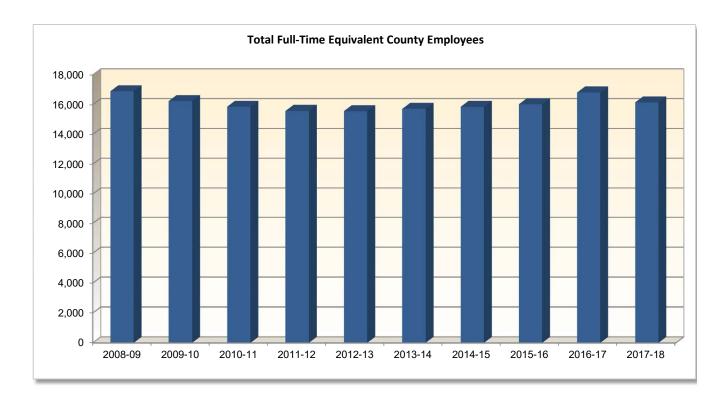
### 2009

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	20,000	1	1.25%
County of Orange	18,668	2	1.17%
University of California, Irvine	17,500	3	1.10%
St. Joseph Health System	10,656	4	0.67%
Boeing Co.	8,100	5	0.51%
Yum! Brands Inc.	7,000	6	0.44%
Target Corporation	6,100	7	0.38%
Supervalu Inc.	6,082	8	0.38%
California State University Fullerton	5,768	9	0.36%
Bank of America Corporation	5,500	10	0.35%

Source: Orange County Business Journal Book of Lists - County of Orange http://www.labormarketinfo.edd.ca.gov

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

Function/Program	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13(2)	2011-12	2010-11	2009-10	2008-09
General Government	1,461	1,511	1,419	1,341	1,322	1,273	1,279	1,314	1,346	1,383
Public Protection	6,722	6,915	6,642	6,674	6,760	6,781	6,653	6,692	6,879	7,298
Public Ways and Facilities	386	431	435	440	478	508	542	569	585	622
Health and Sanitation	2,307	2,409	2,253	2,198	2,128	2,137	2,209	2,292	2,346	2,507
Public Assistance	4,276	4,529	4,306	4,239	4,043	3,876	3,867	3,935	4,023	4,000
Education	306	309	302	286	290	286	307	324	325	350
Recreation and Cultural Services	288	298	272	265	274	268	283	289	285	277
Airport	157	153	154	159	162	167	168	168	169	168
Waste Management	236	249	233	241	249	255	257	261	267	272
CFCOC	10	9	11	11	11	11	13	14	16	17
Total Full-time Equivalent Employees <sup>(1)</sup>	16,149	16,813	16,027	15,854	15,717	15,562	15,578	15,858	16,241	16,894



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

					F	iscal Year				
Function/Program		2017-18		2016-17		2015-16		2014-15		2013-14
General Government										
Auditor-Controller										
Property Tax Bills Prepared		1,125,902		1,127,725		1,141,652		1,216,325		1,220,750
Assessor										
Number of Real Property Valued		943,771		937,630		930,470		924,791		918,672
Number of Unsecured Property Assessed		117,126		121,665		141,224		145,151		135,551
New Parcels Created and Mapped		7,868		9,053		6,665		6,918		4,519
New Construction Events		20,758		21,254		19,397		18,530		16,904
County Executive Office		500 101		0.45, 400		0.10.077		222 222		700 750
Volunteer Program Service Hours		562,121		645,482		613,277		638,230		700,759
Clerk-Recorder										
Marriage Licenses Issued		23,702		25,309		23,725		23,553		25,244
Marriage Ceremonies Performed		11,946		12,876		11,122		11,213		12,056
Copies of Birth Certificates Issued		82,463		85,051		74,508		79,826		82,268
Property-Related Document Recordings Passport Applications Filed		534,185 10,144		640,243 9,437		617,914 7,093		651,866 5,016		580,899 2,686
Treasurer-Tax Collector		10, 144		3,431		7,095		3,010		2,000
	ď	57,610	Φ	36,677	\$	24 977	ф	14,581	ď	11,298
<i>,</i>	\$	•		•		24,877				•
Assets Under Management (1)	\$	9,387,613	\$	9,092,268	\$	8,271,502	\$	7,604,246	\$	6,566,145
Number of Property Tax Bills		1,471,356		1,448,886		1,367,275		1,381,808		1,421,654
Percentage of Secured Tax Bill Collection		99.36%		99.39%		99.26%		99.21%		99.16%
Number of Incoming Phone Calls		98,660		108,061		111,948		121,461		115,123
Percentage of Electronic Payments		60.9%		57.2%		54.9%		54.2%		53.8%
Secured Tax Bill Reminders		42,866		40,898		38,213		35,917		31,988
Property Tax Payments by eCheck		398,711		348,961		309,977		285,932		248,908
Registrar of Voters										
Registered Voters		1,481,881		1,535,967		1,395,380		1,424,216		1,411,232
Highest Number of Ballots Cast		635,224		1,239,405		691,802		640,358		340,187
Elections Conducted		1		1		4		7		3
Public Protection										
Sheriff-Coroner										
Patrolled Cities Population		646,818		644,496		641,753		637,261		631,934
Patrolled Unincorporated Areas		100.070		105 700		105 100		404.044		404 470
Population		129,278		125,792		125,420		124,014		121,473
Number of Bookings to Orange County  Jail System		61,157		56,330		56,163		56,135		61,262
Average Daily Jail Head Count		6,249		6,220		6,028		6,055		7,039
,		0,240		0,220		0,020		0,000		7,000
District Attorney  Defendants Prosecuted - Adult		62,682		61,219		61,521		56,233		55,906
Defendants Prosecuted - Juvenile		3,426		3,631		3,564		4,482		5,103
Probation		-,		-,		-,		.,		-,
Physical Arrests - Adult		*		*		*		*		*
Physical Arrests - Juvenile		*		*		*		*		*
Probationers under Supervision as of										
June 30th-Adult		11,560		11,189		11,714		10,725		14,425
Probationers under Supervision as of										
June 30th-Juvenile		2,270		2,290		2,550		3,124		4,156
Avg. Daily Juvenile Hall Population		129		150		130		150		229
Avg. Daily Camp Population		119		136		143		203		182
Public Defender										
Cases Appointed Annually		59,095		61,878		65,574		79,119		74,101

Note: (1) Dollar amounts in thousand

(2) \* means Not Available

Sources: County Departments

F	iscal	ΙYε	a

		F	iscal Year			
2012-13	2011-12		2010-11	2009-10	2008-09	Function/Program
						General Government
						Auditor-Controller
1,186,238	1,153,816		1,189,320	1,144,933	1,148,720	Property Tax Bills Prepared
						Assessor
914,489	901,840		899,644	897,547	888,770	Number of Real Property Valued
139,865	159,464		161,005	168,208	169,821	Number of Unsecured Property Assessed
8,175	3,649		2,739	9,413	9,185	New Parcels Created and Mapped
17,173	17,129		9,372	13,172	16,565	New Construction Events
						County Executive Office
815,407	885,416		935,284	882,680	839,125	Volunteer Program Service Hours
						Clerk-Recorder
22,502	22,415		20,868	20,292	21,339	Marriage Licenses Issued
*	*		*	*	*	Marriage Ceremonies Performed
81,775	83,611		85,773	87,999	98,231	Copies of Birth Certificates Issued
839,353	741,935		725,323	669,332	629,373	Property-Related Document Recordings
*	*		*	*	*	Passport Applications Filed
						Treasurer-Tax Collector
\$ 12,958	\$ 17,978	\$	22,295	\$ 35,656	\$ 67,242	Orange County Investment Pool Income (1)
\$ 6,490,056	\$ 5,922,768	\$	6,183,195	\$ 5,975,392	\$ 5,963,577	Assets Under Management (1)
1,347,596	1,257,709		1,382,198	1,362,221	1,367,901	Number of Property Tax Bills
98.94%	98.51%		98.35%	97.61%	96.30%	Percentage of Secured Tax Bill Collection
150,830	148,463		162,955	160,067	178,420	Number of Incoming Phone Calls
49.4%	51.1%		49.3%	43.8%	40.8%	Percentage of Electronic Payments
28,664	25,451		21,027	*	*	Secured Tax Bill Reminders
213,146	181,151		143,136	126,942	112,114	Property Tax Payments by eCheck
,	,		,	,	•	Registrar of Voters
1,683,001	1,612,145		1,621,934	1,603,312	1,607,989	Registered Voters
1,133,204	145,474		898,205	482,708	1,167,657	Highest Number of Ballots Cast
2	2		5	5	4	Elections Conducted
						Public Protection
						Sheriff-Coroner
627,447	557,403		553,148	584,947	581,109	Patrolled Cities Population
			,		,	Patrolled Unincorporated Areas
120,396	119,698		121,488	120,088	119,480	Population
						Number of Bookings to Orange County
63,439	65,256		63,615	58,322	61,778	Jail System
6,805	6,265		5,721	5,171	6,090	Average Daily Jail Head Count
						District Attorney
57,873	61,759		64,418	64,969	70,058	Defendants Prosecuted - Adult
6,651	6,743		7,907	6,894	7,740	Defendants Prosecuted - Juvenile
						Probation
2,947	2,307		1,926	1,822	1,725	Physical Arrests - Adult
640	467		488	685	595	Physical Arrests - Juvenile
44.400	44.700		40.040	40 470	45.000	Probationers under Supervision as of
14,186	14,788		13,243	13,476	15,022	June 30th-Adult
A 00A	E 200		E 700	6 507	6 400	Probationers under Supervision as of June 30th-Juvenile
4,984 320	5,399 315		5,792 417	6,527 428	6,492 455	Avg. Daily Juvenile Hall Population
193	169		194	191	310	Avg. Daily Suverine Hair Fopulation
100	100		104	101	0.0	Public Defender
77,073	73,487		77,661	76,191	83,029	Cases Appointed Annually
11,013	13,401		11,001	10,191	03,028	Cases Appointed Attitually

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

_		F	iscal Year		
Function/Program	2017-18	2016-17	2015-16	2014-15	2013-14
Public Ways and Facilities OC Public Works (OCPW)					
Building and Home Inspections	42,590	39,056	40,662	30,324	31,772
Health and Sanitation					
OC Community Resources	440.040	474 007	100 170	400.050	400.000
Animal Licenses	149,342	171,237	192,470	198,358	192,320
Health Care Agency	224 450	204 602	102 F20	102 704	170 004
911 Emergency Medical Services Responses Retail Food Facility Inspections Conducted	234,459 30,893	204,683 32,305	193,538 26,195	183,794 31,397	170,804 32,689
Hazardous Waste Inspections Conducted	6,003	7,271	8,328	5,950	4,616
Number of Home Visits by Public Health Nurses	20,156	32,108	29,219	31,258	35,101
Number of Low Income Children Dental Health					
Services	360	311	496	755	1,225
Number of Ocean Water Days of Closure					
(In Beach-Miles)	10	17	22	24	20
Public Assistance					
OC Community Resources	GE 000	47.567	40.074	42.040	E0 044
Adult Day Care Hours of Service Elderly Nutrition Program Meals Delivered	65,900 1,323,802	47,567 1,417,361	49,971 1,374,275	43,010 1,406,526	50,944 1,347,251
One-Way Transportation Trips Provided to Seniors	185,258	190,534	198,851	180,899	187,864
Social Service Agency	,	,	,	,	,
Average Monthly Medi-Cal Recipients	806,716	817,408	810,388	718,061	521,078
Average Monthly Child Abuse Hotline Calls	4,189	4,076	4,259	4,049	3,674
Average Monthly CalFresh (formerly Food					
Stamp) Recipients	233,038	250,772	263,556	258,676	247,517
Average Monthly In-Home Supportive Services	26,369	24,427	22,635	20,787	19,652
Average Persons Receiving Cash Assistance	41,622	46,369	52,081	55,921	55,225
Average Children in Foster Care/Relative Care Average Elder and Adult Abuse Unduplicated	1,917	1,886	1,791	1,924	2,119
Reports Received	1,091	995	942	815	710
Education	,,,,,				
OC Community Resources					
Total Volumes Borrowed at Library Branches	7,041,985	6,864,635	6,634,747	6,411,127	6,642,739
Recreation and Cultural Services					
OC Community Resources					
Exotic Invasive Plant Removal (acres)	2,285	2,940	2.782	1,466	1,154
Native Vegetation Restoration (acres)	414	262	293	312	368
Dana Point Harbor					
Slip and Dry Storage Tenants	438	438	2,903	3,204	2,679
Boat Launches	16,487	16,303	17,695	15,511	15,606
Sailing and Event Center Participants	101,945	80,752	50,000	75,000	111,838
Ocean Institute Students/Visitors	90,948	127,361	192,384	41,000	100,000
Hotel Guests	59,319 129,239	39,140	43,515 25,711	43,073 123,688	42,887
Catalina Express Passengers Special Events at the Harbor	129,239	128,000 6	25,711	123,688	123,257 15
•	· ·	· ·	· ·	12	10
Airport Passengers	10,670,156	10,373,714	10,361,436	9,608,873	9,304,295
Air Cargo Tonnage	19,577	17,813	18,568	16,997	17,564
Takeoffs & Landings	302,483	285,704	276,817	264,726	252,166
Waste Management					
Solid Waste Tonnage	4,980,101	4,810,116	4,772,722	4,581,359	4,070,238
Gallons of Leachate and Impacted					
Ground Water Collected	5,576,351	5,599,757	3,542,736	5,510,821	3,854,530

Sources: County Departments

		Fiscal Year			
2012-13	2011-12	2010-11	2009-10	2008-09	Function/Program
					Public Ways and Facilities
					OC Public Works (OCPW)
19,368	15,591	13,215	11,222	24,731	Building and Home Inspections
					Health and Sanitation
					OC Community Resources
191,098	200,755	173,570	176,123	158,202	Animal Licenses
					Health Care Agency
171,420	168,172	156,638	158,863	160,369	911 Emergency Medical Services Responses
34,953	35,025	34,962	36,445	33,146	Retail Food Facility Inspections Conducted
6,058 34,953	5,444 32,498	6,237 29,260	6,600 30,091	5,847 29,505	Hazardous Waste Inspections Conducted Number of Home Visits by Public Health Nurses
34,333	32,430	23,200	30,031	25,505	Number of Low Income Children Dental Health
1,107	1,344	1,533	1,520	979	Services
					Number of Ocean Water Days of Closure
8	1	61	20	26	(In Beach-Miles)
					Public Assistance
					OC Community Resources
49,129	70,267	93,425	92,964	101,732	Adult Day Care Hours of Service
1,360,601	1,636,379	1,846,571	1,796,596	1,725,058	Elderly Nutrition Program Meals Delivered
155,003	184,476	287,611	213,832	233,382	One-Way Transportation Trips Provided to Seniors
100 550	110.010	100 110	070 101	0.40.000	Social Service Agency
430,559	418,649	403,142	376,101	343,222	Average Monthly Medi-Cal Recipients
3,009	2,880	3,003	3,165	3,242	Average Monthly Child Abuse Hotline Calls Average Monthly CalFresh (formerly Food
230,964	213,919	185,489	150,141	109,491	Stamp) Recipients
19,663	19,240	18,335	17,595	16,364	Average Monthly In-Home Supportive Services
55,008	56,847	58,770	53,214	44,115	Average Persons Receiving Cash Assistance
2,213	2,128	2,148	2,336	2,466	Average Children in Foster Care/Relative Care
					Average Elder and Adult Abuse Unduplicated
636	630	604	598	531	Reports Received
					Education
0.504.000	0.744.000	7 700 054	7 000 070	7.044.045	OC Community Resources
6,564,262	6,741,380	7,796,954	7,629,378	7,314,615	Total Volumes Borrowed at Library Branches
					Recreation and Cultural Services
					OC Community Resources
4,102	4,042	629	61	1,475	Exotic Invasive Plant Removal (acres)
843	994	2,448	82	144	Native Vegetation Restoration (acres)
0.700		0.740	0.750		Dana Point Harbor
2,700 15,037	2,237 14,327	2,748	2,750 18,759	2,836	Slip and Dry Storage Tenants Boat Launches
115,996	111,959	15,150 108,070	83,738	19,903 66,163	Sailing and Event Center Participants
108,668	110,059	125,000	125,060	126,957	Ocean Institute Students/Visitors
41,141	36,800	26,972	25,252	28,650	Hotel Guests
123,257	120,945	114,176	106,305	111,648	Catalina Express Passengers
16	16	16	16	16	Special Events at the Harbor
					Airport
9,124,172	8,642,116	8,611,054	8,812,169	8,552,590	Passengers
17,821	16,831	15,150	14,870	15,197	Air Cargo Tonnage
252,506	251,191	260,466	213,404	215,585	Takeoffs & Landings
					Waste Management
3,428,657	3,304,643	3,495,649	3,502,715	3,876,902	Solid Waste Tonnage
2 146 100	2 440 064	2 200 725	2 200 065	2 444 242	Gallons of Leachate and Impacted
3,116,108	3,448,964	3,209,725	3,390,965	3,441,343	Ground Water Collected

## Capital Asset Statistics by Function Last Ten Fiscal Years

			Fiscal Year		
Function/Program	2017-18	2016-17	2015-16	2014-15	2013-14
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	2	1	1	1	1
Vehicle/Truck	3	4	4	4	3
Public Protection					
Sheriff-Coroner					
Crime/Forensic Lab	1	1	1	1	1
Jail Facilities	3	3	3	3	3
Vehicles	938	948	917	916	911
Buses	13	12	11	11	11
Helicopters	5	5	4	3	3
Boats	10	10	10	10	10
Robot Andros	3	3	3	3	3
Haz-mat Vehicles	4	4	4	4	4
K-9 units	34	26	28	22	18
District Attorney					
Justice Center Offices	5	5	5	5	5
Probation Department					
Juvenile Institutions	4	4	4	4	4
Vehicles/Trucks	158	159	155	159	156
Equipment	15	13	12	16	12
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	42	46	50	51	60
Vehicles/Trucks	46	45	42	53	54
OC Flood Control District					
Watersheds	22	21	19	13	13
Dams	4	4	3	3	3
Dump Trucks	4	4	7	7	12
Tractors	20	20	20	14	19
Trailers	16	16	14	24	17
Vehicles/Trucks	94	97	79	156	156
Roads					
Street Miles	345	330	330	320	320
Dump Trucks	13	12	12	11	9
Tractors	30	30	30	18	9
Trailers	26	24	32	30	18
Vehicles/Trucks	174	174	147	146	165

<sup>\*</sup> means Not Available

Source: County Departments

	F	iscal Year			
2012-13	2011-12	2010-11	2009-10	2008-09	Function/Program
					General Government
					Auditor-Controller
1	1	1	1	1	Hall of Finance and Records
					Clerk-Recorder
1	1	1	1	1	OC Archives Building
					Registrar of Voters
1	1	1	1	1	Trailer
3	3	3	3	3	Vehicle/Truck
					Public Protection
					Sheriff-Coroner
1	1	1	1	1	Crime/Forensic Lab
3	3	3	3	3	Jail Facilities
918	838	844	844	859	Vehicles
11	11	13	13	13	Buses
2	2	2	2	2	Helicopters
9	9	5	5	5	Boats
3	3	3	3	3	Robot Andros
4	4	4	4	4	Haz-mat Vehicles
13	10	14	14	14	K-9 units
_	_	_	_	_	District Attorney
5	5	5	5	5	Justice Center Offices
	_	_	_	_	Probation Department
4	5 *	5 *	5 *	5 *	Juvenile Institutions
*	*	*	*	*	Vehicles/Trucks
-		-		-	Equipment
					Public Ways and Facilities
					OC Public Works
1	1	1	1	1	Hall of Administration
1	1	1	1	1	Data Center
60	59	59	59	59	Alternate Fuel Vehicles
51	50	50	50	47	Vehicles/Trucks
					OC Flood Control District
13	13	19	11	11	Watersheds
3	3	3	3	3	Dams
5	5	13	13	13	Dump Trucks
5	5	10	19	19	Tractors
8	12	15	14	14	Trailers
156	165	161	122	166	Vehicles/Trucks
240	200	200	200	200	Roads Street Miles
319	320	320	320	320	
4	11	9	1	8	Dump Trucks
6	3	4	3	12	Tractors
10	5	9	11	14	Trailers
151	146	151	144	158	Vehicles/Trucks

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

	Fiscal Year				
Function/Program	2017-18	2016-17	2015-16	2014-15	2013-14
Health and Sanitation					
Clinics (1)	4	4	4	4	3
Laboratories (1)	2	2	2	2	2
Trailers (1)	10	9	12	12	8
Vehicles and Trucks (1)	33	30	24	24	25
OC Community Resources					
Animal Care Center	1	1	1	1	1
Trailers	2	3	3	3	3
Public Assistance					
Social Service Agency					
Vehicles	2	4	5	5	5
Office Locations	20	20	20	20	19
<u>Education</u>					
Library Branches	33	33	33	33	33
Library Headquarters	*	*	*	*	*
Recreation and Cultural Services					
OC Community Resources					
Park Land (acres)	62,900	62,900	62,900	62,900	60,500
Recreational Trails (in miles)	295	295	295	295	295
Zoo	1	1	1	1	1
Urban Regional Parks	15	15	15	15	15
Wilderness Parks	5	5	5	5	5
Nature Preserves	4	4	4	4	4
Harbors	3	3	3	3	3
Beaches	11	11	11	11	11
Historical Sites	7	7	7	7	7
Boats	9	10	8	7	7
Tractors	26	26	25	26	28
Trailers	35	33	31	27	29
Vehicles/Trucks	207	199	204	174	170
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	24	24	24	23	23
Restaurants	16	16	16	16	16
Fuel Dock	1	1	1	1	1
Shipyard	1	1	1	1	1
Boater Service Buildings	15	15	15	15	15
Parcel 11 (Yacht Building Company)	1	1	1	*	*
Parcel 23 (Yacht Club)	1	1	1	*	*

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

(2) \* means Not Available Source: County Departments

Fiscal Year					
2012-13	2011-12	2010-11	2009-10	2008-09	Function/Program
					Health and Sanitation
3	3	2	2	2	Clinics (1)
2	2	2	2	1	Laboratories (1)
11	27	27	27	27	Trailers <sup>(1)</sup>
25	24	27	26	25	Vehicles and Trucks
					OC Community Resources
1	1	1	1	1	Animal Care Center
3	3	3	3	3	Trailers
					Public Assistance
					Social Service Agency
6	10	10	8	7	Vehicles
20	20	19	20	21	Office Locations
		. •			Education
33	33	33	33	33	Library Branches
*	*	1	1	1	Library Headquarters
			•	•	-
					Recreation and Cultural Services
50.040	57.000	F7 000	00.400	00.400	OC Community Resources
59,318	57,688	57,688	39,490	39,490	Park Land (acres)
295	295	295	292	300	Recreational Trails (in miles)
1	1	1	1	1	Zoo
15	12	12	12	12	Urban Regional Parks
5	5	5	5	5	Wilderness Parks
4	4	4	4	3	Nature Preserves
3	2	2	2	2	Harbors
11	9	9	9	9	Beaches
7	7	7	7	7	Historical Sites
9	21	15	14	14	Boats
24	26	22	18	17	Tractors
33	30	24	20	17	Trailers
211	188	233	208	176	Vehicles/Trucks
					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
23	25	25	25	26	Shops
16	16	15	16	15	Restaurants
1	1	1	1	1	Fuel Dock
1	1	1	1	1	Shipyard
15	15	15	15	15	Boater Service Buildings
*	*	1	*	*	Parcel 11 (Yacht Building Company)
*	*	1	*	*	Parcel 23 (Yacht Club)

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

	Fiscal Year						
Function/Program	2017-18	2016-17	2015-16	2014-15	2013-14		
<u>Airport</u>							
Acres	501	501	501	501	501		
Runways	2	2	2	2	2		
Public Parking Structures/Lots	5	5	5	5	5		
Terminals	3	3	3	3	3		
Fire Trucks	4	4	4	4	4		
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	6	6	8	7	7		
Dump Trucks	10	10	10	10	10		
Loaders	12	12	21	20	20		
Scrapers	6	6	8	8	8		
Excavators	2	2	2	2	2		
Tractors	35	27	30	28	29		
Graders	4	4	4	4	4		
Compactors	7	7	8	8	8		
Water/Fuel Trucks	14	14	13	13	13		
Sweeper	1	*	*	*	*		

Source: County Departments

<sup>\*</sup> means Not Available

Fiscal	Year

_								
	2012-13	2011-12	2010-11	2009-10	2008-09	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		
	3	3	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		
	7	8	8	10	10	Dozers		
	12	12	14	14	14	Dump Trucks		
	20	21	22	21	21	Loaders		
	8	8	11	13	13	Scrapers		
	2	2	2	-	-	Excavator		
	28	29	29	29	28	Tractors		
	4	4	4	3	6	Graders		
	8	8	8	5	5	Compactors		
	11	11	11	12	13	Water/Fuel Trucks		
	*	*	*	*	*	Sweeper		



